

How to Build a Successful, Diversified, Family-run Business – With Bill McClure

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<http://www.domainsherpa.com/bill-mcclure-wjm-interview/>

Three messages before today's interview educates and motivates you.

First, if you're a domain name investor, don't you have unique legal needs that require domain name technical know-how and industry experience? That's why you need David Weslow of Wiley Rein. Go search for David Weslow on DomainSherpa, watch his interview and you can see for yourself that he can clearly explain issues, can help you with buy/sell agreements, deal with website content issues and UDRP actions, and even help you write your website terms and conditions. David Weslow is the lawyer to call for Internet legal issues. See for yourself at NewMediaIP.com.

Second, managing multiple domain name marketplace and auction site accounts is a pain. Inevitably, you forget to sign into one and lose a great domain...or worse. Now imagine using a single, simple-to-use and comprehensive control panel to manage all your accounts. That's Protrada. You can setup search filters, analyze domains, automate bidding, list domains for sale, and buy domains across all major marketplaces. Protrada also has a new semantic engine that builds Google-friendly websites with rich content and network feeds. Sign up at Protrada.com to get 20 free credits and start building and monetizing your domains today.

Finally, if you have questions about domain names, where should you go to ask them? The answer is DNForum.com. Not only is DN Forum the largest domain name forum in the world, but it's the best. You can learn about domain names and the industry, buy and sell domain names, talk about domain name news, and meet other domainers just like yourself. Register for a free DN Forum account and begin advancing your skills and knowledge today. And when you do signup, send me a friend request so we can connect.

Here's your program.

Michael Cyger: Hey everyone. My name is Michael Cyger, and I'm the Publisher of DomainSherpa.com – the website where you come to learn how to be a more successful domain name entrepreneur directly from the experts.

I attended Domain Fest in Santa Monica this past February. I was heading out one morning, going for a run before breakfast, and a domain investor at the conference was coming back in from a workout. We met at the elevator. It was a quick and fantastic introduction. The businessman's name is Bill McClure. I heard about him from others at the event and I was so disappointed that I didn't run into him again at the event to learn more about his businesses and his investments. So I contacted him to come onto the show and he was gracious enough to accept.

So today's question is this: How do you create a successful, diversified, family run business using domain names?

Joining us to answer the question is Bill McClure – CEO of WJM.com. Bill is a domain name investor with over three thousand domain names.

Bill, welcome to the show.

Bill McClure: Good morning. Nice to see you, Michael.

Michael: So let's start with this, Bill. I said three thousand domain names that you own. We had a pre-interview conversation and traded a couple of e-mails. How do those three thousand domain names break out? By Market? By domain extension? How do you classify them?

Bill: Most of them are by different categories is a way we classify them in business that we're in. We're in the insurance business with a number of different, both, personal insurance; commercial insurance – our son owns. And then we're also in the flower business and we have a number of flower

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domains we have moving. We own a lot of real estate and mortgage domains. Those are not really built out and monetized. We also have coffee and a number of beverage domains in the coffee field.

Michael: You said three hundred in the coffee field.

Bill: Yes. Like BusinessCoffee.com; HotelCoffee.com; CheapestCoffee.com. We own Coffee.org, which we operate on. We ship about five hundred and fifty products nationwide to over forty-four thousand customers.

Michael: Wow! So you've got some domain names that are just fantastic domains not only by themselves, but also for search engine optimization. So you own – I think you said – CheapestCoffee.com.

Bill: That's correct. But we look at a market that we're going to enter before we actually enter the market. We try to assemble the real estate around it. And we look at it as being a small town and you want to own the different corners of the market. For instance we were looking to get into the coffee business, we wanted to serve the hotel coffee industry. We got HotelCoffee.com; we'll say was a good acquisition. We bought. We then found the people that own BusinessCoffee.com. Most recently we acquired CoffeeSupplies.com. We typically look for a domain that is at least ten years old. And by the time we get a hundred or two hundred domains in a market, we then look and see how we're going to monetize it and begin to develop the business.

Michael: Yeah. And how much do you typically pay for domains like CoffeeSupplies.com, or BusinessCoffee, or CheapestCoffee.com?

Bill: Those are in what we consider middle market – ten to twenty thousand dollars. Coffee.org we paid a hundred thousand for, and that's on the upper

side of what we typically buy. But our sweet spot is domains of five to twenty thousand.

Michael: Yeah. So, that's quite an investment that you're making in a category or a market – let's say coffee – to buy a hundred domains that are aged; that probably have a decent amount of search volume. That's quite an investment to buy a hundred of those types of domains before you start building them out.

Bill: Well, when we enter a market, we're not going to take it lightly. We feel like that's really not a lot of money when you're going to build up a multi-million dollar company. It's just part of our strategy to be able to get the organic traffic; and to also prevent other people from owning those domains. We made a mistake in Coffee.org by going really local about acquisition and how much we had paid before we had closed a number of these domains. The price of the coffee domains rose very quickly following that acquisition. And so for the next two or three months, the price of buying coffee domains just sky rocketed on me; and that was my own fault. So today I don't do that. We look at a market. We go ahead and we acquire what we consider reasonable prices. We're not bottom fishers. We're not going to beat you up if it's not a domain we think we want to own. But we'll pay a fair price, and we pay it quickly. And then when we've assembled all of the domains in that marketplace we want to own or we feel like we can afford, then we develop the business.

Michael: And so, you know, the big question is, how do you create a family run business that is successful. Who in your family is involved in your domain name business?

Bill: Well, we have all five of our children. Actually, one of our sons is not involved in our business today. But has been, and hopefully he will be in the future. Gabe – one of our sons – runs part of the business. He's involved in the coffee business, the insurance, the moving, and the flower business. Our

daughter, Emmy, is also involved in the accounting. And she's involved in all of the businesses in one form or another. Eli – it's Ms. Eli -, and it's Ms. Eli's Coffee, and she is a co-founder of Coffee.org. She's also a full time realtor now. Our son Mark is in the commercial insurance business. And Mark and I have been partners for a number of years in different online ventures. But he's now on his own with CommercialInsurance.net, and writes in forty-some states, and is appointed by a number of carriers.

Michael: Great. So I got four kids there. Gabe. Eli. Emmy. Mark. Is there another one?

Bill: And Scott.

Michael: Scott.

Bill: Scott was our other son. He's not currently involved in our business. But he has been, and we hope he is down the road.

Michael: Yeah. Now, do you have anybody else involved?

Bill: Yes. My wife is involved in our company, and her two sisters work for us from time to time. One of them – Sammy – is in charge of customer service at Coffee.org. We have a whole lot of family involved, and it's just a lot of fun.

Michael: Yeah. Well, you know, I can vouch for that as well. My previous media company I mentioned to you. My wife worked on it. My father-in-law, who's been in publishing and editing for years, came out of retirement to help us take the business to the next level. We had my mother-in-law involved. And there's nothing like having your family involved in a business that gives

you fulfillment; that let's them know that you can trust them; that you're all in it together. It's a wonderful feeling.

Bill: Well, I grew up in a small family business. My family was in the funeral business, and we owned a little funeral home in Western Oklahoma. And we acquired other firms as a young entrepreneur. And that's really how I got my start; was in serving families in the funeral business.

Michael: Yeah. So let's go back. In the pre-interview we talked about how your family was in the funeral business, and that you actually made your first investment – you took your first entrepreneurial step – in the funeral business also. What was that first step?

Bill: The first. I bought my dad's competitor out when I was nineteen with the help of my dad. And I was still in mortuary school at the time. He ran it while I was in school, and when I got out, then I ran both of our places. We had two of them at the time. And we bought five others and grew that business. There was a rollup in that industry in the early eighties and had a chance to sell, and sold out, and moved out into the investment banking business.

Michael: So, how big did you build your funeral home business into before you sold it?

Bill: We did about three hundred cases a year all together. That was a pretty good-sized business in those days.

Michael: Yeah. And then it was another service that was just rolling up funeral homes trying to get scale and financing benefits by getting that sort of scale, and they acquired your businesses also?

Bill: Yes. Well, in the early eighties there was a significant rollup – about three companies in that funeral industry. And they were paying ten to thirteen times earnings.

Michael: Wow!

Bill: And I felt that as a young man that was a really good time to sell. Hindsight would tell you that they were worth a lot more than that long-term. But that was my first sale, so I moved on into other businesses.

Michael: And then you became an investment banker, you said?

Bill: Went to work at Capital Alliance in Dallas, and in form was a co-founder of Amerimark Capital. They invested in some different companies and one happened to be in Florida that was in the flower business; and I ended up moving to Tampa to run that business.

Michael: So it was an investment of the financial company that you worked for. And then you went to that location - you went to Florida - to actually run that business unit,

Bill: Yeah, that was the end part of the acquisition of the seller. Was that I would come down there and be an active member of that acquisition. And so I did, and then we expanded that business.

Michael: And what flower business was that at the time?

Bill: Universal American Flowers. It's called UAF. And it served the grocery industry in the Tampa, Florida market - in the North Florida market. And they had three major customers in the grocery. We grew that all up and down the East Coast and as far West as Dallas to supply grocery chains fresh flowers.

Michael: And how big did that company get?

Bill: About seventeen million. Grew it from a few million when we acquired it to seventeen million over the next eight to ten years.

Michael: Wow! And then what happened to that business? Or what happened to you working with that business?

Bill: Not long after we acquired UAF, we felt like that there was a good opportunity to go directly to the consumer; from the grower to the consumer. The concept at the time was to direct ship the product by Federal Express. And so we looked to see how we might enter the consumer market. A company called Flowers Direct - was an 800 number company. It had eight hundred phone lines. We acquired it - it was based in Boca Raton at the time - and moved it Charlotte, North Carolina. We put in a call center. We found pretty quickly that the direct ship to the consumer was not a model that we felt like we could build on. And so we ended up getting the local florists to do the delivery of it.

Michael: Right.

Bill: And that worked very well. That business grew and we eventually added on. The Internet came along - at least our part of it - in '96, I think it when we registered our first domain and grew that business. That didn't really jump right out and take off. We had technical problems and for the first three or four years we had technical people that were building the website. Very little of our business was Internet. We discovered, on one given day, that there was a problem with the checkout. I, personally, wasn't tech savvy and didn't even know really how to check the e-mail at that time. And was in a conference or presentation in New York, and I love to tell people about our website - to go and look at it. And so they would go there, and I said, 'Place an order'. Well, you couldn't place an order. You could not literally. And the girl kept turning around asking me questions, and I didn't have a clue. But I knew that I had a staff of three people who purportedly said that we had a great website. That it worked well. Well, it didn't. Long story short, it was in the checkout page. They changed the checkout page. Our business grew twenty-five percent

overnight. By Tuesday afternoon following that. We had the traffic. We had the people going. They were trying to buy. They just couldn't get it through.

Michael: So for the longest time you had a problem with your checkout process that was turning people away. You had a ton of traffic. You just had a really low conversion and you just thought that was business as normal. Until somebody pointed out the error to you. And then you fixed it.

Bill: It also took a little bit of mindset change for me. Because on Tuesday afternoon that we discovered it was a technical error, it was a real paradigm shift for me personally because I said, 'This is a real business'. Prior to that I did not think that it was a real business. It was about the same time that eFlowers, or eDay, and eToys, and eTrade came along, and we were able to make a deal with Marc Ostrofsky to acquire eFlowers.com. And we built that built that business up. We later sold it - in 2002 - to FTD. We went through the boom time of the Internet stocks, and we were private and we had to make money on our own. We didn't go public. And that was a real struggle for us, but we survived that. And then we're really able to cash in with the sale to FTD a few years later.

Michael: So you sold eFlowers, FlowersDirect, and probably some other domain names as well that all syphoned into one lead generation machine that you then used local florists to do the deliveries. Was that the idea?

Bill: Yes. We used FTD and Teleflor to actually process the orders. And then through their network the florist delivered the product. And when we sold, we actually sold FlowersDirect.com and its business. And then the domain name of eFlowers sold for a million dollars as a separate evaluation on that transaction.

Michael: Yeah. Wow! So FTD saw the value that you were bringing in and they thought, 'Well, we can have much higher cash flow and profits just by buying it. We'll set aside the capital initially'. Buy the business, and then they'll have it as lead generation businesses for themselves.

Bill: That's right. And we had a number of affiliates at the time. We ran our own affiliate program. This was prior to CJ or LinkShare.

Michael: CJ.com being Commission Junction.

Bill: Yeah, Commission Junction.

Michael: So Bill, were you one of the owners, or major investor, in Flowers Direct or eFlowers, or any of those at the time?

Bill: Yeah, I was the owner of UAF and then Flowers Direct. I had a couple of small partner in with it as well.

Michael: Wow.

Bill: Some of my management team owned a piece of it. Probably early in Flowers Direct it was my twin sister and myself.

Michael: So selling that business probably provided a lot of capital that you then later used for further investments in the domain name industry.

Bill: Well, it did. It propelled us as well as it helped us pay off a lot of debt that we had accumulated in trying to build an online business through the boom and the bust. And so that was a really good time for us because we had cash. It let us liquidate out. We were able to take our knowledge of what we really enjoyed - the online business. We could buy more domains. At that time, the domains were fairly pricey - in 2002. But we were able to buy some. My son, Mark, and his close friend, Chad Jakeways, and I partnered up with a company called Traffic Strategies. And they actually worked for us at Flowers Direct. And it was more of Search Engine Optimization company as well as a Marketing firm. And we built it up primarily in the mortgage as well as the real estate market, which was really big in 2002/03/04. And we eventually sold that company to Japan's Rakuten.com and Linkshare.com in 2007.

Michael: Wow! So, directly from the Flowers Direct you took your money, you partnered with Internet Traffic, you said?

Bill: Traffic Strategies.

Michael: Traffic Strategies.

Bill: We formed it.

Michael: Oh, you did? Okay. And they were SEO experts. And then you focused in was the mortgage market that you entered directly after the Flowers Direct that you exited?

Bill: Yes.

Michael: Okay.

Bill: We had mortgage and real estate was our primary markets.

Michael: Mortgage and real estate. What was the business strategy for that?

Bill: Lead generation. It was primarily lead generation. We did some consulting for a number of companies in the early days. And that's how we paid the bills. And the fellas - both Mark, my son, and his partner Chad - consulted companies mid-market companies how to grow their online business. And as the company grew, we determined it was better for us to spend our time consulting ourself and our own products as posed to other people. And we grew that, and that's how that company got started.

Michael: Yeah. Well, that's a great strategy. I think a lot of domain investors feel like they should develop it and then suddenly it's available and the money should come rolling in. But in a lot of cases, a lot of entrepreneurs will spend their time every day, you know, doing development, doing the business building; but then they go out and consult another four hours a day and pay the bills while the business is getting up and running. So it sounds like that's what you did as well.

Bill: We did. We did that for a number of years. And I think that's many times how you have to bootstrap it. But also, you don't want to lose sight of the fact that your company needs the consultant too. And I believe that that's what made Traffic Strategies successful. Is Mark and Chad focused on their

business and making their business successful. And, you know, the times came along in 2005 - I don't remember the exact timing - or 2006, when the mortgage market took a nose dive, and had to reinvent themselves into other segments and other businesses. And they were just good entrepreneurs with light feet where they can make that change.

Michael: So Bill, what were some of the domain names that you had? What were the leading domain names that you used for lead generation and mortgage and real estate? Do you remember?

Bill: We had one that was InstantAutoInsuranceRates. I don't remember the real estate domains. I think we had RealEstateBrokers.com. And I'm not sure what the specific ones were.

Michael: Yeah. But the business idea was to develop websites, get them ranked highly within search engines, get people going to the websites, and then generate leads that you would then resell.

Bill: That is correct. And I since bought a lot of those domains back. Not in the real estate side, but in the insurance side.

Michael: So, who did you sell these leads to, Bill?

Bill: We were primarily to large mortgage like Lending Tree was one of our major customers. Esurance was a good customer.

Michael: How did you create relationships with these large companies?

Bill: That was really Mark and Chad's job. I was the behind-the-scenes guy. They had attended a lot of affiliate conferences and made friends, and friends that they have today that helped build the business.

Michael: Okay. So, going to the affiliate conferences. Getting involved with affiliate groups. Networking. You can figure out who to contact at these companies and form relationships with.

Bill: I think so. That's exactly right. And, you know, over the years, they became personal friends and were dependable. And when they said they would do something they got it done. And we didn't have a big bureaucracy on how to execute it. We made an idea this morning, at breakfast. We were going to go into some market. We kind of expected that site to be up and running tomorrow. Or, late today.

Michael: You got to love that. So, how big did that lead generation business get before you sold it?

Bill: We sold Traffic Strategies, I believe, for a little more than seven million dollars. It was a four year old company.

Michael: And you probably got a multiple of EBITDA of five to ten - somewhere in that order of magnitude?

Bill: I don't remember the exact number of it, but it was a nice return.

Michael: Yeah. So do you remember the revenue? You were probably doing two, three million in revenue to get a seven million dollar sales price.

Bill: I think we had a net that we took home about five hundred thousand - the three of us.

Michael: So your net income on all of the sales of that business was probably about five hundred thousand so you got a nice multiple.

Bill: I think that was about it.

Michael: Yeah, great. And then what happened after that business, Bill? What did you go into next?

Bill: Well, through the years, I've been acquiring domains and owned. The first entrance was in some of the same markets that Traffic Strategies was in. I helped our son, Gabe, begin his lead generation business; and we used some of the domains that I had and I bought some. And then a few years later, after that, our daughter, Eli, and I talked about getting in the online business not

knowing really what we wanted. What I kind of looked for was a continuity-type business. Something that the consumer consumed. And so that you didn't just have the customer come and didn't just buy one time. And that was a challenge in the mortgage business, and in the real estate business, and in the insurance businesses. It was a lot of one-shot opportunity. So you had to pay for the cost of that customer one at a time, on each sale.

Michael: Right.

Bill: And I felt like that if we could get into something that the consumer used or the business used, whether it be we talked about cosmetics; we talked about vitamins - things that people bought on a regular basis. We looked at Gevalia coffee. Now, that was a pretty interesting model.

Michael: Yeah.

Bill: Because the consumer signed up to a club and got a shipment every month or so. And so eventually we narrowed it down to the coffee and tea business would be a good business for us to grow. We didn't own any coffee or tea domains at the time. Eli and I met with some different advisors and we talked about how we might brand Ms. Eli's Coffee and make it a Southern Bell-type coffee. And so, that's where Ms. Eli's Coffee was born. We tried to buy Coffee.com, and we were not successful in that. We wanted to buy either it, or Coffee.org. That was our choices. So that eventually we would long-term be able to come up high when somebody types in coffee - which has a significant number of searches.

Michael: Yeah, definitely.

Bill: And then another challenge is when you contact a coffee company and say I want to sell your coffee and you're not in the coffee business. You don't know anything about the coffee business. And you're going to be a real coffee company, really? And it was a lot of doubting us. And, initially, I didn't expect to have the money in it that we have in it today. I thought that this investment would be maybe a half a million dollars. A hundred thousand in a domain. Maybe another fifty thousand in some more domains. And then the inventory and we'd be off and running. Well, I'm a million and a half dollars

invested in the coffee business today. And the industry has changed. We got in the K-cup business, which proved to be a bad deal for us. And the consumer has decided that they only will buy, or for the most part buy, from people that are going to give free shipping. And it's amazing when you start doing that, and you're giving big discounts, and you're margins get thin. You know, you have to be in product lines that have good margins. So, I like to use the term, you just don't know what you don't know and how you can survive during the learning curve in order to grow up and be old and big. And maybe somebody down the road will come down and they will buy our domains and our business. But we really grew it for the long run. We want to be here. And most of it is just about the passion of being in the business and having fun what you do.

Michael: So basically you're picking businesses, buying domain names of markets that you feel passionate about or your children that feel passionate about. You don't want to get into some other business that you have nothing to do with; that you don't interact with on a daily basis. Your kids drink coffee. You drink coffee. You know that's a business that you can consume yourself - that you can get into. And so that's how you pick your businesses.

Bill: Well, that's what we want to be in long term. Now, I have some domains of things that I, personally, don't think we will develop. But I'm also buying for our grandchildren. I'm looking at domains that will be good for 2020/2030. I think the dot com's are going to be very solid. And I believe that our granddaughters, our grandsons will grow up and they'll say, 'Well, here's a domain a domain that granddad bought and how did he know that I wanted to be in that business'. For instance, I'm buying diet domains right. I bought DietBars.com just recently, and I don't have any intention of getting in the diet business. But I own a lot of diet domains.

Michael: So let me ask you a few questions about what you've just said there, Bill. You said you've invest one and a half million dollars into the coffee business when you only anticipated you'd invest maybe a hundred a fifty thousand dollars. How did you go an order of magnitude higher? What did you spend the addition, unplanned, money on?

Bill: Well, the cost of getting the customers. We went from zero. I guess we're about three years old. We went from zero customers to forty-four thousand customers today.

Michael: Wow!

Bill: Sixty-six percent of them come back and buy again. The cost of the customer acquisition. The excess shipping costs. It just takes money to keep growing. If you didn't want to grow fast, then of course we could've done it less. And hindsight would tell you we could probably do it again a lot cheaper than we did it the first time.

Michael: Yeah.

Bill: But that seems to be the whole case of building a business. And I'm not one to get into it and say, 'Hey, we're just going to see if we can do it'. If we're going to go, let's go.

Michael: Nice. And so, you talked about Coffee.com and Coffee.org. Who owned Coffee.com at the time, and why wouldn't they sell?

Bill: Pete's Coffee owned it and still owns it.

Michael: Okay.

Bill: And they just believed they were going to develop it at some time in May. And they just didn't have an interest in selling it.

Michael: So you contacted them. How do you even reach the right person within Pete's Coffee to say, 'You know, we'd like to do a transaction and buy that domain from you'?

Bill: We had a friend. I'm an old YPOer member and the CEO of Pete's Coffee is a YPOer member. I had a mutual acquaintance what was able to make the contact introduction. And Coffee.org was owned by a Coffee growing family in Hawaii. We made contact with them through Sedo and eventually they put it into an auction. We bought it in an auction.

Michael: Got you. Am I to understand that you ended up paying about a hundred thousand dollars for that domain?

Bill: It was a hundred thousand. I think one, at the time, was the highest prices paid for a dot org.

Michael: Yeah.

Bill: There might have been one or two others that were about it. But not many.

Michael: And dot org. Would you build another company brand off of dot org? Off of a fantastic dot org. Like, Coffee.org. Or, you know, hindsights always 20/20. Would you do it differently next time?

Bill: I would do it differently next time. I believe that we got a good buy on it. I think we've done a good job of building around that brand. But invariably, when I meet a friend, or I have even my own personal friends, they say, 'I was at the club with Bill McClure. You know he owns Coffee.com'. And I always tell them it's not Coffee.com. It's Coffee.org. But they just automatically say that. And so it's challenge to build a brand around the dot org. I think the dot org's have a lot of value. I would buy another one today. I just don't know if it would be my lead. I believe we could've spend a hundred thousand on another dot com that would have given us maybe a little better position.

Michael: Yeah. So maybe a two word great domain name in the dot com might have been more memorable and rank you just as high as the Coffee.org has over the years.

Bill: No doubt.

Michael: Yeah. Okay. And so, just so people get an idea of how big you've actually been with Coffee.org, you know, you've talked about forty-four thousand customers. Sixty-six percent of which two thirds of which are repeat customers of yours. So they discover you either through search engine

optimization, or some other form of Internet marketing that you're doing or placing their orders. Are you willing to talk about the revenue of Coffee.org and all of those domain names that feed into it?

Bill: Yeah. It's basically around three million in sales these past three years. It's growing up three million in sales.

Michael: And so, are you actually taking the orders and then giving them to the coffee companies and saying, 'Here's the order. Drop ship it'. Or how does the business work?

Bill: No. We actually stock all five hundred products in our warehouse here. If you order in Chicago or San Diego this afternoon at 4:30, it'll be on tonight's Fedex truck.

Michael: Wow! Free shipping.

Bill: Well, it has been free shipping. We changed that. It's based on the size of the order and the type of product. But we have invested over a million dollars of our revenue in shipping the past three years.

Michael: Wow.

Bill: Or close to a million dollars. And I think we've maybe generate four hundred thousand on shipping. So it's been a deficit - just the shipping aspect. And online companies are finding that across the board. The consumer expects that today and that's been part of the investment that we've made. Is to build that customer base. And then the second piece of it was we made a mistake trying to get in the K-cup business.

Michael: Say that word again for me, Bill. K-cup?

Bill: K-cup. It's a Keurig product. It's owned by Green mountain. And they ended up buying all of the people in the industry - all of the suppliers - and they've created a monopoly in it. But that's another story.

Michael: Alright. Are they the one's with the styrofoam cups?

Bill: The plastic cups.

Michael: Plastic cups. Okay. I understand. So a three million dollar business. You're stocking five hundred items. You have a warehouse. You're like the Amazon.com for the coffee business.

Bill: Well, we're a small. We actually do ship some for Amazon; and we also ship for Sam's Club. If you go on SamsClub.com, and you order Folger's or Maxwell House, we're actually shipping that out of our warehouse.

Michael: Wow!

Bill: Sam's Clubs happens to be located forty miles up the road from us here.

Michael: So how many employees do you have working in the Coffee.org business?

Bill: We have fourteen all together in our operation here.

Michael: And a lot of them are in logistics. They're taking in the orders. They're stocking them. They pulling them, packing them, shipping them.

Bill: You know, we've developed a really automated system in-house itself. It doesn't take many people to process the orders - to pack and ship. We've organized it, automated it, and that was a lot of the cost we spent early on. Was developing the internal processing's for inventory control, and for customer service follow-up, and the e-mail marketing to the customers. All built internally.

Michael: So that seems like a lot of work, Bill. Building a warehouse. Stocking. You know, forming these business relationships. I'm sure you actually have to buy the products before they ship them to you. And you then have to pack them up and ship them out. And you have issues related to shelf life of the products, and you know, the coffee taste degrades over time. So you want to make sure that you move it out, and you know, first in first out versus last in first out. A lot of issues to deal with.

Bill: We actually developed our system to turn our inventory every eighteen days. From one end of the warehouse to the other. Now, some of the products didn't actually turn that fast. But that's the design of it. That's the implementation. And like we say, you just don't know what you don't know and you just have to get the whole team involved in it and solve the issue as you go along quickly and implement it. And we don't have a lot of bureaucracy about how you make decisions. The customer really drives the deal. And we felt like that if we could get the customer that wanted to come back, that wanted to buy our products, whether we were selling coffee or other products, we believe that we have the right system to build a good customer base.

Michael: Great. So you love the coffee business. Your daughter is running the coffee business. You're happy in it. What would cause you to sell the coffee business? When you're building a business like this, do you build it for the generations but also look forward to potential acquisitions?

Bill: Well, I think in my early career that's what I sold a number of companies. And you find that that just turns to cash. And then you have to develop another stream. I believe a good cash flow business long term is the best for our family. I think that it gives everybody the opportunity to do what they want to do. I buy domains. I like buying domains. And I will have all of the different types of businesses that any of our kids or grandkids want to get into. I think we'll have the ability to help them do that. We would also like to partner with other people who have the passion to grow their business. Maybe they don't have the money. Maybe they don't have the domain or the development skills. And I'm not a developer by any means. But we can do that. We understand how to make that happen and how to make that happen quickly. That's a small piece of building a business. What really builds these businesses is the passion behind it. And to have the money to weather the storm. We talked about that we thought that Coffee.org was going to take four hundred thousand, five hundred thousand, on the outside and now we're a million and a half in it. Well, you couldn't give up. You have to go ahead and roll it out, and make the mistakes that you will make. So we like to back other people. We're in the t-shirt business with a partner in Tampa with PrintShirt.com. We bought CustomTShirt.com a good number of months ago.

We haven't developed it yet, but it will develop with that business. Our son, Gabe, and I bought TheHogs.com, which was going to be a t-shirt company that sold Razorback products to the college industry. We actually bought the products. Stocked in the warehouse. But it was going to be too long for it to really make any money. And so, not all of them have been successful. There's always failures along the way.

Michael: Yeah.

Bill: We have a lot of domains in stock that are undeveloped, and that we will develop in time. We're in the process of developing, with a partner, HerbalTea.com. And we've just gotten our first two pallets of loose teas, and it will be a good product for the consumer. We don't know a lot about the tea business, but it seems to have a lot of the common denominators that Coffee.org has had in the customer base.

Michael: Wow! Herbal tea. That's got to be one of the best domains names for the industry, right?

Bill: Well, it is. It is. And we're also talking to a single domain word domain owner that's in that area that once we get this site built that we'll possibly add into our business.

Michael: Yeah.

Bill: We own Teas.net. It's not developed, but it's one of the domains we own. Once we make a real commitment to get in it, we learn a lit bit about the business. We won't have to learn the logistics of the process and the order though. And we should be able to enter the market pretty quickly and successfully.

Michael: Bill, let me back up for a second. Then I'm going to come back to teas. Why did you only look at Coffee.org, Coffee.com? Why didn't you look at Coffee.net?

Bill: Just a personal philosophy that I felt that one of those two. We actually did talk to people at Coffee.net. It's owned by a restaurant group out of

Seattle. And have had discussions about buying it at different times for less than what we paid at Coffee.org. It just wasn't in our focus at the time. I think that it's a good domain and would probably work just as well. I'm not very high on some of the other TLDs, but any one of the top three I think would've. No doubt that Coffee.com would've been a whole lot different than the Coffee.org.

Michael: Do get customers calling up Coffee.org and saying, 'Is this a tax write off'? Are you guys a non-profit?

Bill: Oh, yeah. Especially in the early days. People thought, 'Well, I just thought only a non-profit could own a dot org'. And now I say, 'Well, this is a non-profit'. This is not for profit. But that was not the design. It was intended to be profitable. But I think in the early days of the Internet that clearly the dot net's were for Internet companies; the dot com's were for commercial; and the dot org's were for organizations. And that's kind of gotten molded together today.

Michael: So you don't face that issue as much today?

Bill: No. There's no problem about being in and owning that and being a commercial business.

Michael: So when you say that you like to focus on domain names that are aged - that are at least, I think you said, ten years old?

Bill: Ten years old today. The domain names that we buy today, we look to be at least ten to fifteen years old.

Michael: Does that mean that it needs to be up and running with a website for ten or fifteen years? Or you're just looking at the first registration date in the WhoIs?

Bill: We look at the first registration date. Most of them are not up and running. We own some gas price sites. We update eighty thousand stations every day with GasPrices.net.

Michael: Wow.

Bill: We started with a company called FuelMeUp.com. And it has thousands of visitors. It's an old 1999 site. It actually had a site when we bought it years ago. But we try to get older domains. Most of them are not built sites.

Michael: Yeah.

Bill: The owners always feel like they're worth tens if not hundred of thousands. And we tell them that we're a fair buyer. We will buy the price that we think that we can make some money at. But our sweet spot is five to twenty thousand dollars.

Michael: Why do you need aged domains? What difference does it make whether the WhoIs registration date says a year ago or ten years ago?

Bill: You know, we don't have any specific reason other than we believe that's one of the algorithms that the search engines look at among many other factors. And that's just one of the pieces within our own family firm. That we don't want to buy domains that have just been registered. We'll buy a few domains that are two years old that have dropped once. I think we just bought one recently that was a dropped domain.

Michael: Okay. So you have - it sounds like - resources, domains, business expertise, and you just don't have enough learned for all of these potential business units.

Bill: Well, that's true. We are certainly opportunists, and if there's somebody out there that's really got the passion and the drive to be in an online business, we'd like to look at them as being a partner.

Michael: What kind of qualities would you look for in a partner like that?

Bill: We want somebody, I think, number one that has been successful in whatever they've done before. And when they were successful they have hit a bump in the road for one reason or another. But I know somebody that has been successful and has had trouble will be able to fight their way out of a

fire that they will get in. I believe you can take good management, and put them in a bad deal, and the management can win. You put bad management in a good deal, and the management will kill it.

Michael: Yeah.

Bill: So we look for somebody that's had some success. Somebody that doesn't mind working seventy, eighty hours a week - whatever it takes. And it's not an eight to five job. This online business is a tough game. There will be changes that have to be made, and have to be made quickly. And if you get stuck in what plan you think that your business is going to be in and it's all about that, it won't work. You'll die on the vine.

Michael: Yeah. Okay. Great. So I'm going to, as I mentioned earlier, Bill, in the pre-show, I'm going to forward this out to a lot of entrepreneurs I know. Some of which have been some successful. Some of which are very passionate. Maybe they have some expertise in some sport events. They've been an X-Game competitor, and they know snowboarding and they want to start their own snowboarding business. But they don't own any domains and they really need a mentor like yourself. That would be, maybe, a perfect opportunity to pair somebody with expertise and your resources together.

Bill: It could be. We own some domains, for instance, in the jobs business. We recently acquired CheapestApartments.com. We're developing out RealEstateAgents.org as a new domain. Note, we don't really have somebody to run those businesses. My son, Mark, and I are involved in that project. But if we had a young entrepreneur that really wanted to get in it and develop that, I think that as you look into 2020/2030 that the real estate, the mortgage market, will come back strong again. We're also own a number of jobs domains and we think that that is a good market to develop. One of the areas from our original conversation was that we're beginning to buy cremation domains, and we bought CremationServices.com and CremationSocieties.com.

Michael: Now, I didn't realize you had such an expertise in funeral services, but cremation we talked earlier is on the rise. Tell me about that.

Bill: Well, these are industry statistics. And cremation across the country maybe on the West Coast has been higher, and maybe in Florida it's been higher, than these numbers. But I think around fifteen to twenty percent across the country, historically, and now it's maybe even twenty-five percent. But I've read industry statistics that in 2030 they're expecting it to be over fifty percent. And that is over tradition funerals. And I am a funeral director, and I believe in the traditional funeral. But I see that is an industry movement.

Michael: Right.

Bill: So I think it's a good investment for us to buy those domains. We had no monetization plans for them. We also have bought CremationInsurance.com. We own BarrellInsurancePolicy.com. And a number of small insurance policy domains. And we think that somebody will come along that will really want to take that and we can direct them and develop those. And maybe that's a development for 2015/2018.

Michael: Yeah. Okay. And then you also mentioned that you have a portfolio in cigars. So here's a - I don't know what you call it - vice, an activity, you know, a passion for people with high net worth typically that spend a good amount of money on their cigars. My brother loves to smoke cigars. He goes to his local cigar shop. He has his little locker where he has some brandy also. And they love that sort of lifestyle. And so, you have a portfolio of cigar domains also that you're looking for a partner on.

Bill: Living in Tampa, Tampa Cigar was one of the original cigar. A lot of Cubans; they roll cigars. And so, in early day of domain acquisition, I felt like this. We did some work for Thompson Cigars there, and that to buy some cigar domains would be a good investment. It never did turn out to be a business that we wanted to be in, but we still own the domains. In fact, we've not been a good seller of domains. We've acquired them. We own a lot in the travel industry such as CheaperAirfare.com. We've got a lot of beach rental-type products. And I don't even know all that we have, but we have a lot - two or three hundred - in the travel industry.

Michael: You know, we talked about the business divisions that you have. You have your coffee division and it may be it's own legal entity, but for the purpose of this conversation, Bill, you have your Coffee.org business with a bunch of domains coming in. You have your real estate and mortgage ones. Your son runs CommercialInsurance.net. And if you go to Google and you type in commercial insurance, it's the number one result out of millions of results, and, you know, a really high cost per click. So you're dominating some industries, but of the three thousand domains you own, it's a small percentage that actually are in use as business units.

Bill: Well, we have a number in the insurance field. But, now, our son Mark, that owns CommercialInsurance.net; he owns that domain as well as that business. He writes in forty-something states. Commercial insurance as people do. And he's learned that industry. On the other side of the family, we own a lot of personal domains and personal lines of insurance. Auto insurance. And that is actually an operating unit. The flower business - we have five hundred flower domains. I just recently bought FlowerOrder.com from Frank Schilling. I bought FlowersForDeliver recently. These are dot coms. We own MilitaryFlorists.com. I think we bought HolidayDeliver.com. We own HospitalDelivery - recent acquisitions in that area. We own DiscountFlowerShop. So, a number of our domains are actually in use today that we market.

Michael: Got you. How do you even run across these domains? Are you looking at the Google Adwords Keyword tool and seeing what people are searching for? Do people come to you? Do your staff just like think of domain names? How do you come up with all these different domain names?

Bill: I haven't been a buyer for a number of years. I've met a lot of domainers. And I typically buy from domainers that have owned them. And have made a lot of friends, and they have friends, and they say, 'Oh, I know this guy that he buys in the flowers, or moving'. And that's how I've acquired of them. And they used to really come to us. We're not really out searching for them. We get way too many opportunities today, and it has to be something I feel like is a really developable for us in the near future in speculation.

Michael: Do you actually look at the traffic statistics before you make an acquisition? Say, MilitaryFlowers or some of the other domain names that you mentioned.

Bill: Not necessarily. That's not a key ingredient for me. Today it has to be an industry that I want to be in. I'm keenly interested in buying more cremation domains. I bought a lot of insurance domains. I continue to buy that if it's a business that we make good money in then we look at it. We're not buying dot nets or dot orgs today. We're only buying dot coms. So we've stepped up our game a little bit there, and that's our focus.

Michael: Yeah. Alright. How do you limit your downside? If you're looking to buy some domain names, like you said you bought Hogs.com because you wanted to build that out with one of your sons for some products. When you're making an acquisition that is a decent outlay of cash - a five figure purchase -, do you look to limit your downside? What am I going to do with it? How am I going to limit the resources that I put into it? What's the opportunity to sell in the future? What's your thought process around that?

Bill: Not really. We look at it if it's something we can afford that's not going to affect our life. Whether it works or it doesn't work, we will invest in it. There will somebody else if we don't want it, I think, down the road.

Michael: Yeah.

Bill: Somebody else will. We're not going to overpay for a domain that we don't know that it's going to work for us. Recently, you know, one of that challenges that you have in the domain side. We were looking to a buy a domain - Holidays.net. And it had a lot of traffic. It seemed to have a lot of SEO. But I've not been very successful in keeping the traffic of a site that I bought. And on a number of cases we bought domains that maybe had a lot of traffic, or had reported to have a lot of traffic, and we've just not been very successful in maintaining that. Well, that was a challenge for us. So we look at those, and when they get really over out pocketbook of something that will really hurt us, then we'll probably just back off.

Michael: Yeah. Alright. That makes sense. Alright, Bill. So we talked about a lot of your successes. We talked about Coffee.org. We've talked about the businesses that you've sold in the past. Even the domains that you own. You said you have a lot of revenue that comes in just from the domains from commissions.

Bill: Yeah. WJM does a little more than two million dollars a year in commissions of the domains that we own as combined.

Michael: And when you said commissions, is that lead generation commissions or is that AdSense commissions?

Bill: It could be lead generation. It could be sale of flowers. It could be commission on the sale of flowers. That's not related to Coffee.org, but it's a variety of different domains and websites that we've developed from Gas Prices to Flowers. Moving. We have a number of moving sites. And we send a number of leads to those coagulators.

Michael: Yeah. So, you know, we talked about a couple of investments that you've made that didn't work out. Was there one investment that you've made over the past years that you just always go back to and you say, 'I'm not going to have another event like that'? And, you know, you sort of use as a barometer going forward in making decisions?

Bill: Well, yes. I think there's been a few of them. The Flowers Direct and eFlowers.com acquisition - not necessarily eFlowers, but Flowers Direct was a real challenge. It was a business that we didn't know. We had a lot of money in it. It lost a lot of money through the years. And we were very fortunate that the Internet grew and we were able to sell it. That was a challenge. And some of those businesses like that - the UAF business that we were in early on was very dependent upon being able to produce products five times a year on high volume. For instance, we bought this company. It was doing a couple of million dollars a year. By the time we sold, it was at seventeen million. But on the last Valentines Day, we shipped 187 truckloads of roses and flowers in about four days. And that's like building a church for Easter Sunday. It's just not practical. And some of those things you can't control and you put all your eggs in one basket. I like today, and they're

going to say, 'Hey, we're not going to buy any domains that's going to put us out of business. And we're not going to make any investments that's just going to be one area'. And that's kind of our strategy today.

Michael: Alright. That makes sense. And that's a great lesson learned also. Great Bill. Well, I have learned a ton from walking through your experience; your history. A lot of opportunity too. I'm going to encourage others that are watching the show. If they have an interest in any of the domains that you mentioned. Your jobs domain, like JobPosted.com, CremationServices, CremationInsurance, your CheaperAirfare. You own Cigar.info. A lot of fantastic domain names that you're looking to develop out. If people would like to get in touch with you to try and see if it makes sense, what's the best way that they can reach out to you, Bill?

Bill: Just send me an e-mail. Bill@WJM.com.

Michael: Okay.

Bill: And I'm easy to get a hold of. Or you can call the Coffee.org and they'll get your right to me. And I'm happy to visit with anybody. I like this business. I like the way the domain industry is changing. I believe it's becoming much more transparent. And the real players are trying to do a good job and I'm a real supporter of that.

Michael: Well it's becoming more transparent because leaders like yourself are stepping forward and sort of talking to people about the way you do business, and what's involved, and really sharing back with community. So I want to thank you, Bill, for coming on the show. For being what I call a Domain Sherpa - to help other domain entrepreneurs and investors figure out how this whole domain name industry works. So thank you for coming on the show, sharing our expertise, and helping others learn how to become more successful entrepreneurs.

Bill: Well, Michael, thank you for the good job that you're doing. I think that you've got a real help to young buyers and to veterans as well, and I think you do a great job. And thank you very much,

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Michael: Thank you for watching. We'll see you next time.

Watch the full video at:

<http://www.domainsherpa.com/bill-mcclure-wjm-interview/>