Episode 1,457: The Simplest Online Business

Guest: Ann Sieg & Clark Davis

WOODS: So let's jump right into the questions. Clark, I want to start with you. Tell me something about your experience with Praxis. My listeners are very familiar with Praxis. I've had Isaac Morehouse on numerous times; I've have had other people on. I've advertised for Praxis. I've had testimonials from people. I've had some really, really great feedback about Praxis, and my understanding is you may have heard about Praxis through me.

DAVIS: That's right. I've heard interviews from just about everyone affiliated with Praxis on your show, Isaac, TK, all those guys. And I started the program back in January of 2018. And at the time, it was a nine-month program. I think they've extended it to 12. But it was fantastic. I learned just so many skills, writing every single day and how to really just showcase my whole learning process. As I learned skills, I needed to be able to showcase that to potential employers. And it was it was fantastic, and that's how I joined EBS.

WOODS: So EBS, E-Commerce Business School. So you've been with them since your Praxis, I guess, internship, you'd call it?

DAVIS: That's right, April of 2018, yeah.

WOODS: Okay, and then they offered you a job?

DAVIS: That's right.

WOODS: Which is how Praxis is supposed to work. How about that? You actually wind up with a job. Yeah. And you took it — now, you've been writing to me about this company for a while, and I've just had so much on my plate. I could ,sort of say, Well, isn't that lovely? I'm glad you're having a nice life and everything. But I just haven't been able to follow up with you, and I'm sorry for being so slow, but better late than never, is my motto.

And one thing that you've been telling me, and that I kind of — I went on one of your webinars, kind of secretly and quietly one night, because I wanted to see for myself what they're like. And one thing you guys are known for — see, a lot of times in this world, where people are learning how to start, let's say, an e-commerce store, or some of these things that anybody might do, print on demand, is maybe they get a little encouragement coaching at the beginning, but then generally, they're left hanging out to dry. Like we all know that a lot of people treat customers that way. And the thing that, I think is part of the reason you wanted to work there, and the reason that they are reasonably well liked is that you guys have the opposite reputation, that you are, if anything — I wouldn't say you're too much, but if

anything, what you're known for is staying on people and helping them and so on. And that to me, that's why I would talk to you guys. I do not ever want somebody listening to this show to feel like he's been left hanging out to dry.

So let's bring Ann into the conversation. Ann, you were telling me actually that you have a remote, because of a family member, connection to the Libertarian Party, so there's an interesting overlap between you guys and what I normally do. Bur did you start this company?

SIEG: ```Yes, in 2006, it was my husband and my oldest son. I had homeschooled for 12 years, and my eldest son basically became an affiliate marketer, age 21. He was a top affiliate in the world for Best Western, Walmart, Get Response. And then I was studying internet marketing independent of him, and then we partnered up together. We did $20 million in sales together, my son and I, and had our own affiliate program, 70,000 affiliates. And so it was a really great partnership. Basically, I mentored him through high school to get into entrepreneurship. So we did some big things together. I made my shift into e-commerce in 2013, albeit it was actually spring boarding off of the fact that our two sons had done an eBay business back when they were in junior high and high school. So it was basically a family-run business, and we encourage entrepreneurship. We had several family businesses, and they were always pulled into that experience, so that definitely helped.

WOODS: I know a lot of people who have started e-commerce stores, and I know some people who have had, I mean, success you almost can't believe. At the same time, it seems like — I mean, maybe you can correct me on this, but that the real key to a successful e-commerce business is finding — it's not just figuring out how to tweak Facebook ads and stuff like that, which is enough of a challenge in itself. But it's also finding just the right niche. The people I know have all found amazingly lucrative niches to the point where they don't even want to tell their friends what their niches because they're afraid their friends will try and get a piece of the action. They just say, I have an e-commerce store, and then they laugh as they deposit their checks in the bank. That's where they leave it. Is that kind of your experience? How do you help people with that, because you can't just give everybody, well, this is a super lucrative niche, because then it would all get saturated?

SIEG: Well, I want to make a distinction that that is at a farther end of the spectrum, and that's when people develop a niche and then learn how to build a sales funnel and they're doing Facebook traffic, etc. Those are several advanced skill sets to master. And so you see these really pronounced nova-like results that people will have. But unbeknownst to a novice, a beginner, they may be thrown into that very top tier level of marketing and really have no foundation at all in e-commerce selling and internet marketing. And I will say there is a tremendously high failure rate because the skill sets, they are very advanced. I've been building sales funnels for 15 years, and that's a very advanced skill set. And yet we find people, you know, the fallout when people jump into more advanced methods.

So we start at a more fundamental level where you take advantage of a ready-made sales funnel, and that's Amazon.com. Amazon has the customers. They've got Prime buyers, 109 million strong. And so they've built the sales funnel, they do the advertising, and they give us very simple ways to leverage that massive sales funnel, which really mitigates the learning curve and gets people into ready success, even using a simple app that Amazon created. So it really serves people better if they can start at a fundamental level, gain success quickly, and then go through the subsequent skill development to get to a more advanced level.

And unfortunately, most people have no idea of these distinctions, and I really like to educate people that they understand the full gamut and scope. And that's what we do here at the E-Commerce Business School. We're not an information marketing company. And that's where that happens, where people feel they've gotten information, but they truly do need that ongoing support as an evolving entrepreneur. So we teach you everything from A to Z. We teach the Amazon and on up to Shopify and Facebook, etc. But I really want to mitigate the failure rate that happens all too often, all because people, it's unbeknownst to them. They really don't know how to differentiate and make these distinctions.

WOODS: I get asked all the time: I'm a beginner, but obviously I see there's some crazy lucrative opportunity here. I mean, for heaven's sake, the internet is like a dream. It's unbelievable. My lifestyle would be completely impossible without it. And like you, I first got started as an affiliate, and I first get started as an affiliate with a product I helped to create. And that was really the best, because I have real credibility promoting that product, namely the Ron Paul Homeschool Curriculum. I mean, yeah, I know a little something about that, because I made 400 of the videos. I'm not just promoting something that offers a big commission, because I'm just thinking about my bottom line. I truly believe in this product.

And I was able to offer people — like if you go to my RonPaulHomeschool.com website, that's my own websites That's not Ron Paul's website. That's mine. And you go there, and I'm offering bonuses to people that complement that product. They're not just random bonuses. You get even more educational resources as free bonuses if you get the access to the curriculum through my link. So I'm doing this exactly the way it ought to be done. And I supplemented with Google AdWords, with Facebook ads, with free traffic through the different outlets that I have. And that's done, I mean, almost ridiculously well for me, because it's a perfect storm, right? I mean, I've got the promotion setup just right; I have credibility on it, because I helped to create the thing; the commission structure is pretty good. And so that was a nice way for me to dip my foot into this.

And once I dipped my foot in, I said I don't want to come out. I mean, what other things are possible in this insane world of affiliate marketing? So then again, my approach here — I'm sorry I'm talking so long, but I do want to make a few points. My approach has been to think about what would help my folks. What would help my folks the most? So okay, if they're buying a homeschool curriculum, then maybe they would be helped by access to my Liberty Classroom site, which I throw in as a free bonus. Or I'll send them one of the books I wrote, and I'll autograph and personalize it to them, which will also help them. So I just think what would enhance their purchase.

So likewise, what I've now done is, I help people who are starting websites to learn how to do it and to get traffic to their site and to get mutual help from other new website owners and bloggers. And so if they get their web hosting through my link — it's all explained at TomWoods.com/Publicity — they get these bonuses. They get membership in a private Facebook group where we mutually help each other with questions, and I promote their website on my show. Because again, I thought to myself, what do they need? If they're starting a new website, they probably need to know what the heck to do. Secondly, they need to know, how do I make sure people show up and visit my website so that when I launch the website, it's not just tumbleweeds going by, that there are actual human beings coming to it?

So that has really been my approach, is to think what do my people need, and then I go from there. So the reason I bring all this up is, when people ask me, "I'm a beginner, what should I

do first?" I tend to look at my own example and say, well, do what I do. Create an information product, promote it, build an email list, and then market more things to that list. It's a simple business model.

But your business model that you recommend to folks is entirely different from what I recommend. And I'm not saying I don't recommend yours. Yours is also a very good beginner model; it's just I don't have that much personal experience with it. I just know a lot of friends who do it. So let's talk now about novices, because I'm sure some people come to you and they have some background and they know what a squeeze page is, and they know what Shopify is and all that. But a novice walks up to you and says, "I want to build a side income, and I want it to be something that's sound, that's not scammy, that's not fly-by-night, but that's tried and true. And I want people with a good reputation to help me with it." Where do you steer them?

SIEG: We typically have them start out what we call the arbitrage level. And arbitrage simply means taking advantage of price differentials in the marketplace, and it happens all over the world. And so it's basically utilizing different arbitrage methods. We actually have three different courses, and it's a much simpler-method way to start, where the ability to look at the different data points and make a well informed — it's basically, you're more like an investor than anything. You invest into products, and then you sell them for a profit, just like the wholesale model. It's exactly that.

And for me in business, it's whoever wins is the one who has the most relevant data and knows how to interpret them correctly. And so we have, for example, when members use the Amazon seller app, you can actually scan a product — and this is approved by Amazon. They created it — such that you can scan a product, the UPC code, and it will bring up all the data points — we add additional criteria. We have a 12-step criteria checklist — and then make a really smart, wise decision about investing in that product to sell and flip for a profit. So our average is a 30% profit. Some of our members do more like 50 or 60%, and there's reasons for that. They're knocking that down by taking advantage of discount coupons, etc., and so they basically stack the profits in their favor.

And it is legitimate. We're using Amazon. This is Jeff Bezos, who created an Amazon, so there's no questioning that it's a method they approve. They have put tremendous resources into the third-party seller platform, for which last year was a record of 58% of the physical goods sold on Amazon came from third-party sellers. We are very much a part of the growth of Amazon.

I just want to say, too, relative to your previous points about what I call using "Increasingly up" to leverage other resources. And so we use Amazon as a stepping stone, and we educate people with both eyes wide open in that, when you use Amazon, they own the customer data list. You don't own it. And so I educate them on that, because I'm huge about building your assets. And this is all part of our customer journey, which is to build a cash flow, get proof of concept. Then you're on to building your business assets via systems.

And so we have them come in very knowledgeable and aware of where Amazon fits into an overall business model, because never ever do I want people in a place of vulnerability, that their business can be taken out from underneath them. Instead, we do this through an empowerment process, that they understand, this is the purpose of learning the fundamentals of e-commerce through the best sellers' platform in the world. Nothing gets better than

Amazon.com in that regard. Training them, grooming them up to be really savvy e-commerce sellers. So it's meant to be more like, in our view, a training platform.

But the beautiful thing is Amazon likes to launch brands, as well. So we move them quickly through and out of the cashflow model through the arbitrage method, and then we're on to teaching them how to build their brand. And it's all about using them more as a traffic source that can then springboard them forward onto Shopify with a lot of success under their belt. And that way, they don't flounder and die on the vine, so to speak. So we bring them in, very educated on the big picture of what the arbitrage piece does for them and where it can catapult them to, which is full ownership of their business.

So I'll just say with the arbitrage, it's just so incredibly, ridiculously fast. You can get those products, ship them in, and be making some sales as soon as they hit the Amazon warehouse. It is incredibly fast. So we teach our members that method, not everyone, for that as a starting point, but it really just solidifies that, okay, e-commerce, this industry, this space works. I can throw down roots and grow here. Because I want them to get that proof of concept very quickly.

WOODS: I want to get back to arbitrage in a minute, but I'm curious about your own personal story. And I love success stories, but maybe there's something perverse about me: I love failure stories even more in a way, because I like to know how people draw silver linings or knowledge out of failure.

And I've this week, actually, I've written to my own — I have two email list, one libertarian and one for issues like we're describing now. And my message to them was: I almost don't care what you do, as long as you do something. Because if you do something and you fail at it, you learn something and you're that much closer to being at the point where you're making sales. If you make no sales, you're still getting closer to making sales than you were when you didn't try anything at all.

And I'm curious about when you first got started. 2006 was your key, I guess, with the E-Commerce Business School. But what was the first thing you tried online, and was it successful? And by the way, we haven't coordinated or rehearsed this. I have no idea. Maybe you had no failures, and this question's a big, big bust.

SIEG: No, I had plenty of failures. When I mentioned my son in high school, I had him read all the Robert Kiyosaki books, and I said, You know what? I encouraged him to do business. He probably did six or seven. During high school, he sold cars, he did numerous things. And I said, it's not about failing. That's a given. It's what you're going to do as a result of it. That's what's most important. So basically, I gave him permission to fail. And he did. And I said, you know, it's about learning, fail fast, move on. That's the nature of business. Fail fast. Move on. But glean from it, whatever learning that you can. So I gave him that freedom, and that led to very rapid success when we came to work together online.

But no, it was the failure — basically, business is a series of problem solving exercises. That's what I tell people. You're going to become a problem solver. So I was actually in a direct sales company that my son had sponsored me into at age 18. I did everything they told me to do. This is in the more traditional face-to-face environment. I became a top seller, but I wasn't able to do this whole recruitment thing that they were teaching. And he said, "Mom, you need to go online. You've got to find out who your target audiences." So it was actually that

"failure" that compelled me to come online in the first place. So I am extremely grateful for that advice: go online, find out who your target audience is.

So then when I came online, and my whole mindset has been that I need to learn in order to — I need to develop skill sets. That's my gap towards success. So I had no interest in any kind of hype. When I got two different consultations, one was very hype-building, the other was more about education, I'll sign up for the education, thank you very much. And so I learned about consultative selling. And all I knew was that with that discipline, I got into tracking. And I come from the sports world. I ran a sports gym for 15 years, and we're all about tracking. And so that discipline of tracking is what led to me having success.

I was homeschooling at the time, and as I shared with my audience — we just came off a three-day workshop here — is I said, my number-one goal there was, as I was building my businesses, my boys were not going to see their mother fail. And so I just set my mind to it. It was arduous. There were some fear blocks I had to walk through, but what was going to be greater: overcoming those fears, which I had to do in order to get to success. So I more embraced the fears, because I was more interested in the learning process to get there. So I became the top producer of that company, and then my son partnered with me.

And I did pretty much what you were saying. I used leverage, and I teach people how to do that: leverage traffic, leverage already-built systems. So we leveraged the company we were working with. Sold their product, went from 2,000 a month to 90,000. And then my son said, "Mom, let's create our own information product," which we did. And then that's where we got the bigger profits to drive back into our advertising costs. So it was really as a partnership with my success that had been garnered through a series of failures, and likewise for my son, a series of failures that led up. And so our mutual willingness to go through those failures is what led to some incredible success together.

WOODS: I could have some interesting stories about my own failures. Maybe I'll make an episode of the Tom Woods failures one of these days.

All right, let's get back to the arbitrage model. The nice thing about it is it's obviously beginner friendly there. I know people from the Ron Paul days, who do a kind of local arbitrage, like they'll find stuff at the Dollar Store, and then they resell it on eBay for a ridiculous markup. I mean, it's a ridiculous markup. It's just that I, myself — the woman I had in mind, her husband says, oh, gosh, we have stuff all over our house. That would be the part of it I would hate. I don't want to have stuff all over my house. I don't want to be going to a local store. I would hate — I'll just tell you: I would hate that. I would commit an atrocity.

But the principle of it is: a lot of people do do this, and you're just taking advantage of the principle of buy low, sell high. And there are many opportunities to do that, but the key thing with a real, sophisticated arbitrage model is that you're operating with data, with real, reliable data and data that most people don't have. So Clark, talk to us about how that works.

DAVIS: Right, so I realize I'm talking to the *Tom Woods Show* audience, and you guys are a level above others in respect of knowing economics and all that stuff. So how I view people like us who do arbitrage, really, I see it as we are the ones who are doing the real yeoman's work of, at the consumer level, controlling this flow of products into markets, where they're really most needed and most wanted. We are looking at Amazon's Seller Central app and reading that price data., and we're interpreting the price signals that we're getting from

them. I'll credit this to someone you know, C. Jay Engel; he said on a different interview one time, he talked about Adam Smith and his idea of the invisible hand, and Austrians were the ones that really sort of identified that price signals, that's that invisible hand that controls the market and makes it all function, is these price signals that we as entrepreneurs really interpret and then act upon.

WOODS: And can you describe for me — because I've never really pursued this model before. I know people who do it almost basically for their living, but I've never done it myself. I mean, obviously, you're dealing with an online model. You're not dealing with drive down to Walmart and see what you see on the shelf. As I say, most of us would rather gouge our eyes out than do that. But when you have basically the whole world at your fingertips online, that changes things quite a bit. But at the same time, there's this fear that if a lot of people are doing something, then the profits are going to shrink. Like if everybody's doing textbook arbitrage, then textbooks are going to have 10% profit — a 10-cent profit. 10% would be great — 10-cent profit for everybody. So explain to me how this works. Like where is the data coming from? How do people get guided as to where they should buy and where they should? So how does it all work? Because I really don't know.

SIEG: Yeah, we have a thorough course on it that also includes the ability to scale it and such that you offset your workload, and that being having a virtual assistant. But of course, preceding that is for each individual to develop the skill sets and master them. We have a training course on this. What's integral to that is a highly sophisticated spreadsheet with multiple formulas in there. This has been created by our master trainer. He's an 11-year Amazon veteran, and he's done almost every imaginable sourcing method on Amazon. He's done liquidation. He's done trade shows. He's trained and taught — we actually trained together in China, over in Ningbo, China together.

But I'll just say it's knowing what those data points are, but the way we do it online is it's all inputted. Any time you have a find, for which we give this massive list of online web stores, and there's always the ability to seek and find more. But it's really at the end of the day, the person who knows how to take that product input and find out what is its viability on Amazon.com. And so that's the purpose of the spreadsheet. And it, basically, once you put in the data, and then these formulas already in there, you're going to get this red, yellow, or green signal. So red means stop, yellow means proceed with caution, and a green means that the data metrics are indicating that this could be a good buy. And so that's what we train our members on. They need to master that.

Then we have a complete, thorough training on how to hire a virtual assistant, because the goal here is to build a business with systems and automation in place, such that your VA — for which we now have three virtual assistants who even been work for our business, the E-Commerce Business School. But for our e-commerce sellers, we want them, we always talk to them about what's their long play. What do they want the business to do for them? Always what comes out and those are in our surveys — and this has been a recent trend — is they want to give to their favorite contributions and charities. That's what is indicated through the people that come through our system. And so, great, that's what we want to do, is strengthen their family economy, and then get them to realize and actualize on their dreams.

But I'll also say, so having a virtual assistant offsets, I'm going to call it the grunt work. That's the data research, going through those websites, combing through, putting those products into the data spreadsheet that we have. And they do that grunt work for them. So this is what

this world looks like. I review accountability reports every week, so I know exactly what it looks like for our members. What happens is, with their virtual assistants, more often than not, there is an abundance of products that they're provided, that being the owner of the business, our entrepreneurs, and then they do another review just to ensure, because they've been trained, and then they'll select however many products they want to move forward with that they end up buying at a wholesale price.

But this is where it gets even better. They then have the option — this is as a fulfillment-by-Amazon seller — that they will have the product shipped to their house and then they ship it off to the Amazon warehouse. That's what you do as a third-party seller through FBA. However, what we did is we also have a warehouse that we have vetted, met with the owners, etc., and signed off on, and they do accept the arbitrage sellers. So it can be literally a totally hands-off, I'm going to say it, automated income. You work towards this. And that being done, instead of the product shipped to you, your house, whatever you have, instead you have it sent into that warehouse. So we have members doing just that.

And so what that allows is, they've got this fully automated income and then can move on to other sourcing methods. It works extremely well, and it can end up being that the seller simply can't keep up with the volume of products that are being found by their virtual assistant. So that's what I'm seeing as a result of this program. And I say it's always a good — these are the kind of good business problems that you can run into, is just, doggone it all, there's too many products my VA is dishing up for me. Truly, that's what we see. And so one of our sellers, 80% of her business volume comes through arbitrage. So it works extremely well. We have not seen it as an issue of saturation. That's not come up with our sellers.

WOODS: All right, well, that's interesting to hear. So what we're doing, as we often do in this situation, is we've set up a time, we've set aside some time to demonstrate to people exactly how this works, just to see if that sounds like something people might want to do. And the nice thing about it is it's an easy entry point. You don't have to build an email list, which I'm constantly on people about. Your email list is so lucrative. If you had any idea how lucrative an email list was, you would drop all your hobbies, everything you do after work, and you would spend all your time building an email list. Thankfully, most people — now, I don't want to say thankfully for my people, but I'm glad most people in the world don't realize how valuable an email list is, so I can just go on, enjoying myself. But I want my folks to kind of get that.

But if you want something that's even easier than that, where you don't have to build an email list — I'll even let you off the hook. Old Woods here will shut his mouth about email lists for a little while, because this is something you can get started with. Nobody even has to know who you are, much less you have to write any emails. You do not. So if you want to see how a model like that works, then sign up over at TomWoods.com/Novice for the little training session we're going to have August 8th, 8pm, Eastern Time. August 8, 2019 8pm, Eastern Time, TomWoods.com/Novice, go ahead and sign up for that immediately.

And remember, we just finished a week of Scott Horton, Scott Horton Week on *The Tom Woods Show*. And Scott is, as you know, involved in writing what will, to my mind, be the definitive work on the war on terror. It's very important. But Scott is not Jeff Bezos. I mean, he needs income. And for him to be able to do this, he needs to be able to set aside some time where this is all he focuses on. So I've been trying to urge people to help him out. As you all know, I contribute to Scott every month, so this is not a "do as I say, not as I do." It's "do as

I say and as I do." So everybody who signs up and shows up live, going over to TomWoods.com/Novice then shows up live to the event, I'll donate $5 to the Scott Horton magisterial treatise on the war on terror fund. Okay, so let's get hundreds of people over there. Let's get thousands of dollars over to Scott to produce that magnum opus.

And meanwhile, you will be getting to learn from the folks over at the E-Commerce Business School, who have been doing this for a long time, have many, many, many happy folks who are glad they found out about the E-Commerce Business School. And I'm glad I found out about it, thanks to Praxis, which has just not steered me wrong yet. It's been just tremendous for me in so many ways. So Ann and Clark, I want to thank you for your time. Any parting words as we wrap up for today?

SIEG: I'll just say on my behalf as owner of E-Commerce Business School, we're thrilled to have Clark on our staff. I was so impressed with Praxis. We've done multiple hires through Praxis, love the organization. My heartbeat for people that we bring into the E-Commerce Business goal is to strengthen the family economy. I achieved what I did as a result of my family, homeschooling them, teaching them the libertarian principles. My dad ran for Senate many years ago under the Libertarian Party, so I want to empower the family. I love for them to become entrepreneurs, because I believe we have the ability to have the greatest impact on the culture, and this is why: because there's no cap as an entrepreneur. You are not capped by your income and where you can go. So our goal here is to take people to their biggest dream that they want for their family and help them reach that through our resources, which are very mentorship-oriented, because ultimately, our product is the entrepreneur. We're not an information-based company. I've done plenty of that. We are developing entrepreneurs. We develop people here.

WOODS: Well, you can get a chance to see that, TomWoods.com/Novice. These are good folks. Especially in internet marketing, that's a long time to be around and to have so many people thanking you for what you do. So that's why I want my folks check you guys out. So TomWoods.com/Novice is your homework assignment for this very minute. So go do that, everybody, and thanks so much for listening.