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Max's Failed Business Endeavors

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I wrote this on a plane fall or 2022 but now feels like a good time to share it. By the way this 2010 photo of me was just a fun blast from the past. It is always fun to look back as

we move forward. But let's jump in...

My first entrepreneurial endeavor was when I was in elementary school. I remember saving the money my mom would give me for lunch and buying a bunch of metallic pencils from the quarter vending machines at school.

Somehow I knew about supply and demand because my plan was to buy all of them and then I'd twirl them and make them look cool during class. During recess, I'd sell them for \$0.50, sometimes \$1.

Until college, that entrepreneurial bug disappeared. It was revived when I was convinced to joining an MLM. Quick disclaimer, I am not a fan of MLMs. Look, I'm probably one of the biggest cheerleaders when people decide to do something that challenges themselves to grow, but the pure economics of MLMs and how deceitful the people at the top are is what bothers me.

I don't want to get into the details, but let's just say the most valuable thing I took away from that "failure" was the concept of fixed mindset vs growth mindset.

I started working with 2 friends to build a small record label, but that quickly transitioned to us buying a tiny supplement company for the hefty sum of \$30,000. This company would later transform into the supplement brand we are still running today.

Over the next decade from 2007 - 2017, I launched 16 businesses and only 2 of them "made it". I'll do my best to recall each and every one of them in chronological order. I'll

also try to pull out at least one nugget from each failure to share.

Tilapia Records - We were trying to represent independent musicians on the operations and marketing side. This ultimately fizzled out because none of us were super passionate about the idea and when things got tough, we all ended up walking away.

Lesson: If you're going to start something, make sure your passion for it will ALWAYS win over any doubt or challenge you come across because success is not guaranteed, but the struggle is.

Man Vs Burger - This was meant to be a channel that presented homemade, gourmet burgers. We shot a ton of photos of incredibly delicious burgers and even caught the attention of the Tillamook cheese company. We ended up getting busy and the idea fizzled out.

Lesson: We rushed into this project with no endgame in mind. Know what you want to accomplish. Cupkin+ have a target to aim for. The path to success has many routes, but you need a destination...otherwise you'll eventually run out of gas driving around in circles.

Ranking Channel - I had a vision of creating a monthly subscription service for small business owners. The idea was to offer a bunch of training videos to learn how to get their websites ranked higher in Google. They would also receive credits each month to ask specific questions that we would answer. I started getting clients reaching out asking if I could do everything for them and I quickly realized that the profit margin on consulting was SIGNIFICANTLY better than software (which has an incredibly high margin). All 8 of

our subscribers were emailed saying that they'd have lifetime access to the videos, but that we'd be transitioning the business from software to consulting. This decision is what allowed my wife and I to get out of our massive debt within 2 years. However, the problem with building a consulting business is that when you're ready to move on, you need to have either built a generic-enough reputation or a product because not a lot of people will be interested in buying a consulting agency where you are the star of the show.

Lesson: Be ready to pivot for a better opportunity even if you spend a significant amount of time on building something that you need to abandon.

A Beauty Full Day – At the time, my girlfriend had a passion for fashion and makeup. I was an overly confident young lad who had a little bit of experience getting websites to the top of Google. So I encouraged her to start a blog about makeup and I worked to get her blog to the top of Google for the keywords she wrote about. She got some amazing brand partnership opportunities to work with LeSportsac, IT Cosmetics and more. This girlfriend magically turned into my wife a couple years later and after getting pregnant with Evelyn...and quite possibly the fact that I killed her passion by making it feel like "work", she stopped writing and the blog faded away.

Lesson: Make sure you are doing whatever you need to do in order to find enjoyable moments in your projects or if you need to step away, don't be afraid to hire someone to run with what you've created.

Human Socks – Before the designer sock market exploded, my brother in law and I had an idea to start up a sock company. The idea was centered around story-telling, so each sock design would have a story behind them. We came up with a few amazing designs, but ultimately we focused way too much time and effort on the product and virtually zero

time on identifying who our target customers were so when bigger opportunities came around (new job for my brother in law and more clients for me), we decided to jump ship.

Lesson: Spend 80% of your time learning who your customers are and build your audience before you invest a dime or an hour into the product. Building an audience is free and if the idea doesn't work out, you aren't left with a hole in your bank account and a garage full of shit you can't sell.

Hello Seattle - My wife and I enjoy going for drives. One of the things Soo Jin always used to say was "I wonder who lives in that house". The "Seattle Freeze" is a real phenomenon experienced by newcomers in the city, characterized by a lack of friendliness and coldness from Seattleites. Our vision was to create a website where we interview people in Seattle and share their stories. The idea was to connect the community and make the city feel a little bit smaller. Soo Jin and I thought the best way to get this off the ground was to start by interviewing some of the most famous people in Seattle. We were able to get interviews with famous CEOs, celebrity chefs but this idea fizzled because Evelyn was so young and it was too demanding running everything else. That's the public reason... the private reason is that we just felt like frauds. No experience in photography, writing or videography.

Lesson: This was a total run and gun-sliding project. We didn't compile a schedule and book people in advance. We were flying by the seat of our pants and were running into a battle field where we had zero recon on. Had we first worked on building an audience who would be interested in the people we were interviewing, we would've been significantly better equipped to take on this project.

Chatter Fit - At this point, Crazy Muscle had turned into a pretty decent side hustle. We

were generating roughly \$6,000 per month in profit per month shipping out of a corner in our garage. I thought it'd be a good idea to generate customer loyalty if we built a platform where customers could get resources about fitness and nutrition. Customers would also be able to ask questions to a panel of experts that I was building. The idea was essentially a fitness-version of Ranking Channel. I spent so much time building the platform, recruiting certified experts and designing the app. When it came time to launching, very few of our customers were interested in it. I even had t-shirts made.

Lesson: If I had just spent a month talking to our customers, I wouldn't have spent thousands of dollars, months of time and have a pallet of t-shirts sitting in my garage.

Backup Camera Shield - The first car my wife and I bought that was equipped with a backup camera was a 2013 Kia Sorento. We thought we were rich because we could see behind our freaking car while backing up WITHOUT tweaking our backs to look backwards. Living in Seattle, one of the issues we experienced was having a camera lens with distortion from rain droplets. I would constantly wipe the lens with my shirt multiple times a week, so I thought it might be a good idea to create a hydrophobic film to stick onto the lens. I honestly can't remember the exact reason this business failed, but I'm 80% sure it was because I was simply chasing shiny objects.

Lesson: I started diving into product research and development. I had no vision, no mission, no audience and quickly moved onto the next idea because there was no foundation.

Baby Hacks - After having Evelyn, we felt pretty "knowledgeable" when it came to parenting so I thought "why not start a blog about sharing hacks with other parents?" I spent months scraping thousands of websites and many all-nighters rewriting the

“hacks” that I found online. I even set up an automated Twitter account that would post 2 hacks a day. Once the automated Twitter account was launched, I didn't really know what else to do. Then, Twitter caught on and disabled the automation feature I built.

Lesson: Once again, I dove into the idea without focusing on the value I wanted to provide to parents and what I really wanted to achieve. I also was not actually an expert in the field of parenting.

Regroupr / Link Scout - During a trip to Maui when Evelyn was 3, we had a magical evening just us two on the beach. We made sand angels, splashed in the ocean and it felt like we were the only people on the beach. I was a consultant at the time working 60 - 70 hours a week and did not feel like I was making an impact with my work even though I was consulting for companies like Match. On the plane ride home, I spent the full 6 hours writing a plan to create software called Regroupr that would make it easier for me to analyze the analytics of the website traffic and a bunch of other factors. I was also planning on creating a subscription service. As soon as I got home, I happened to watch an interview with someone who I eventually hired as my business coach. I spent the next few years shifting my mindset. After working with 4 different web developers, I still didn't have a software company. It really stinks because I did everything right on this one. I made a list of hundreds of agencies who would be ideal customers and had meetings with 50 of them. I got deposits from a couple dozen of them based on a wireframe and an idea. The mistake I made was that I was looking for the cheapest developers when I should've been hiring the best of the best. I actually abandoned the idea because I couldn't figure out how to get the data to aggregate in the software, so I tried to launch a new software company called Link Scout, which did something similar but focused on doing the time-sucking analysis I did via Google searches before launching a new campaign. My mentor sat me down one day and said “you gotta pick 1 because you can't do software and ecommerce.”

Lesson: I like to think that the experience of trying to build Link Scout is where I fast-tracked my maturity decades as an entrepreneur. So many lessons from here that I feel I need to bullet them out.

If you're looking to start a company, please build an audience first. I can't tell you how many times I've given that advice to folks who ignored it and ended up losing their hard-earned money

Asking your friends and family if an idea will make a good business is not the same thing as validating and funding your idea through getting presales (the Kickstarter approach)

Have a reason for starting that means something to you. I started Link Scout because I wanted more experiences with my family like we shared on that beach in Maui

The fastest way to success is to learn from people who've already done what you're trying to do. Hire a coach or pay a mentor to invest their time into your growth. Don't expect to get this for free.

When you're starting a new business, don't cheap out on others. Cheap out on yourself. In other words, pay your first hires well and live like a pauper.

It's always ideal to have some level of expertise in the entire business when you start. Realistically, I should've had enough skills as a developer to write the code for the first version myself. The reason I got into ecommerce was because I am a customer service nut, I had experience sourcing new products from manufacturers as well as driving traffic to a website.

Rover Charge – After cracking the Amazon ranking code with the supplement company, I thought I could create a bunch of product brands and make a ton of money. The product was a portable, wireless charging pad for your phone. I spent a few months doing a ton of research trying to figure out how to get strong enough solar panels to allow it to

recharge itself as well as have a strong enough battery pack that would charge a phone multiple times before needing a recharge. At the time, my business mentor told me AGAIN that I needed to shut the idea down and focus all my efforts on one business.

Lesson: I hope you're starting to see a theme here. Again, I dove straight into product development without first building an audience. There's a reason why businesses pay so much money to big name influencers. It's because they have an audience. The other lesson here was that if you have a growing business, don't think about starting another one just so you can say that you "run multiple businesses."

Letter Case - One day, Soo Jin had taken a plastic jewelry box and stuck numbers and letters on them. This was because all of these letter board companies send a tiny little sack to store all of your plastic numbers and letters. Everytime you want to change your letter board message, you need to dump out the little sack and search for every single letter. I remember asking "why don't you just buy a case online?" Apparently, there was no such thing at the time. I saw that letter boards were super hot during this time, so I spent a couple late nights finding potential manufacturers. We found someone, prototyped a design and got it into the market pretty quickly. By this point, I was running Crazy Muscle, was just starting to develop Cupkin and now was launching Letter Case. While this business is still running today, it generates less than 1% of the profit that we generate with the larger brands so in my eyes, it is a failure because it distracted me from focusing on what I needed to be focusing on. We all have the same 24 hours in a day. The same 7 days a week. The same 12 months in a year. Let's just say it took 500 hours to get Letter Case to a point where it was generating a few hundred bucks a day in profit. If I spent those 500 hours on Crazy Muscle, which was already generating millions of dollars a year, I probably could've grown it by at least another 1 - 2 million dollars. I traded dollars to make pennies.

Lesson: Even if you have the experience and see an opportunity to quickly get a product into the market, this was a shiny object that I chased AGAIN. I'm very proud of what we were able to build in such a short amount of time, but the level of focus I could've kept on Crazy Muscle would've compounded at a higher rate of return. I think a lot of people believe having "multiple streams of income" is the way to become wealthy. I don't claim that this is the only way to wealth, but having come from literally nothing...I really believe that your time is best spent on building one business to a point where you can hire incredible people to give you the freedom to step away and start something new.

Prime Radius – Hope you're seeing a pattern here. Chasing shiny objects and focusing heavily on the product rather than the customer. Once Cupkin and Crazy Muscle were both generating a couple million dollars per year each, I had a team of people working with me on both brands. For some reason, I thought I had the bandwidth to start a new venture but I was still the CEO of both brands and we still had A LOT of work to do. The idea for Prime Radius was to look like a consulting agency on the outside, but secretly it was a private equity firm. My plan was to connect with brand owners who created a cool product, but were having trouble building their business. I would walk them through my process, understand their pain (and make sure they understood it too) and then I'd go over my pricing. Remember, I used to be an agency owner so this was very comfortable for me. The thing about most business owners that are struggling to build their business and need help are that they tend to overvalue their business. I had a pretty decent flow of potential clients and got a few of them who were interested in potentially selling to me. A common multiple of selling a business is around 3X of your annual profits. Shopify says that the average profit margin for an ecommerce business is 10% so a company that generates \$1,000,000 annually typically will have a profit margin of \$100,000. If this company wanted to sell their business, they would expect to receive roughly a \$300,000 check. Most of the folks I spoke to wanted 8x to 10x of their top line revenue.

Lesson: Eventually I realized this was not a game I was interested in playing and I believe I

finally came to the conclusion that in order to build a business worth building, you need to stay focused on one thing at a time.

So let's summarize this real quick:

Started 16 businesses, 2 of them made it. That's a 12% success rate, which is a F-

Chased a shiny object 8 times

Jumped straight into product development without building an audience 12 times

I remember reading this in *Scaling Up* by Verne Harnish, but there are somewhere in the ballpark of 30,000 businesses in the US. Of that population, roughly 4% ever make it to \$1,000,000 in revenue. Only 0.4% ever make it to \$10,000,000 in revenue and only 0.06% ever make it to \$50,000,000 in revenue.

It took me 9 ventures before I hit \$1,000,000 in revenue with a single company. The crazy thing is that we doubled to \$2,000,000 in less than a year. I don't know why everyone uses this figure as a benchmark but I mean...I guess it sounds nice?

Getting to your first million requires you to FIGHT.

I'll leave you with the best 2 pieces of advice I can give.

Don't trade dollars for pennies just because pennies are shinier.

If you have an idea, spend 80% of your time talking to your audience because that part is free.

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