

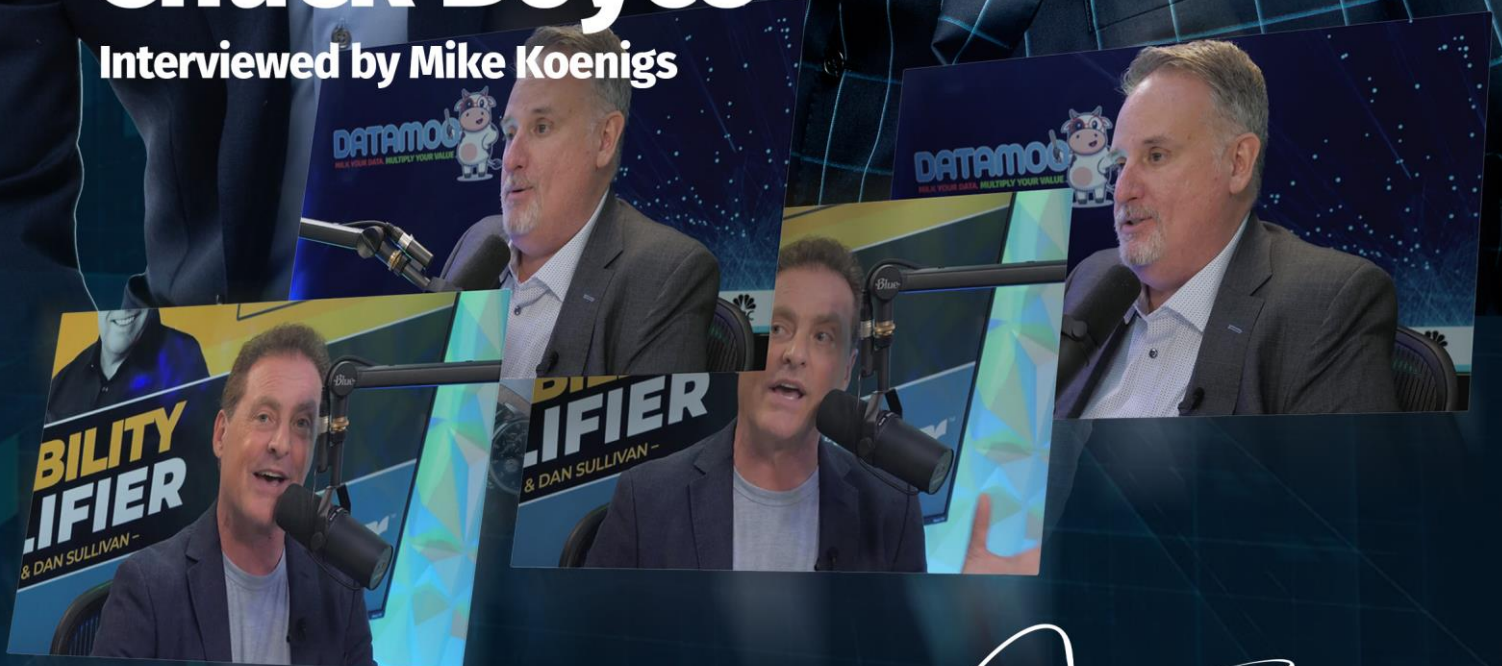


CAPABILITYAMPLIFIER

Hidden Value Sources

Chuck Boyce

Interviewed by Mike Koenigs



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A white, cursive signature of Chuck Boyce.

Hidden Value Sources

Chuck Boyce Interviewed By Mike Koenigs

Mike:

We're always chasing the shiny object, which is top line revenue, profit, and you're back to the grind. And at any given time, you can have the rug pulled up from underneath you as a founder, new regulation, new law, lawsuit. All your equities tied up in this business, and bam, you can get clocked sideways. And 10, 15, 20 years of hard work could turn into nothing overnight.

Chuck Boyce:

I know that there are founders and entrepreneurs out there who were struggling like I am, and my goal is to help them in days and weeks, learn all the lessons that it took me, the better part of 15 years to get to.

Mike:

Hey everyone, welcome to another episode of Capability Amplifier. This is Mike Koenigs, and I'm here today with my good friend, Chuck Boyce. All right, Well, let me get this thing rolling because did you know that cows are responsible for about 40% of global methane emissions from their belches and farts? And with one and a half billion cows in the world, each producing between 154 and 264 pounds of methane per year. That's at least 231 billion pounds of methane into our atmosphere per year. You're wondering, what does that have to do with me and my business? But here's where it gets interesting. Just imagine if you could capture all of those cow farts and convert them into electricity. I think you could probably power three countries like Portugal, France, and Italy for a whole year. Or maybe produce, I don't know, maybe 18,000 gigawatts of power. But imagine that methane was a metaphor for your business's digital exhaust.

“If your data was captured and monetized, it could produce a business that is worth four times more than your existing company.”

Mike:

And that's where things are serious here. That's the data you collect. I'm talking your mailing list, your IP, your processes systems, and any other valuable data that you might not even know about. Now, if that was captured and monetized, it could produce a business that is worth four times more than your existing company. That is true. So, the bit about the cows, all that front end data is true, but I honestly don't know the exact calculations with regards to how many countries, cities, or homes you could power because I'm too lazy to do the math. And I could find all that information directly on Google. Maybe someone can do that for me. But what I do know is there is a ton of value in your business, and that can quickly translate into increased revenue, passive income, and increased equity that you might not know about.

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Mike:

So, that leads us to our guest today. He's a longtime friend. He's a client. His name, like I said, is Chuck Boyce. And what I like about him, first of all, is he is a self-taught nerd, just like me. He taught himself to code. He's a serial entrepreneur. And I swear to you, he literally just sold his business today for a 40 times multiple. So, in midst or in the midst of preparing for this interview, doing our research, he's been going back and forth with what we call a level four publicly traded company. And we're literally right now waiting for his bank account to go ding, ding, ding, with a multiple comma delivery. So, with that, that was the big setup. Chuck, thanks for being here, my friend.

Chuck Boyce:

Oh, it's great to be here. Always a pleasure.

Mike:

All right, so we've got a lot to talk about. The biggest takeaway, in addition to talking about your big exit and how that happened is we're going to talk about what? What have we been working on the past few days?

Chuck Boyce:

Well, before we get into that, let me tell you a little story, if you don't mind.

Mike:

Sure.

Chuck Boyce:

And so working with entrepreneurs and business owners always reminds me of this story that I heard quite some time ago about a farmer in Africa. And the word had come across the plane that the diamonds were being found across the continent. So, he was a humble farmer and said, you know what? I'm going to sell my farm and I'm going to set off to go find my wealth and find those diamonds. So, several years go by, and unfortunately, he never found the treasure trove of diamonds that he was looking for.

“The farmer had left his own field and sold it and turns out it was covered in acres of diamonds. The diamonds were literally beneath his feet.”

Chuck Boyce:

And ultimately, unfortunately, he died face down on a riverbank. Few years later, the farmer that he had sold his farm to was plowing his field and found this unusual rock. Turns out it was an uncut diamond. The farmer had left his own field and sold it and turns out it was covered in acres of diamonds. The diamonds were literally beneath his feet. And quite frankly, this is the exact same thing we see with entrepreneurs and the data that's in their business. They're constantly looking outside for the next best thing, the next shiny [inaudible 00:04:46]. Where am I going to get more revenue, more customers, when they don't realize they're standing literally in a field of diamonds?

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Mike:

Yeah, nicely done. That by the way was, you said that story this weekend to my wife Vivian, and she's like, I love that story. She's a sucker for all things Africa, by the way. But it really is a great metaphor and a good way to get things going. So, let's talk a little bit about what just happened with you. Congratulations, by the way.

Chuck Boyce:

Thank you.

Mike:

Yes. It's been awesome watching the shite show. Let's just say it's always closes are very, very difficult. You've been going back and forth and back and forth answering ridiculous questions. But you know what? You can't take it personally.

Chuck Boyce:

No.

Mike:

Especially when the bank account gets a little bit fatter at the end of the day, or a lot of bit fatter. But let's talk a little bit about what you had, the process you went through to get to the exit. Because 40 x is huge, any business owner gets that. And then also we're going to talk a little bit about the latest creation DATAMOO, right? DATAMOO. By the way, there's the logo. We'll make sure that we show that. We'll make a big screen of it. But the self milking cow who feeds himself.

Chuck Boyce:

So, really for my business, it was all about growing from that level one business and getting to the point where as a level three business, what we call level three business, that I started to get interest from the industry. Otherwise, nobody was really knocking on my door to buy my company until we got to the point where we were basically milking and taking care of all of the data and using our special sauce. All of the processes and procedures that we had created over 15 years to deliver this service to about a million and a half customers across the country.

Mike:

And maybe just again, to contextualize this for our listeners, our viewers.

Chuck Boyce:

Sure.

Mike:

I know we'll tear into it in greater detail, but what's the difference between a level one, level two, level three, level four business? And give us some examples of those. And I know I'm going to do some case study examples too. But just so we've at least got the framing down.

Chuck Boyce:

Sure, sure. So, basically, we look at four levels of business, try to figure out where we are and what steps we need and or what assets do we have that it will allow us to level up to the next level. So, level one is pretty much where we find most business owners. And the focus really is on how do I get more customers, more

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transactions? How do I keep more money and drive top level growth? And that's good. And a lot of business, very successful businesses live their entire life at the level one stage. When we talk about a level two business, now we're talking about looking a little bit outside of our own business. We start looking at the relationships, the partnerships, and how we can have a multiplier effect for both our customers and entire, and with everyone that we interact with in the chain.



Chuck Boyce:

So, then we look at a level three business, and this is where we start looking at ways to monetize assets that we have within the business that we may not actually realize their true value. And I will tell you, for a long time, this was the case with my business. I didn't realize how valuable the systems that we had created could be to another company that had not figured out and not had suffered the slings and hours of the last 15 years.

Chuck Boyce:

So, this is really at level three where we start looking at the data and the intellectual property surrounding the company. And then the ultimate for a lot of people is getting to a level four company. And level four companies is what we like to call platform companies. These are companies that are integrated both deep and wide. And probably two of the most common examples thrown around would be Apple and Amazon. Look at how they started. One an online book seller. The other, a hardware producer. And now think about all the things that they're into. How much of our lives are impacted on a day-to-day basis by our interactions with these two companies?

Mike:

And we'll tear this apart even more. Because one of the things reasons I wanted to have you on today, besides the fact that I like you, is that we are going to not only tear this apart, but look at ways that you can

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I turn it into a level four company? And for example, your new company that you literally just started, and you just sold, right? So, that's the smartest thing ever for a founder, which is, let's just make sure we keep the continuity going.

Chuck Boyce:

Yeah, no time off.

Mike:

And it's not like you could take plenty of time off if you wanted to, but you're doing it because you want to. But you're designing this new business as a level four from the start. I think that'll be a really important learning experience. But secondly, earlier this year I was at Peter Diamandis's Abundance 360. There's a guy in the audience, actually not in the audience, he was on stage. His name's David Bludin, B-L-U-D-I-N. He has an organization called Link Ventures. So, he's invested in over a hundred companies, or the firm has. He's personally co-founded 22 of them. And five when they sold were unicorns, meaning all of the founders walked away billionaires. So, this guy knows his stuff. And what he said on stage that is very, very aligned to what you're all about right now is he said, "We have now started separating the data from the business. And the data side of the business is worth on average four times more than the actual business is."

Mike:

Now that is a relatively new development, but it also tells me, ding, ding, ding. There's so much opportunity right now. And that's where that metaphor of acres of diamonds are, which is the next huge opportunity, especially for you as a coach, consultant, advisor. With DATAMOO, you can go into companies, find all these resources, all this data, all the processes, find interesting ways to monetize it, and then prepare the founder in such a way that they are going to generate money while they sleep. And do it effortlessly or relatively effortlessly and be able to just completely rethink the business they think they're in. So, I took a long time to do that, but any comments before I ask you the next big question?

Chuck Boyce:

Yeah, So, many, like we said, data really is the new currency. And every time, every business owner or founder that we talk to kind of about that, you can literally see the light bulb go off. They get it instantly and they go, oh yeah.

Mike:

Okay, good. So, I think one of the next things we're going to talk about is how do you know if you have a business that can become a data rich business or have more value? But before we do that, let's go through your origin story. I think you have a great origin story, a whole bunch of it I had never heard before. It's quite funny. And where'd you grow up? How were you raised? How did you get into this business? And how did you become Chuck Boyce, and learn to think? And I just want to know what's your big why.

Chuck Boyce:

Sure, sure. So, I grew up pretty humble beginnings. Tiny little house down the Jersey Shore on a major highway across the street from a strip club.

Mike:

Sweet. Okay.

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I turn it into a level four company? And for example, your new company that you literally just started, and you just sold, right? So, that's the smartest thing ever for a founder, which is, let's just make sure we keep the continuity going.

Chuck Boyce:

Right. To this day, I've never set foot inside that building.

Mike:

So, not my counter place. Nope. I got it, I got it.

Chuck Boyce:

So, we were very fortunate though that we were in a great school system, and I was fortunate enough to be in a program that in 1979 we had a PC in our classroom. Now we all think of these nice little sexy devices that we have. This thing was close to the size of a dishwasher, and we had the latest technology in storage, which was the audio cassette tape. You've loaded that thing and maybe within about 20 minutes your game would load.

Mike:

So, tell everyone what the machine was, because if you're a real nerd, you're going to appreciate this.

Chuck Boyce:

You'll appreciate that it was a Commodore PET CPM computer. So, pre pc? Yeah. Pre Microsoft.

Mike:

And a very, very horrible keyboard. It was a square keyboard. It was so not user friendly at all.

Chuck Boyce:

Yeah. Yep, it was.

Mike:

So, what happened next?

Chuck Boyce:

So, fortunately, like I said, I got bitten by the bug really, really early and was able to take about bunch of courses and really get exposed to that. So, during college, one of my jobs was working for financial press and our job was to take all of these numbers and reports out of the SEC and enter into these massive databases. So, it was cool, got to work with the programmers and got to see how all of the sausage was made. And at the time, these were some pretty big databases, and we were selling them to all of the major financial institutions around New York. So, with that, I've really been in the info marketing business since 1989. Fast forward a couple of years, I get hired by a firm, tiny firm. I'm the new guy, and I get every dumpy project that comes through the door.

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Chuck Boyce:

And the way this company worked was you had to have billing at x number of times what your annual salary was. So, all of the grizzled old project managers, they would hire out because they were lazy. They would hire out all of the elements of their project. Well, I would take every dog project and end up making the company a lot of money. So, fast forward Wednesday before Thanksgiving, it's time for my big review. I walk into the meeting; I've got all my data lined up to say this is what I expect as my raise and I got fired. So, basically, I always tell people I got fired from making the firm too much money.

Mike:

Yeah, that's a good hook. And it just goes to show that early on you had a systems mind, you were focused on efficiency, how do I automate? And you also understood costs and cost control and where the profit was, and you were how old at this point?

Chuck Boyce:

22, 23 at that point. And then they say one door closes and window opens. Well, for me, that was a couple weeks later, I got hired by the Estee Lauder Companies in New York. So, I got to basically do the same work that I was doing, but on a much, much bigger stage with a lot more appreciation. So, I spent five years there managing software development for that company internationally. Had a team of about 45 people before I was the age of 30. Got to fly all around the world, flew in the Concord six times between New York and Paris. So, that was cool. Then one day we're in a conference room and we're going through all of this, the systems and the status and stuff. And my boss at the time gets up there and lists 110 different systems that are used without the company. He looks at me goes, you're going to be responsible for updating and making sure that all of these systems are Y2K.



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Mike:

How many of those, again, how many systems?

Chuck Boyce:

110 systems used in every nook and cranny of the company. So, I left that meeting, thought on it for about five minutes, and the next morning did the only thing that a responsible 28-year-old who's about to get married in nine months do. I walked into my boss's office, and I quit my job. Nice. Because I do new, I don't necessarily do maintenance.

Mike:

Yeah, homework bad.

Chuck Boyce:

But then again, that led me to bigger stages and into the consulting world. And I had the good fortune to work with so many great companies as really kind of a firefighter troubleshoot. I was brought in for very specific set of software and data skills that I had developed over the last eight years.

Mike:

Show off. Tell us some of the brands you worked with.

Chuck Boyce:

Yeah, so I got hired at McKinsey Company and did a couple global products projects for them. Worked with Calvin Klein on HR project. That was very cool. Done in Brads Street, AT&T, Sony. I actually worked on the Sony Jumbotron project for a little while. Chase Manhattan and Bank and a couple of others.

Mike:

Okay, good. So, then let's talk a little bit about the, now I had to do it for myself moment. I'm curious about the transition. What was it that made you decide, I am not cut out to be an employee, I have to be an entrepreneur. I'm one of those aliens. And then let's get into the big meaty stuff.

Chuck Boyce:

And so working as a consultant, you do have to have kind of an entrepreneurial mindset, especially for me, because I generally was a fireman. I would go in and I would generally work short projects. So, I had to kind of be thinking along that ways. But I wanted to be able to build something that would have value long term and was not strictly a time for money endeavor. So, as you said, I had the entrepreneurial Caesar as our buddy, Michael Gerber would call it, and said, you know what? I've got to start building stuff for the long term for me and for my family.

Mike:

Okay. All right, good. So, let's get into the data exhaust phenomenon. We purposely opened up the episode with the cow fart thing. Because you think about it. I was talking to Abby, our unicorn number one, who's responsible for organizing and structuring everything we're doing today. And that is the number one cause of, what's it called, basically global warming.

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Chuck Boyce:

Greenhouse gas.

Mike:

Is burps and farts. And good entrepreneurial mine will be like, how do I package that and turn it into money? And I wanted to talk about farts and burps today with you because we're guys after all. But let's just talk a little bit about what led you to creating DATAMOO. And now that you've had this exit, you've had plenty of time to think this is your third, fourth, maybe fifth act in your own career. But I just asked you about a dozen questions, but I'm going to let you interpret it and tell me what you want to tell me. And then I think we can get into who this is for and who's best for it. But let's kind of do that transition of what's the big value? What's the big deal here?

Chuck Boyce:

Again, kind of back to the field of diamonds, There's all of this data sitting under our feet, and so much of it goes uncaptured. Kind of like the gas coming out of the back of the cow. We all have this digital exhaust. So, the whole, everything is getting monitored, everything gets measured, and all of that data goes somewhere. And a lot of times owners and founders aren't thinking of that. They're thinking that as a nuisance because we have new laws to deal with and they're not seeing that to be the asset that it truly can be and how game changing it could be for their business.



Mike:

Good. And that it's, again, yes, you said it right at the beginning. We're always chasing the shiny object, which is top line revenue, profit, and you're back to the grind. And at any given time, you can have the rug pulled out from underneath you as a founder, new regulation, new law, lawsuit, all your equities tied up in this business, and bam, you can get clocked sideways. And 10, 15, 20 years of hard work could turn into nothing overnight. So, let's find some ways to notice the diamonds, first you got to get educated, but then how do you monetize them as well? So, maybe let's take that to, who is the future minor of the data or taking advantage of data exhaust? And the first-time full credit goes to, the first time I heard the term data exhaust was Howard Getson. We were together.

Chuck Boyce:

That was great.

Mike:

And I researched it afterwards and it's mentioned a lot. But tell us a little bit about the who this is for to perk up the ears, and then let's get into deconstructing some opportunities.

Chuck Boyce:

Sure. Yeah. If you look at any type of business, every business has some kind of data flowing through it and being captured. And I really focus on helping entrepreneurs, owners, founders, CEOs, kind of top-level executives that really need to deliver additional value to their organization. So, for us, ideal clients are in the, generally have consistent high value or high-volume transactions. Because we're going to have a lot of very valuable data related to that. And ideally, companies that have a proven track record of working with outside contractors, consultants, and advisors. I spent a good chunk of my career being that guy. And the difference, you could always tell walking on assignment who really wanted you there and who didn't.

Mike:

So, that would also mean psychologically they've seen huge ROIs. So, they know when I invest in this, I get something big out of it and they see something I can't see and save me a ton of time. So, that's very legit.

Chuck Boyce:

Okay. Yeah, I'm always a big fan of buying speed. Anytime I can buy speed, I want to definitely do that. Companies that work well with us or have documented systems or processes, they have a kind of secret sauce built in there. And the funny thing about that is, and it was the case for me is I didn't even realize that we had there. So, every business has a bunch of data. It's either stored within or flowing through it. But ultimately, we're looking to work with people that are looking for shortcuts for quick ways to get to increased revenue and increasing the value of their company.

Mike:

And let's talk a little bit about, we could either do some real-life examples and rereview the level one, level two, level three, level four. Because I think ultimately after seeing what you've done, where you sold your level three company to a level four business. Which again, level three, meaning where you've got tools, services, licenses, apps, APIs. So, you figured out how to take a bunch of stuff and sell it to a bunch of companies, but as data. And then they bought you for a combination of the data you have, the access you have, the unique way you massaged it and monetized it. And I happen to know a couple other things that

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I don't know if we can talk about specifically. But is there anything else that you want to add there about that? Or should we just do this sequentially?

Chuck Boyce:

Well, in my case, it was also about the relationships and the network. And being able to scale from a kind of single point of service to being a national service provider. And we pulled that off with about a three-week timeframe. And the only reason we could do that is because we had this solid core. And quite frankly, it took a sledgehammer to the side of that brain when the opportunity came and said, yeah, we're going to do this. We're going to roll this out. And that ultimately was the catalyst for us becoming a level three company.

Mike:

So, what I think would be useful is maybe if we deconstruct the business, you just sold and use a case study or two from some of the clients you've worked with. So, it's like, okay, so let's go from you being a level one to becoming a level two and where you may have helped a level one become a level two. Is that fair? Do you have something in the arsenal?

Chuck Boyce:

Yeah. So, level one is, again, we're all looking for the business basics, as I call them, increased revenue, increased profitability. And there are so many businesses that are run by folks that are really good at what they do, but they can't necessarily see the levers that are within their reach. So, we have a bunch of tools that we've developed over the last years that allow us to almost drag and drop and generate a big ROI pretty quickly for that focus of business. So, for example, we've worked with several people who one of our tools that are wasting tons of money on their online ads, we all want more customers, we want more people to the front of our store. But as online advertising gets more and more expensive every day.

Chuck Boyce:

It seems like hour-by-hour rates are going up. So, imagine one of our clients was True Dog. They were spending three million a year on Facebook ads. We literally dropped one of our tools onto their website, prove to them, showed them half of their traffic was bots. Weren't real people. Could never buy their product. So, using that and giving them access to that data, they were able to then take that data back to Facebook and say, hey, all of this traffic is garbage.

Mike:

How big was the check?

Chuck Boyce:

Well, apparently it was multiple checks over, but they got a significant amount back covered by NDA of course. But the owner-

Mike:

Well, I actually read her testimonial. The client's testimonial. So, you can mention that, can't you?

Chuck Boyce:

Yeah, yeah, yeah.

Mike:

Okay. Well just tell us.

Chuck Boyce:

So, well she said basically she really appreciated getting those checks, those refund checks back on a nearly weekly basis for about the half of her business, for half of her Facebook ad spend.

Mike:

Okay, so I'm going to do the math. Can I do the math out loud? Is that right?

Chuck Boyce:

Well, yeah.

Mike:

Okay. So, spent three million, got about half back. So, you got a million half dollars back.

Chuck Boyce:

Somewhere in that ballpark. Yeah.



Mike:

Okay. All right. So, you can't say the rest. That's all right. It was okay if I said it though, is that all right?

Chuck Boyce:

Facebook's going to come knocking on your door, not mine. Yeah. But ultimately, by doing that, that then opened those resources up for her to continue to grow her business. And just a couple years ago, she managed to sell that company to, again, to a bigger firm. And why would that be? Well, one of the reasons is she was able to grow it with not anymore overhead with keeping the expenses in line. And again, that was such a simple tool that just got dropped on her site and literally gave her the ability to start moving up the ladder and leveling up her business.

Mike:

So, that also means that if you're positioning your business to sell and you can go out and say, oh, by the way, my cost of acquisition is half of what it was last year. That's pretty attractive. And that is a competitive advantage as well. So, one tool giving you that, okay, that's legit.

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Chuck Boyce:

The other nice thing is then you tend to get better traffic because they know you're paying attention.

Mike:

Yeah. Yep. Okay, so let's talk about you going from a level one provider to a level two provider.

Chuck Boyce:

So, when we started, we were providing services just in the state of Delaware for just a handful of clients. And we were always struggling with the same thing. How did we get more people to the front door? How do we get more business in? And it wasn't until we had an opportunity when someone said, hey, I was actually Christmas shopping at Walmart. I got a call, we'd put a bid out for a national contract, and they said, hey, you won the bid, you got six weeks to get this set up. So, that was the sledgehammer that said, okay, you now need to figure this out. And we had to level up very quickly. Fortunately, I had some great business relationships and was able to tap in and we signed up 72 partners in all 50 states in DC to help fulfill on that contract. And some of those partners have been with us right through the sale.

Mike:

Hey, this is Mike Koenigs, sorry to interrupt the podcast, but if you're an action taker and ready to transform and reinvent yourself and your business, go to connecttomike.com to learn more and book a conversation with me right now. All right. Back to the episode. And just to take this from a level one, meaning you're doing essentially, we'll call it a transactional business, more or less one on one, no extra channels, no leverage. To a level two, which was partners, channels, relationships, selling the same thing to lots of different customers. So, in your case, 72 new buyers. Right? Fair enough.

Chuck Boyce:

Yeah.

Mike:

Okay.

Chuck Boyce:

Yeah.

Mike:

Awesome. All right, good. So, let's go from a level two to a level three example. And yeah, tell me a little bit about, yeah, take us on a tour.

Chuck Boyce:

Sure. So, level two ... Well, I'm sorry, we're going to level one to level two, level three.

Mike:

Well, we can go-

Chuck Boyce:

We're going to level two?

Mike:

Yeah. I guarantee you there'll be people who will, it'll drive them nuts if we jump. So, go ahead and go one to two, then we'll do two to three. We'll do it sequentially. Otherwise, people are like, whatever happened to us. Yeah.

Chuck Boyce:

So, yeah, data lost my place.

Mike:

That's my job. That's my job.

Chuck Boyce:

Okay. So, we have a client, a new client that we're working in. We're looking at his business, who is in the transportation and logistics space. So, generally a super high-volume space, generally very tight margin space.

Mike:

I know who you're talking about. We were just with him this last weekend.

Chuck Boyce:

We just saw him. So, as we were talking to him about his business, this company ships 20 million packages per year.

Mike:

It's insane.

Chuck Boyce:

And we got talking about how much of the data are you capturing for that?

Mike:

Yeah. And for how many clients, right? So, there's a whole bunch of customers.

Chuck Boyce:

Hundreds of clients. To that to probably millions of customers shipping these packages. And really probably one of the biggest examples of digital exhaust that I've seen in a while. The amount of data that just blows through that doesn't get captured was staggering. Again, based on the transaction volume. So, as we're talking with them, well here are some other ideas. I was like, if you could capture that data, do you think your customers would like to meet each other? Do you offer ride alongs? Can you broker deals between various product categories that aren't competitive, but definitely complimentary?

Chuck Boyce:

And you could just see the light bulb go off and go yeah. So, that's going to do two things for his business. A, it's going to drive his transaction by him. So, his level one business is going to benefit with additional transactions coming through. But now he puts himself in really a tollgate position and he can work those deals between his various clients and get paid for those and increase the value of his company.

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Mike:

So, he could potentially increase sales by introducing, and he knows the data, he knows the customers and say, I'm going to help you cross promote and you're going to use printing my distribution, which he could probably increase sales for his clients. If there's any crossover at all by five to 20%.

Chuck Boyce:

Oh, easily. Easily.

Mike:

That's legit. And his own internal volume, like you say, is level one shipping business. If it's 20% times even 20, that's legitimately 400% increase in volume if you stack it all together. Okay. That's awesome. Okay, so that's from level one to level two. Let's take your business from level two to level three. First of all, let's explain what that is. And then let's do a hypothetical with his business at a level three.

Chuck Boyce:

Sure.

Mike:

Okay, good.

Chuck Boyce:

So, for me, moving from the two to three, so level two was really the ability for us to put in what I call the network effect and really ask who not how. So, we increased our business without increasing our overhead substantially by building out this network to support a national footprint. So, as we're building that, and we didn't realize it at the time, we had to put systems and processes and procedures, and we started collecting more data on packages and documents that were being tracked through our network. Which really then turned us into a level three business. So, a level three business is where we're looking at the secret sauce, the intellectual property, the processes, the procedures, the data that's within the business that can be monetized within the business and is now going to start having value to other people in the marketplace. And again, whether that be apps, whether it be licensing data, or a bunch of different ways that we can take that data and see who else wants it. And in what format do they need it.

Mike:

Let's do a real-life example as best you can. I know you're limited in terms of what you can specifically say, but can you get kind of specific, or can we use a case study, a customer case study?

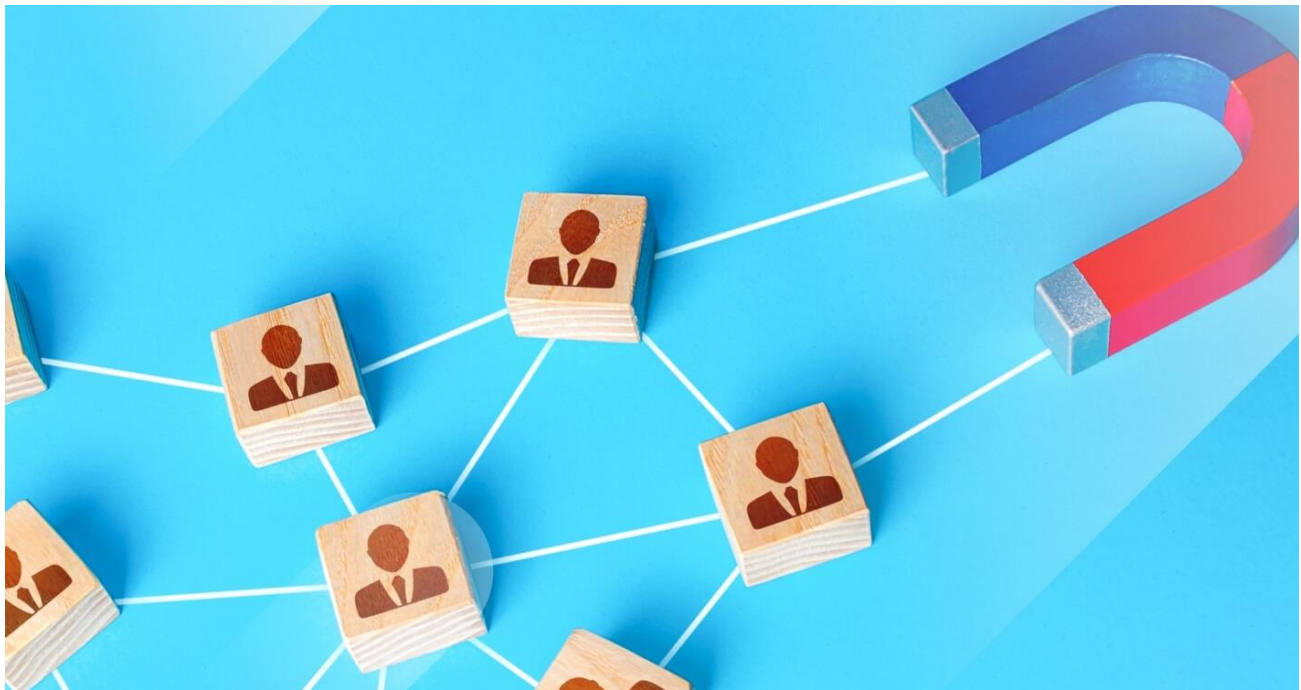
Chuck Boyce:

Yeah. So, we could talk about, we had a client who was a bankruptcy attorney, who was paying for a bunch of leads and was not converting his leads as well as he wanted. And leads were getting more and more expensive, came back to us and said, hey, do you have anybody else that's looking for these same type of folks? So, we went to a couple of other customers and were able to put together a little syndicate of a credit counselor, a marriage counselor, a divorce attorney, and a bankruptcy attorney. They're all generally in the same ecosystem. They're all generally looking at the same people. Because generally what we've found is if you are going through a bankruptcy, unfortunately a lot of marriages don't survive that. So, you're going to need maybe some marriage counseling or debt counseling, or ultimately a divorce attorney.

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Chuck Boyce:

So, what we were able to do is the syndicate then ended up basically getting free leads. So, they were all getting now free leads because they were liquidating all of them. They were paying for the ones that they were converting. They didn't have to pay for the ones that they didn't, and they were basically able to triple their leads at no cost out of pocket. So, they had somebody else paying for their leads. So, kind of what we would look to do, if I was just a level one business, it would be looking for a self-liquidating offer. Well now we can create these little syndicates and do the same thing. So, back to our fulfillment friend, he could absolutely be in that same position. He can start building that data warehouse asset because he knows who the returns are coming back. He could build a database of chronic returners or refunders. And that's data that certainly anybody in the e-commerce space is going to be desperate for.

**Mike:**

And that basically means then he can turn each one of those into little services that are subscriptions, which will be like, hey, send your purchases through my chronic refunder slash the deadbeat clients charge back people. And I'll do that on a transaction basis. And you can have access to this as long as you are allowing us to aggregate the data as well and without violating whatever kind of whatever. Those pesky laws.

Chuck Boyce:

We have some good resources to keep everybody on the right side of on that.

Mike:

Right on. I kid, I kid the rules. But beyond that, so again, it's just looking through the filter of how do I take either aggregate data or this data and create a service out of it? Which, can we talk a little bit more about your business and how you were able to do that?

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Chuck Boyce:

Sure. So, we had all of the intellectual property. We were gathering up all of the data and then started to get noticed in the marketplace. We had turned into that level three database, and we were able to then start building on our platform, the ability for us to take data in and out and offer data back to some of our other providers so that they would come to us for data and information based on the clients that we were working with. And ultimately, that is what made our company sell for the multiple it did, versus what traditionally in that industry would've been about one and a half times versus the 40 that we were able to get.

Mike:

Because I know what I know here, and I'm not going to break any rules for you. You had a whole bunch of little services, some of which you didn't even own. You effectively brokered, so you were doing arbitrage. But what you had were exclusive contracts for each of these services. So, you had 72 core buyers. They in turn had a lot of little buyers and everyone's licensing this information. And a lot of them didn't even know that you're the source. So, you're the secret sauce, which actually made it even more valuable. And they had the big buyer in your case, had to protect their continuity of their business, which is dependent upon you, their relationships, which were dependent on you, and you had exclusivity. And the fact that you had a lot of services that they and other companies were dependent on.

Chuck Boyce:

Yeah.

Mike:

So, I break any rules there by doing that.

Chuck Boyce:

No, you're good. And I can actually go a little bit further there.

Mike:

That was what I was hoping.

Chuck Boyce:

When we were in the process and we were talking about people, two people that were interested in potentially acquiring our services at that time, and we'd have discussion about our core service and they're like, oh, no, no, we buy that from X, Y, Z company. I'm like, Cool, I'm like, you know who X, Y, Z company buys it from.

Mike:

Yes.

Chuck Boyce:

So, they were couple times where people were like, oh, really? So, yeah, that it was kind of a cool position to be in. So, surprise.

Mike:

So, I want to just kind of take a little mini exit before we go from three to four because there's a lot of nuance to thinking about going from a transactional based business, the level one to, we'll call it channel partner who based business level two. That's where you get your multiplier effect. And then level three is when you effectively, again, turn your business into apps, APIs, services, things that people can subscribe to, having exclusive control and also taking advantage of arbitrage. That really requires someone who's done this many times and for a long time to be able to see this gets back to the acres of diamonds metaphor, which is these are not obvious.

Mike:

And a lot of times you could have a whole bunch of, you know, literally have a closet full of what amounts to invaluable ancient art and someone would've just sold it at a flea market or brought it to the dump. And that happens all the time. It must completely drive you crazy when you walk in and see opportunity like this because it's like what they say, shoot fish in a barrel, right? There's opportunity everywhere you go. Now you just got to pay attention to which opportunity you want to pay attention to.

Chuck Boyce:

A lot of times it's prioritizing is the hardest thing. It's rare that we talk to a business owner, and we don't immediately have three to six really solid ideas. And I know I was a business owner for a long time. When you're down in the trenches and you're focused in on the business and you're focused on the level one aspects of your business, driving top line, saving money, putting more money in your pocket. It's harder to have the macro view and look around, say, hey, what else do we have here that we could start selling?

Mike:

So, it really comes down to, first of all, knowing that there is a buyer, knowing what has value and knowing how to package that in such a way that it produces income right away and equity. So, you got to create a moat around it to protect yourself. And what you've managed to assemble. Because I've looked at your toolkit. You've got, first of all, a whole bunch of things that people can effectively private label and package that you have. So, they can be in the level three business really, really fast. Plus, cookie cutters of contracts, agreements, ways of sifting and sorting and figuring out what, assessing what's real. All right. Let's go from three to four then, unless you've got something to add to that.

Chuck Boyce:

Cool. Just, yeah. One other quick thing on the level three that sometimes hangs people up, they think that they have to make or do whatever that they're trying to add. That they have to be the guy to build the API or to build the software. And we've got such great resources that can do that and without really adding too much to the overhead and not putting more stress on your existing infrastructure. So, the key thing there to think is back to the classic who, not how. You don't have to do these yourself, but you have to get with a partner that knows how to bring that particular thing to market.

Chuck Boyce:

So, from the three to four really now is, so we always look at the big Amazon, the Apple, the Disney, the obvious ones. And I know a lot of people out there thinking, well, I'm never going to be the next Amazon or Apple. Well, you don't have to necessarily be playing at the hundreds of billions of dollars of revenue. You can be a very healthy hundred-million-dollar platform company. And I know as we've started DATAMOO, our goal has always been to be the right size platform company for us. And so, we're basically starting with the foundation. We're eating our own dog food, or I guess our own cow feed. And really building arc business so that we can be a model for others as well.

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Mike:

In a way, you're a platform business creating platform businesses or guiding founders through the process of going from one to two to three. And really the big multiples through at least your lens are the two to three to fours. Because twos, it's a different business. It's creating channels, it's very different than realizing IP and systemization and packaging that and being able to sell it. Whether it's selling it as a service. And before we dive in, why don't you talk a little bit about what makes Apple a level four? What makes Amazon a level four? Because I think there's some good nuance there if you just go through that and then let's drive ... Well take us where you want to take us.

Chuck Boyce:

So, really at level four as a platform company, when we look at it, they're into so many different things. And really of the two, I think Amazon is my favorite. The comparable to the Apple story. When you look at the initial idea of selling books online, well what skills have they developed and been able to monetize as Amazon has grown? Well, certainly they had to figure out how to ship them. So, they became one of the leading logistics and shipping companies in the world. And now they make that a service available to other folks. They became an expert at warehousing and moving data at moving product and positioning product all around the country. Because I know my home in Florida, it still amazes me. I can go on at seven o'clock in the morning and I can have something on my doorstep by lunch. And not a lot of companies have developed that expertise.

Chuck Boyce:

And that's all driven by data. They know who's going to buy where and how to stage that. And then to run all of this, the computing infrastructure that they have built, and again, nerd at heart, remember that the big IBM mainframes and now when we look at data services and what Amazon has built with their AWS platform. And then said, hey, we built this for us, but it's going to have a lot of value to other folks in the marketplace. So, I know it's a tool that we use frequently. It's a tool that the government uses, multiple governments use. So, they were able to, again, it's that multiplier effect. Go deep and wide and take their core competency and make it available to others.

Mike:

Yeah, I think the brilliant thing is they built it for themselves first and then turn it into a subscription platform.

Chuck Boyce:

They've monetized the expense.

Mike:

Yeah, it's quite brilliant. So, that again, that in itself is a new way of thinking. That's fairly nonobvious. Okay. And then Apple. Let's kind of tunnel down there, because you and I have talked a lot about what is it that makes Apple, at any given time, the most valuable company in the world, with the exception of the fake other company in Saudi Arabia, that whatever. Okay.

Chuck Boyce:

Yeah. So, again, Apple starting with hardware and has really just kind of grown the circle out in almost like concentric circles. They started with the hardware, now we're going to do the software. Now what other types of, they brought us the iPod, Well we've got this thing that kind of looks like a phone. Can we take that and can we make a phone? So, now we've got the iPhone. And they've done that with keeping their IP internal, but also then extending out into partnerships, strategic app acquisitions, creating a marketplace.

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Chuck Boyce:

There's such a need, there's such a desire for marketplaces, for the ability to us to give small creators an opportunity to really follow their own dreams. And Apple has certainly been a leader in the marketplace, to Apple Pay. So, payment processing, they did a joint venture with Goldman Senate Bank. So, every time I use my Apple Pay, it goes on my Apple card. And they had the deal with Barclay's Bank before that. So, they're really smart in seeing as we're moving forward, they didn't need to create a bank, they went out, they found one, they partnered with it. They added their special sauce to that relationship and eliminated all of the friction for all of those transactions.

Mike:

And pretty soon you'll be given Apple one, two, three, \$4,000 per month. You'll get brand new hardware as soon as it comes out. You'll have your car, all of your subscription services, all your data, all your software. And other companies would wish they could pull this off. But at this point, in my opinion, it's almost if not impossible to catch up given the fact that they're producing their own chips. And with the current state of the world in its change, they have an enormous amount of control over the things that have decades long strategic value. And again, I want to bring this back home, pull the balloon back to the earth and say-

Chuck Boyce:

I thought you were doing utters there for a second.

Mike:

Yeah, yeah, yeah, exactly. Hello everyone. Yeah, I grew up in Minnesota. But how do we bring this home and make it meaningful to the business owner? How's this work and what are the steps that a founder would go through to start to realize and go from one to two, to two to three, and three to four?

Chuck Boyce:

So, we've developed some really great tools that we make available out there and we're going to certainly make them available here. But first thing is really kind of looking at where you're at. So, to do that, we have a tool we call the value multiple scorecard. Really it helps get an idea of where you're at, what level you fit in today, and then will help you focus in the future as to what are some of the steps that you can take. We follow that up with the profit levels worksheet because we always want to make sure that we're increasing the value of the company.

Chuck Boyce:

And I've been an owner for a long time. I like to take home a bigger paycheck at the end of the week. So, we can follow that on with our sources of hidden value FAQ. Again, like we said, standing in the middle of the field, the acres of diamonds, sometimes we're just too close to see and understand the value of the assets we're in there. So, we kind of helped take a spotlight and help you take that spotlight, shine it into the nooks and crannies under the desks, and find out where those hidden assets are. And then finally, we've got a pretty in-depth masterclass and PDF workbook that we put together so that you can start working with these tools and really kind of figure out where you're at, figure out some of the next steps and really generate some ideas for you and your team to start implementing some of these strategies.

Mike:

That's good. So, the bottom line is here, check this out, Head over to datamoo.com, click the button and get the downloadable goodies. You got to score card for figuring out where the value can be multiplied. The worksheet for figuring out where the profit, the multiples are, the sources of hidden value, which are the nonobvious plays, how to realize and turn assets into valuable levels. And then the masterclass, which well

full disclosure, you and I have recorded, which actually gets a little more in detail about what it's like to work with you and your team. All right, well what else should we cover that we haven't?

Chuck Boyce:

I think we have a pretty good idea and certainly we try to put out as much value, much information that we can, but ultimately, sometimes some folks are going to need help and we get asked, well how can we work together? And we do that in several different ways. We're frequently hosting round tables, generally half day we'll bring in a carefully curated group of entrepreneurs and owners. And we'll kind of walk you through these steps and walk you through the tools and be able to discuss and ask some pro questions. Beyond that, we offer a group workshop. Again, we can bring in a small group and work with my team and say, okay, let's really come out with not only the assessment portions, but let's actually put together some plans, let's connect you with some resources and let's introduce you to some of our partners that really can help you level up to your next step.

Chuck Boyce:

And then finally there, I take a very small number of one-on-one clients a year where you can work with me directly and we will take a fine-tooth comb through your business and really come out with a comprehensive plan to take you from the level you're at to the level that you want to be. So, you might be one and you might want to get to that four, and we can work together over a period and really map that plan out and develop some accountability and make sure that you get access to all the resources that you're going to need to be successful.

Mike:

Okay. No, it's super clear. And I've known you now for probably, I think we met almost 15 years ago, is my guess. Traffic guys are instant customer days and beyond. And I've watched your evolution. I mean in a way, it's kind of a miracle that we're here on the day you're selling this business because how long have you had the business you've sold today? How many years has it been?

Chuck Boyce:

Yeah, we've had the business about 15 years. Yeah.

Mike:

- Okay. Yeah. So, it was right around then.

Chuck Boyce:

I can be looking for tools.

Mike:

Yes.

Mike:

I caught you literally when you were going from level one to level two, you're in that dirty transition from what I recall. And watching you evolve and also see where you are today and having these distinctions. One of the things that's happened with Dan Sullivan and team is Dan really is talking about this right now. A lot about platform is on his mind. He's thinking about it a lot. And this notion of what a level one, a level two, a level three, a level four is one of those things that's so simple and it's quite profound, especially when you think about the distinctions of how to realize the money. And this is in the parlance of Strategic Coach. This is very, very much a free zone style business where you're working with complimentary non-competitive businesses and creating massive value that didn't exist before.

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Mike:

And the evolution of business where the value of your data and your digital exhaust exceeds the value of your core business and what you're doing. So, I'm super excited about what you're doing with DATAMOO and literally as soon as we get done with this interview, I'm going to introduce you to a bunch of businesses that I think are right fits for this. And I challenge everyone watching today to head over, that's you, to datamoo.com.

Mike:

Get the goodies that Chuck's put together for you. They'll be very, very valuable. Keep an eye on what he is doing and if you ever get a chance to join in on one of his round tables where you get to just brainstorm, that's a short process of workshop where you're actually going to start working on and getting into the work. So, one's discovery, the other one is realization or work with him one on one where you're actually doing the hard implementation. You're making this go and you're getting access to his resources, potentially white label some of his IP that you could use. Or it's a really low cost, low impact way to not have to develop a whole business that you can license out and go through the process and learn this with him. It's the closest thing to handholding I've seen to date. So, I'm going to give you the last word one more time. Anything else that you want to add before we finish this episode?

Chuck Boyce:

Nope. Super excited to be on this journey. I know that there is so much value. I know that there are founders and entrepreneurs out there who were struggling like I am. And my goal is to help them in days and weeks, learn all the lessons that it took me the better part of 15 years to get to. So, it doesn't have to be hard, it doesn't have to be a struggle. I will share everything that I've learned including the ugly parts and you can get it done.

Mike:

Totally. Totally. Well and get to the promise land, which hopefully is the big exit.

Chuck Boyce:

Yes.

Mike:

Or whatever your third, fourth, or fifth act is. Like you're doing right now. I mean, it's just to have that freedom and just to have the time. So, with that, we are very close to having a cocktail.

Chuck Boyce:

Yes.

Mike:

And I'm going to turn to you again, head on over to Chuck's site, datamoo.com, Learn more, get the goodies, see if you want to work with them to get your business and level up. So, with that, this Capability Amplifier. Chuck, let's say goodbye to everyone. Thanks for watching.

