

UsedCardboardBoxes.com: From Storefront Failure to Dot Com Success – With Marty Metro

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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 become a successful domain name investor and entrepreneur directly from the experts.

You know what we do here. We invite on successful business owners, entrepreneurs, and investors, and we ask them questions about how they built their businesses. They share with others, and then when you, as the audience,

have a success story to share, you can come on and give back as today's guest is going to do.

I love to see generic keyword domain names being used by companies. Amazon owns Diapers.com and has a thriving baby diaper service there. Citi Group owns Mortgage.com and computer giant Dell owns CloudComputing.com. Why do I love to see generic domain names used by companies? Because customers who type in the domain name show a direct intent for the products and services offered by these companies. The same is true for today's guest.

I would like to welcome on Marty Metro. Marty is the Founder and CEO of Used Cardboard Boxes, Inc. Marty, welcome to the show.

Marty Metro: Thanks so much. Glad to be here.

Michael: Let's start with an understanding of your business, Marty. What does UsedCardboardBoxes.com do as a business?

Marty: Okay, you really have to ask that after talking about the domain name? For the audience, it is a very simple concept with a very sophisticated backend. We buy and sell used cardboard boxes all over the country. We basically do it in a way that is probably not the way people think. We do not buy used boxes from people that have just moved in and have baby toys and slobber all over their boxes with magic marker writing all over it. We did. That is how we started our company almost ten years ago, but today we work with fortune five hundred manufacturers. As they unpack their supply, we buy their boxes, and then we buy them for more than the recycling rate so that they make more money. We then turn around and inspect them, sort them, inventory them, and then sell them either to other companies or to people in the format of moving kits. So, people do not get boxes that have been used by other people that are all torn and markings on them. They get boxes that were unpacked, usually, by a robot in a fortune five hundred manufacturing facility, so no human hands have really even been inside this box.

Michael: Got you. So, some large manufacturer, like maybe Dell, who manufactures overseas, boxes up the stuff so they protect the product, ship them over here, unpack them in the US, are left with all these boxes, and what they normally do is recycle them and they get some sort of value for recycling it because it has some monetary value. And you pay them a little bit more for that, and then you then turn around and sell them to somebody else. I guess you inspect them and you determine the ones that are good enough to sell. You sell for less than it would cost them to manufacture them.

Marty: Yeah, so that is the basic business model that makes it seem so simple.

Michael: Yeah.

Marty: The complications: I will give you a good example. One of our big showcase clients is McCormick Spice. They are the largest spice manufacturer in the world. Anywhere you go in the world, you can pretty much guarantee that you can go to a local store. I was just in Panama on an Island in Panama and I went to the local liquor store to get a bottle of vodka, and half the shelf was McCormick spices.

Michael: Wow.

Marty: However, they do not make bottles and they do not make caps. They buy their bottles from a bottle manufacturer - a plastic manufacturer. They buy their caps from, actually, a different plastic cap manufacturer. So all those boxes come in everyday and they used to just crush them and sell them as scrap for a scrap rate. We came in and now they do not have to crush them, so it is less work on their party. We then can pay them more than the scrap rate, and then we turn around and sort and inspect those boxes to sell them elsewhere. Now, as you said, it is a lot of labor to sort boxes and find out which ones are good and which ones are bad, so what we do is we go inside of our clients and we sit down with them and talk about their business processes and how we can ensure that the boxes they are unpacking are 95%, 96%, 97% reusable. It increases their revenue quite a bit. So, we never go to a Costco or a Safeway and try and collect boxes. That would be a nightmare. We go to a massive, high speed, high volume manufacturer, and the value is

not only we pay them more, but we can take all their boxes. We are talking tractor-trailers a day, which most people cannot do.

Michael: Yeah, that is great. And so, the companies win because they are making more in recycling them. You win because you are getting better boxes that you can go and sell. And then, of course, the environment wins. You guys are a green company. You are environmentally friendly. I see, on your website, that you have almost saved half a million trees, I think.

Marty: Yeah.

Michael: How does that work?

Marty: So, a couple things. One of the unique things about UCB is we are a technology company. So, yeah, we have trucks on the road, and we have labors and warehouses and so forth, but everything we do is tracked via our technology. So, whereas a big company would throw out boxes and say, "Eh, that is a ton of scrap, big deal," we take that ton of scrap and we will tell you that it was 1,372 of this box and 1,456 of this box. Of those, this many were good and this many were bad and so forth. So we track everything. It is our own inventory system. So, we could not sell anything unless we knew what it was anyway.

Michael: Right.

Marty: So, whereas a big company says, "I used to just get a check for two tons of scrap," now I get a check for the exact amount of boxes. And they can look and say, "Wow, we are not making nearly as much as we used to for this box," and they can look and they can say, "Oh, that was line number eleven. The line manager probably does not know that he has got to stop ripping the boxes open and he should slice them with a razor blade." So, what that allows us to do is educate and inform our clients. Everything is on software. Everything is tracked so that our clients can then just push a button and see reports of their increases, their decreases, and so forth. So, yeah, every single thing is tracked. Then what we do is there is a pretty common understanding that it takes about seventeen trees to make a ton of cardboard. We use that ratio to track every ton of cardboard that we process, and then convert that to

trees. So, our employees, our customers, everybody can be part of the solution and actually see that we are making a difference.

Michael: Yeah, that is great. And how has your business growth been?

Marty: Good. Painful, but good. We launched this company - UsedCardboardBoxes.com - in 2006. Anybody can say they have doubled their revenue because going from ten dollars to twenty dollars is doubling the revenue. We did a million bucks in revenue our first year.

Michael: Wow.

Marty: We have doubled multiple times since, so we are doing very well.

Michael: So, I read on Entrepreneur.com that, in 2011, you were just shy of ten million dollars. Is that number correct?

Marty: Yeah, shy is a relative word, but yeah, we are still under that mark, but getting there very, very quickly.

Michael: Awesome. So I want to go back in time to figure out how you got to where you are today, and I want to start with the year 2002. You started a business in Los Angeles called Boomerang Boxes. It was a retail store, if I understand correctly from my research.

Marty: It is a long ten-year evolution, but I will tell you it started as a website, evolved to a retail store, evolved back to a website with backend distribution capabilities. So, yeah, the original concept of Boomerang Boxes was the .COMs had crashed and there was tons of people out there with tons of technology skills. We, as a society, really understood - not sure what the word was, but - aggregating people to the web. We understood how to get people to the web, but we did not know how to create any value. So, my concept was get people to the web that had used boxes that they were throwing away, get people to the web that needed boxes, and we would then figure out a way to sell them, because back in 2002, it was get people to the web and maybe we can sell some advertising. And my attitude was get people to the web and actually give them what they need from somebody else

in their neighborhood, and that was the beginning concept of Boomerang Boxes.

Michael: Why were you so passionate about cardboard boxes over a decade ago?

Marty: I really was not. The original company's name, at least the legal name, was going to be Duh, because I was passionate about doing something and I have a Masters Degree in Business. I went to work for Andersen Consulting. And I am not the smartest guy in the world, but I definitely had a lot of resources and I knew how big companies ran, and I really wanted to prove to the world: "Duh, like why are we cutting down trees to make boxes and have U-Haul sell them to us for four bucks a piece when your next door neighbor just moved in? Your next-door neighbor is saying, "What am I going to do with all these stupid boxes? I do not have an attic." So, I just want to create this Duh concept. It is like Craigslist. Why not just help people connect to the people in their neighborhood, and let's save some money. Let's save everything. So I created that concept with Boomerang Boxes. And I will tell you about the domain and how I came up with that, but it failed logistically because I did not realize Ebay can have you sell amount because it only costs a buck or two to put that in the envelope and ship it, and you can even insure it pretty easily.

Michael: Right.

Marty: But when you are talking about two things - one: a whole bunch of boxes, even though they are flattened. Two: a whole bunch of different sizes. But three: a very, very subjective quality, meaning I could tell you: "Oh, these boxes are great," and you can get them and say, "This is crap," whereas a cell phone either works or does not work. You can take one picture of it and show the scratch, and the receiver can say, "Yeah, I am okay with that scratch," but buying fifty used boxes is extremely subjective and you have to pay a lot of money to ship them just to get the person to receive them and go, "Wow, these suck."

Michael: Right.

Marty: The other big problem that I am going to add to it is, unlike a cell phone - you buy it and you want to use it -, you receive your boxes, use them to move, and then you can complain that they sucked and you want your money back. So, we had a very big problem in the logistics of people tricking each other. People saying they were not any good. They used them, but they are still not good. They want their money back. So we had to put a quality control function in place.

Michael: And is that why you decided that you were going to create retail locations instead of just operating online?

Marty: Both for quality control, and I am an operations guy, but I cannot remember the world, but solving the problem of time. I might have a hundred used boxes in perfect condition available on Tuesday. You might need a hundred used boxes in perfect condition, but not till Wednesday. And unless we are in the same place at the same time, we cannot make that transaction work.

Michael: Right.

Marty: What a retail store did is allowed me to drop them off on Tuesday, you to pick them up on Wednesday, and we still make money.

Michael: Sure.

Marty: So the biggest thing was the retail store allowed me to buy something on Tuesday and sell it a month from now, or vice versa. The problem was, again, the logistics of a retail store. You are buying tons and tons, and tons and tons of boxes. I can get a great deal on five thousand large boxes. The next morning somebody comes in and says, "I need five thousand small boxes," and I say, "Well, my store is full. I do not have any." And even if that person comes in and does buy five thousand small boxes, wipes out the entire store, fantastic. The next day, my next customer comes in, what do they see? An empty store and they say, "What the hell did I drive over here for?" So we had to stop the constraints of retail in a market where you have to buy low and sell high. You have to buy low whenever you can buy low, and you need

to sell high whenever you can sell high. You cannot be constrained by four walls.

Michael: Right.

Marty: That is why we have dozens of facilities across the country now.

Michael: And so, in some ways, the retail stores were useful because you were in a local market. You could run over and pick up the boxes, in some cases, for free, and then you could sell them. So you got them free and then you can sell them, but then you needed to store them, and people came in looking and they could not find what they needed. What did your father think of the idea of creating multiple retail stores in the LA area?

Marty: Well, to quote my father, and I do not know that I have even talked to him about this in a long time, but my father is a very conservative CPA. He runs a CPA firm with his name on it. Metro Metro. He is retired now and my brother took over, but my brother and my father, both, are very conservative CPAs. They help people manage their money conservatively. Here I was. I graduated Cum Laude at the University of Maryland. I went and got my MBA in Information Systems and my dad was so proud. I went to work for Andersen Consulting, which, at the time, Arthur Andersen was the largest accounting firm in the world, and my father was very proud to go to his colleagues and say, "Oh yeah, my son has got a job with Andersen," and everybody was happy. And one day I called him and said, "I am quitting." I actually was not quitting Andersen. I was quitting another firm and I said, "I am going to buy and sell used boxes." And I quote my dad saying, "You are going to have to sell a hell of a lot of used boxes to ever pay your rent," and that was a time when I was paying rent. I did not own a house. I did not own anything. And he was right. I had to sell a hell of a lot of boxes. Ten years later, we sell a hell of a lot of boxes and we have got a pretty big payroll, and we pay rents all across the country. We have huge facilities. So, it was an issue of critical mass and, knock on wood, we got to it.

Michael: Well, and Amazon had critical mass too. So you started that company in 2002, I think.

Marty: 2002.

Michael: You had multiple retail locations. By 2005, you actually shut down all four of those locations. Is that correct?

Marty: Terminated everybody. Sold everything. Walked out on many leases in a very humbling way. And to be honest with you, we used to have cardboard boxes on the sidewalk on La Cienega Boulevard, in LA, which is an extremely busy street.

Michael: Yeah.

Marty: We used to make pyramids of cardboard boxes and say, "Come buy used boxes." I am going to get choked up because I am a very emotional person, but there, in the last days, our furniture was on the sidewalk and it was this desk chair that we bought at Ikea for twenty bucks. We will give it to you for five. This broken desk that somebody bumped into - the leg is gone. I will give it to you for free because my landlord is going to charge me if I leave this place not swept clean.

Michael: Right.

Marty: So it was a pretty devastating concept. All the employees obviously needed to be paid, which I had to let everybody go because I could not pay them. We had a licensing deal in place, where somebody had licensed the name to open their own store and we could not even keep the website going. We could not do any advertising. It was absolutely the most humiliating experience of my life.

Michael: So they licensed BoomerangBoxes.com or Boomerang Boxes for their own store.

Marty: Correct.

Michael: Got you. And so, at that point in time, you just decided we are not bringing in enough revenue. We do not have enough profits to pay for all of our expenses, and you decided it is just time to shut it down.

Marty: It was not that easy. I was losing about twenty-five thousand dollars a month.

Michael: Wow.

Marty: And it got to the point where I had built this based on a hope and a dream. It was fueled by customers telling me how great I was and customers telling me how great the concept is, and I was paying for that. It would have been cheaper for me to have a customer walk in. I should have just paid them a twenty-dollar bill and told them to leave. But what happened was they came in, they thought how great it was, they said they wanted to buy boxes and they wanted to buy more boxes. They wanted tape. They wanted paper. So, what did I do? I went out and got tape and paper. They wanted it delivered, so what did I do? I went out and bought a delivery truck. They wanted it delivered on Saturday, so I hired a guy to work on Saturday. And what happened is, in order to do that, I had to borrow money, so I borrowed a hundred thousand dollars from Wells Fargo, and then another hundred thousand dollars from Bank of America. I do not know that I did anything deceptive, but the timing was such that I am not sure that either bank knew they were both giving me a hundred grand. Maybe it was just during the time where it did not matter, but then I went out and got credit cards galore and I got three thirty-five thousand dollar credit cards.

Michael: Wow.

Marty: And before you knew it, because, again, on paper I was a big consultant that used to make a lot of money.

Michael: Right.

Marty: And this was at a time where, I guess, banks were very liberal and lenient with their lending, but very, very quickly all three hundred thousand dollars was spent and I was getting the interest statements. And I cannot remember what it was. I cannot do the math in my head, but it was like seven or eight thousand dollars in interest that I owed. And I realized that not only could I not pay that, I did not have any money in the bank. It was gone. I had

spent all my money, all my wife's money, all of our savings, everything, and here I was faced with a interest only payment that I could not even dream of paying.

Michael: Yeah.

Marty: Then, when we mapped out what if we borrowed more money. What if someone bought equity in the company? We mapped it out and the reality was, even if we turned it around today and brought in a turnaround specialist, which our company was worth nothing, but even if we did, the amount of time it would take to turn around and the success we would have to achieve still would not pay off the compounding interest that we had accrued. So, the answer was: whatever I do, it has got to stop the bleeding. We have to stop the bleeding today, and whatever I do has to be started on a fresh platform, not started at the bottom of a hole. So that is why we shut everything down and I unfortunately had to personally absorb all that.

Michael: So, when an entrepreneur hits a situation like that, they can either declare bankruptcy. They can try and renegotiate with all the lenders and knock it down, either by the price or by the terms, so maybe it is smaller interest over longer periods.

Marty: Those are really your options.

Michael: Those are really the options, or maybe you can get mom or dad to fund it.

Marty: Exactly.

Michael: What path did you end up going down?

Marty: Path number one was try to get everyone to renegotiate. I went out to other banks and other venture capital firms. The banks said, "No, you are overextended." The venture capital firms either did not even meet with me or met with me and laughed at me, because they said, "You are a smart guy. You built a business that failed. Why would we invest in you or that business? Like you have just proven it does not work. What are we going to do? Hire a

guy with an MBA with supply chain experience and see if he can fix it? You are that guy."

Michael: But your pitch was that you just did not hit the scale?

Marty: Yeah.

Michael: Because Amazon lost money for years. Everybody knows that the first decade, I think, maybe of Amazon they lost money just because they did not have the scale.

Marty: And to this day, I cannot figure out how some of those big companies do it and why people invest in those, but I guess the biggest difference is VCs - the whole model of being a VC is I will invest in ten companies and nine will fail. And I am pretty sure of that, so I am prepared to lose all my money, but as long as one of them does ten times that I am going to make up. And half of it is to make money and half of it is you are a VC because you like that type of living.

Michael: Right.

Marty: I think what happened with my business was a VC would say, "I will invest in ten companies, nine of them will fail, but as long as one of them makes ten times," and they looked at my business and they go: "As successful as this could be, is it really likely it could make ten times the money?" And they said, "Sure, you could probably sell millions of used boxes. Sure, he could probably do something really great for our environment. But there is only so many people that are moving. It is not going to make that ten times. It is not going to be a Google. It is not going to be a Facebook. It is not going to be an Amazon." And I think that is why they all said, "Great idea, kid, but it is just not something we can put our money behind." So the renegotiating, we tried, we tried, we tried, and then one VC firm said, "I like the idea. Clearly you are not doing it right." And I think they expected me to be cocky and be a cocky entrepreneur and say, "Oh yeah, I am. I just need more money," and I said to them, "I know I am not doing it right. If I thought I was doing it right, I would not be here on my hands and knees, asking for your help." And I think that that showed them that I was

humble and willing to step aside and take some direction, and they made me a deal and they taught me a very valuable lesson that you just mentioned. First thing to do when you find yourself in a hole, stop digging. Put the shovel down and get out of the hole. And it is still your hole. You still own it, but at least let's look at it from the outside. And they helped me do that, so we shut down that company, we did some planning for a couple months, and we launched a completely new separate entity, separate legal entity, separate everything on a different business model to take what we learned and do it right, and that is what we did in 2006.

Michael: So, in 2006, you secured from venture capital or seed money, or somebody, an actual round of funding. How much was that funding?

Marty: It was a combination of a personal investment from a VC that sparked a bunch of small angels, so it is kind of like a little angel syndicate, and it was just three hundred thousand dollars.

Michael: Nice.

Marty: And the deal with the VC was your company is gone. Boomerang Boxes is gone. Never to be seen again and Marty is in hundreds of thousands of dollars of personal debt and does not even have a job. We are not going to bail you out. That is not what we do. However, if we are to start a new entity and we can raise three hundred thousand dollars to put in the pool to, at least, build a website, do some planning, and hire some good people, then we want in and we want X percentage of the company. So, I said, "Hey, I have nothing to lose."

Michael: Sure.

Marty: "You are going to give me experience and, if we cannot raise three hundred thousand dollars, I am no worse off than I am today." So, we did that, and we actually very quickly raised three hundred thousand dollars, put a business model together, tested out the new model, it worked, and less than twelve months later, we went back to the investors and said, "We did it. Who wants to double down?" And most of the investors invested again and we raised another three hundred thousand just a year later.

Michael: Let me ask you this, Marty. I cannot count the number of times friends and associates had a great idea for a business. They started it, like you did, and it failed. And they are sort of left in pieces and they do not know where to go. They question their value as an entrepreneur and as a businessperson - as a person. It is something that you put your heart and soul in and it fails. And they cannot do the development of the website or they just cannot seem to come up with the right value proposition, or something.

Marty: Right.

Michael: How did you get past it? How did you say, "What I have done online and what I have done at retail locations has failed, but I am going to go to VC's and try and get some more money"?

Marty: That is a phenomenal question. I do not know that I have an answer, but I will tell you this. If you are an entrepreneur and you tried something, and it worked and you got rich, fantastic. Good for you. I do not need to spend my time with you because it all worked. If you are an entrepreneur and you tried something that failed and you tried again, that is an interesting conversation for me. I want to know what happened and how it happened, because that is the real story and the real character. And I think that you will find that anybody who started a business and failed or started a business and it was not easy, or put their house on the line or put their wife on the line, or put their everything on the line, which I did all, and either made it work or still did not make it work - this is going to sound bad, but it is true -, there is some degree of insanity in that person, and there needs to be. And I do not know too many straight-laced, normal, sane, solid-thinking people that can try to do something that has never been done before, put their money down, and try it, see it fail, and then say, "Screw it, let me try it again a different way." I know some friends who are stunt car drivers and stuntmen. Do you know any successful stuntmen that have not broken all their bones? No. I mean I have a good friend who can tell you stories and stories and stories about how many bones he has broken, and what are you doing this weekend? Oh, I am climbing Pike's Peak on a motorcycle, trying to beat the world record. And I think it is the same thing with an entrepreneur. If they are like:

"Well, I wrote this business plan, I got some funding and I built the website, and now I am a zillionaire," that is a lot of luck.

Michael: And it does not tell the whole story.

Marty: And it does not, that is right.

Michael: Because they probably worked their butt off and they probably had a lot of failures, and that is specifically why I wanted to bring you on here, Marty. And yeah, we are going to talk about the domain names and marketing, and all that sort of stuff, but the fact that you failed twice and then came back with a modified business opportunity is the insight that I want to get to, because I think, just like you said earlier, nine out of ten businesses fail. What is going to cause those nine people to come back and try it again?

Marty: I do a lot of public speaking and one of the things I say is: "We all know nine out of ten businesses fail. Replicating what the one guy did to succeed is not going to make you succeed. He or she had a different business, different time, different circumstances, different luck, different everything." So, I am actually toying around with a book because of all the public speaking I do, but one of the big chapters of the book is: "You Can't Replicate Success," so do not even try it. What you can do is avoid failure. And guess what? There is a lot of material out there to help you avoid failure. So, when people go out and pitch to VC's and they go: "Well, we are kind of like a Google, but kind of like a Facebook, but kind of like an Amazon, and we are going to take the best of all three and put them together," most likely they are going to fail, because they are looking at the wrong things. They are looking at how do I copy success, and if you could copy success and if you could do it any way, shape, or form, I have the answer. Do what Warren Buffet does for a month. If you can copy success, just do what Warren Buffet does for a month and you could retire. Right?

Michael: Right.

Marty: He makes more money in a month than most people need for the rest of their lives. So, the reality is you cannot copy success, but what you can do is learn from other people's failure and try to avoid it.

Michael: Yeah, all right. So, 2006, you secured your three hundred thousand dollars in capital. And was one of your first orders of business to acquire a domain name?

Marty: We actually already had. So, the beginning of the end of Boomerang Boxes was - and I do not take much credit for what we do at UCB. I have an amazing team that I work with and everybody here is smarter than me, which is not hard to do, but I think the one thing I do do is try and find people that are smarter than me and better than me to do most of the stuff at UCB. But I will say this is one of the things that I kind of take credit for. I came up with the name Boomerang Boxes. We were in Home Depot and I told my wife about the business, and we had tried one thing called The Box Exchange, and we just did not think it was valuable enough. Exchange seemed like non-profit. And we had created some flyers and some logos with The Box Exchange. And we were standing in Home Depot on the checkout aisle and I said, "What is a word that begins with B, because I want to have that BB, that kind of is a circle?" It is like the circle of recycling, and then I just literally screamed it out loud. Boomerang Boxes! My wife looked at me and we were like: "Done. Done. It is going to be Boomerang Boxes." Well, two years into it, I was not satisfied, obviously, with the fact that I was losing twenty-five thousand dollars a month, and I went out and I asked people, because I would go to these networking events. Hey, I am the CEO and Founder of Boomerang Boxes. And they would say, "Okay, what is that?" And I went out and did some tests. When you asked ten people, "Hi, I am with Boomerang Boxes, what do you think we do," ten out of ten people will say one of two things. Actually, nine out of ten people would say the same thing. You probably sell boxes for boomerangs.

Michael: See, I would have said you make boomerangs out of boxes.

Marty: There you go too.

Michael: But I am the one.

Marty: We did not get that one, but we got a lot of you probably make boxes for boomerangs, which, at a networking event, really does the opposite of

what you want. They go: "Another stupid idea that will never go anywhere because there is nobody that does that." When we went out to ten people and said, "If I told you I work for a company called UsedCardboardBoxes.com," and we never left out the .COM, UsedCardboardBoxes.com, ten out of ten people would either say you probably work for a company that buys used boxes online or sells used boxes online. So they would say, "You probably buy or sell used boxes online," and we said, "Done." So it was a long name. In our industry, like if you go to a real big manufacturing company and you say, "Do you have cardboard," they would say, "No, we have corrugated." So, in the industry they call it corrugated, and I had a lot of people laughing at me in the industry, like big guys that work for International Paper. They would say, "You are just showing how little you know, because we do not call it cardboard. We call it corrugated." And I said, "Yeah, but go ask the woman who is about to move her house and has three kids running around her house, and she needs a quick and easy way to get boxes for moving. She does not go online and look for corrugated."

Michael: Right.

Marty: She goes online and looks for cardboard boxes. So that is why, of course, we also bought UsedCorrugatedBoxes.com, just to make sure we had that, but when we did that test and we learned that people knew that, then we just take it one step further - advertising. What was my advertising at Boomerang Boxes? The message was: "Moving? Need boxes? BoomerangBoxes.com. (888) BOXES-88. Used cardboard boxes for half the price of new." All that cost money. Our advertising for UsedCardboardBoxes.com was: "UsedCardboardBoxes.com." We did not have to explain anything.

Michael: Yeah.

Marty: If you were moving and you saw the domain name that said UsedCardboardBoxes.com and you knew you were moving, it is worth checking out. And we learned that powerful, powerful lesson that companies like Amazon and companies like Michael Dell. It is his last name, Dell. He probably was not being very creative. He was just like whatever; I just need a name to put on this form. And they were brilliant people, very lucky also in

their timing, and they were brilliant enough to work that luck and time it right and build on it. Most people are not.

Michael: Right.

Marty: So you really need every advantage you can possibly get. And for us, I did not care about making a cool name like Zazzu or whatever that I had to then go out and, every time I wrote that name, I had to explain it. UsedCardboardBoxes.com - did not have to explain it.

Michael: So basically your entire value proposition for the business was encapsulated in the domain name. It described the company name and the place that they could go to get more information. You did not even need the phone number necessarily, because people, more and more, are going to the web rather than dialing it up.

Marty: Because the 800 number costs money. Every time you call an 800 number, we have to pay for that. So, as things moved, we did not want to take phone calls all day long. Amazon - it is hard to reach anybody at Amazon or Google, or any one of those big companies. And some of our employees got very frustrated when we got started that we were going to be an online marketplace for boxes and they would say, "Marty, let people call," and I would say, "Well, wait a minute. We are selling a hundred-dollar moving kit for a very small margin. Depending on how far we have to ship it and the complications of the order, we might make very, very little money. I cannot pay somebody ten dollars an hour to have a conversation with a customer about where they are moving to, and when they are moving, and how their kids are doing, etc." So, yes, we do that today, and we will help our customers in any way possible, but we do not make money that way. We make money by people going to UsedCardboardBoxes.com, seeing I have a three-bedroom house, you have a three-bedroom kit, click, credit card, and delivered. And that is the convenience that we provide.

Michael: Right, and I love that. And if people go to UsedCardboardBoxes.com, they can take a look at how you have that website set up. It is very need-oriented. So, one question I have is that, as you were describing earlier, although you own UsedCorrugatedBoxes.com, the

company names is UsedCardboardBoxes.com because that is what your consumers/customers are actually buying. You are selling to end users, like me, who are moving from one location to another, and you are selling me an entire kit or individual boxes. But you are buying them from large corporations who can give you the volume.

Marty: Yes and no. We do both. The bulk of our business, when we first started, was selling moving kits to people. Today it is a very small part of our business. We sell to the biggest companies in the world. You know the names of the biggest retailers in the world. We provide them with boxes. We provide all kinds of big, big, name brand retailer, big box retailers, online retailers.

Michael: So you are buying boxes in bulk from large retailers, and then you are turning around and reselling them to other retailers as well.

Marty: We buy boxes from large manufacturers, because manufacturers unpack massive amounts of like-size boxes. We sell to retailers. The discount retailers of the world. The eWaste - the people that are dismantling computers and dismantling electronics. The good wills. The Salvation Army's of the world. The food banks of the world. We provide boxes all over the country for food banks and charitable giving things, but it has to be in bulk. I mean we sell by the tractor-trailer, not by a couple pallets of boxes.

Michael: Yeah, okay, that makes sense.

Marty: But back to the domain question, our business is a fork. So we buy boxes by the truck load and then we either sell them to people or we sell them to businesses. The people - it is a hundred-dollar moving kit on average. We need them to be able to go online, put in what they need, find our website, click, put their credit card in, and we deliver. We do that and we sell hundreds of moving kits every single day. No human interaction at all. You are not going to do that with Wal-Mart. Wal-Mart is not going to go online, type in used corrugated or used cardboard, click, order, and send. We knew we needed sales reps. We knew we needed contracts, legal, and all that stuff. Value proposition. Trips out to headquarters of Wal-Mart. We need all that stuff. So, we spent our money and our marketing focusing on the automated

transactions of consumers and we spent our money on the value proposition and the efficiencies to be able to provide companies like Wal-Mart with low-cost boxes, and that is a lot more than a fancy website and a fancy domain name.

Michael: Yeah, definitely. So, you had the insight to buy UsedCardboardBoxes.com back when you owned BoomerangBoxes and you still had the retail locations.

Marty: Correct.

Michael: Just from doing sort of the user testing with people at networking groups. So, what do you think my company does?

Marty: It really was. I found myself explaining myself at these networking events, and I am sure all of your audience knows what it is like when you are trying to raise money and you go to a networking event with a bunch of VC's and bankers. They are all wearing their suits and think that they are so high and mighty. And if you cannot describe what you do in a sentence or two, you find yourself: "Well, it is called Boomerang Boxes. We have retail stores. We also do this and we buy boxes from here, and we also do this. Then we do that." And they are just not even interested. And to be able to walk into those events and say, "Yeah, I am the CEO of UsedCardboardBoxes.com," you almost get the same results from everyone. They go: "Hmm, how does that work?" It is not what is that. It is not what the hell is that. It is hmm, tell me how that works, and they are interested. So, just changing the name to something that makes sense off the tip of your tongue really helped us quite a bit.

Michael: So you bought the domain name. Did you buy it from somebody else, or did you hand register it and you were the first person to register it?

Marty: Yeah, there was not a huge marketplace for UsedCardboardBoxes.com. UsedBoxes was already purchased, and we have tried to buy it a couple times, but the guy is not interested. Have all your audience go look at it. It is like a Yahoo template page holder-type site, and

he does sell used boxes. But if you look at his Alexa rankings versus ours, you can see. I mean he probably does it out of his house.

Michael: Right. So you hand registered it, but then you did not use it at all, or did you?

Marty: I do not remember. I do not remember like a flicking the switch. I think we bought it and maybe tested it to have it test to see if it made a difference, but I am guessing, if I recall this correctly, we bought it to test it and, as we were testing it, our company was losing money left and right and it did not matter. So, I held on to it, obviously, because it only cost me nine bucks or whatever it was back then, but it was not something that we were going to say, "Oh, this is going to change our business." Then, when we sat down to build the new business, we wanted to (A) shed the name Boomerang Boxes, which we still own because the new company bought it from the old company. That is about all they bought. So we wanted to hold on to that just in case there were any stragglers, but we definitely felt that the new company with the new name should be UsedCardboardBoxes.

Michael: Got you. And if I go to Google and I type in UsedCardboardBoxes, I see your company listed in the number one position, both in the paid ads - the Google AdWords - and the organic results. Do you do that for a reason?

Marty: That is a good question, and I should yank our COO in here to answer it. The reality is we tested a lot of different things, and maybe much to the chagrin of you and your audience, our search is really not even our main thing anymore.

Michael: Really?

Marty: I mean yes, it runs our business, and we do not have anyone full-time doing the search management. We actually had Google because of how much we spent. Google approached us and said they will give us an account manager. That account manager actually could not do it any better than we were doing it. So, are we absolutely one hundred percent as efficient and as effective as we could be with our search, with our SEO, and SEM? Probably not, because now, yes, we do millions of dollars of revenue in moving kits,

but we also do million-dollar projects with fortune five hundred companies. So, right now we are evolving quite a bit. The more million-dollar projects we do with fortune five hundred companies, the more boxes we have available. And if we lower our prices a little bit on the web, that is going to make a much bigger difference than whether we are number one, or number two, or number three, or number four.

Michael: Yeah.

Marty: So, we want to be up there at a reasonable cost. I think, as we get a little bit bigger, we will probably hire somebody to manage it a little bit better and we might save a little money. Why should we put in advertisement when we are already the number one? But again, it costs money to have somebody monitor that on a constant basis.

Michael: Definitely.

Marty: I would say, when we first started, our COO did monitor that on a constant basis. Now he has got much broader fish to fry.

Michael: Exactly. So, given the fact that you did your user testing and you bought UsedCardboardBoxes based on allowing people to understand exactly what you did right from the get-go, do you own a lot of domain names that are within the business portfolio that you maybe use as a redirection to your website or that you use as a defensive play to prevent competitors from purchasing?

Marty: Great question. I would say we own a couple. Same answer as before. When we first started, we went out and bought. There is a big pallet box called Gaylord Boxes - an industrial pallet box. We do a lot of business buying and selling those all across the country. So, we own sites like UsedGaylordBoxes.com. IBuyGaylords.com. WeSellGaylords.com. But it gets to the point where there are just so many different ways to do it, like the word for, with the number four. There are just so many ways to do it. I think we own UsedShippingBoxes.com. So, we did that and we realized we can go out there and own all these domains, but unless you are actually marketing them I do not think that is really creating that much value. Defensively, sure.

We do not want somebody else coming out with a great name that actually has the infrastructure we have. Having a great name does not do anything in the used box world. I mean when we started in LA, we got orders from New York. We were very excited, but we cannot deliver, right? So, the one thing we really focused on the last couple years is the infrastructure to support all of our orders. So, you are in Seattle or New York.

Michael: I am in Seattle.

Marty: If you order today, you are going to get your boxes tomorrow, I believe. We guarantee two days.

Michael: Wow.

Marty: But if you are in Miami, you are also going to get your boxes tomorrow. And if you are in New York, you are going to get your boxes tomorrow. In Dallas, you are going to get your boxes tomorrow. We guarantee two business days anywhere in the country because we built the infrastructure across the country. So, if somebody comes out and builds a website that says, "CheapUsedMovingBoxes," or whatever and they gets lots of hits, they are really going to disappoint their customers because they may be cheap, but now they are going to take seven days to deliver or they are going to be too cheap and they take seven days to deliver plus a shipping fee. So, our real focus was infrastructure. That was the biggest defensive move. Yeah, we probably own about ten or twelve other domains, but all of them just go right in.

Michael: It is like Amazon. It is hard to compete with Amazon when they are buying mass quantities, and they have got distribution centers in almost every state. And it sounds like you are heading right down that same route.

Marty: That is what we are trying to do. I mean there is a lot of small companies that do what we do. There is Used Boxes in Atlanta, and there is a guy that buys and sells used boxes and probably knows every small business and medium-sized business in Atlanta.

Michael: Right.

Marty: What our compelling argument is, and we do not work with Coca Cola, but if that guy was buying and selling boxes within the Coca Cola infrastructure in Atlanta and we came in and said we want to work with you, and they were to say, "Oh, we already have a local guy," my first response would be: "But we can service every single one of your bottlers across the country."

Michael: Right.

Marty: And you can either have twenty-five different companies that buy and sell boxes, and twenty-five different set of reports, and twenty-five different checks, or you can have one. And usually, when we go after companies like that, that is one of their big value propositions. So, yes, our infrastructure is incredibly important to us. And I guess, if you do not mind, I want to go back to something else you said about the nine out of ten businesses that fail and how do you pick yourself up when you ask yourself why did this happen. I have this thing about the four things it takes to be successful. And these four things go in reverse order of complexity, but straight order of importance. So, the idea. The incredible idea. That is easy and it is worthless. Ideas are absolutely worthless. I am going to put a man on Pluto. Great idea. How?

Michael: Right.

Marty: So, ideas are useless. Actually executing the idea. That is much harder and much more valuable. But just because I can buy a used box and then turn around and sell it, maybe even for more than I bought it for, that is harder, but unless you can do it profitably, and not just buying it at five and selling it for ten. It is buying it at five and selling it for ten, and paying your own salary, paying your office, your insurance, your rent, and so forth. So, idea is easy. Executing a little bit harder. Executing profitably, much, much harder. But then the last one is the most important one. Executing at a profitable cash flow. So, just because you can buy a thousand boxes at five bucks and sell them at ten bucks, and pay your rent and pay your salary and pay your warehouse, that is all great. Now, how do you buy the next thousand boxes? Unless you have cash flow, you are still out of business. So that is the thing that we really focus on, and there is a lot of small box companies that do what

we do. I do not mean to be cocky, but they are really more of a noise and a nuisance, because they can buy and sell boxes, but they probably will not be here next year because they do not have the infrastructure to grow.

Michael: Right. If I have to go back and boil this down, Marty, from your original .COM failure to your retail stores failure to your success today, it is the fact that you are now executing with a platform. You have a technology that runs your company, that allows you to manage everything, that allows you manage large customers, that gives you consistency across all your operations. That is the difference between before and now. Is that correct?

Marty: Absolutely. And I joke. Our COO and one of my closest friends in the world - his last name is Krasnow. And we call it the Krasnowskian way of thinking. He was with the VC firm. He actually left the VC firm to join UCB, which was the best thing that has ever happened to us. He came and looked at what we were doing and saying, "Okay, Marty, you just got an order for ten smalls, five mediums, two larges, and a roll of tape. Great. You can go back in the warehouse and pick those things." I do picking and packing, all that stuff. And he said, "Okay, now you got ten orders." Okay, I can do that times ten. I can do that too. He was like: "But what does a hundred orders look like?" And "success" scared me, because it did not look like the same thing. Now I needed more people, more boxes, and guess what, a bigger warehouse and a bigger truck. So, now we could grow, but we could not scale. If you go from selling ten boxes to selling a hundred, but you also go from one employee to ten, that is not scaling. So, what he did is designed a national infrastructure. And we tell this story over and over again. Our first day at UsedCardboardBoxes, we opened up the site on Friday and, on Monday, we sold sixteen moving kits that actually went out. So, the first day, we were out in Montebello, California, a little warehouse, and set everything up in advance with UPS. UPS came to pick up our kits and we loaded sixteen kits. We took pictures of them. We sent them to our investors and said, "Look, first sixteen kits go out the door." Everybody knows what a UPS truck looks like, right? So your quintessential UPS truck. They would back up in Los Angeles. The one guy would get out and he would take the sixteen boxes and put it on his truck. Well, later, it became two trucks that he would have to send. So, he would pick up and then he would come back later in the day and pick up the other one. Well, fast forward to the middle of the summer next

year. Our facility in New York would bring a UPS tractor-trailer, and they would back the tractor-trailer up into the dock, and we would forklift full pallets of kits onto the truck.

Michael: Wow.

Marty: And that was what we call the Krasnowskian way of thinking, because it did not change my day at all. It did not have me running around faster. It did not have me loading more trucks. It had me still sitting at my desk, working on marketing, and working on branding, and working on building the company.

Michael: Awesome. All right, I have got two final questions for you, Marty. One has to do with my wife. She recently went online and made a purchase. She could not remember where she did it, but there was an option in the purchase process to use a used box instead of a brand new box. Have you run across that before? Is that a growing trend?

Marty: It is something that we have been advocating for years, and you better make your wife remember who that was because I would really like to know. It is something that is very, very, very, very, very difficult. I am guessing it was either a very small company or a very, very large company, because the assumed liability is great. So, if I am Sony and I am selling you a stereo, and say, "Oh, want to save a buck and get it in a used box," and the person calls back and says, "Your stereo is broken. I want another one," that is a big liability for Sony. The reality is our boxes are just as strong as any other box. It has to do with what you pack in it and how you pack it.

Michael: And it goes through your QA process. So, if Sony was buying them from you and then using it within their buy process to help people feel better about the purchase and the environment, and all that sort of stuff, there is really not much difference.

Marty: There is no difference. And in a lot of ways, our boxes are stronger. A lot of times, when you buy a moving box, some of them are 29ECT, which means edge crush test. The amount of pressure you put on the edge. Our boxes are thirty-two or above. We would not even think about something

smaller than that. So, our boxes generally, because they come from corporate industrial manufacturing areas, are incredibly consistent, incredibly good quality, have never been opened and closed like a normal used box. But yes, I do see that as a future. It is one of our things we envision. Right now the bulk of our business is exactly that between two big manufacturers. We are not currently pushing it to consumers because, again, it is a perceived liability and every Sally Smith who has a problem or a perceived problem with a box causes a huge amount of distraction to our business.

Michael: Right.

Marty: Whereas when we are selling to a Wal-Mart, it is a truckload of a hundred thousand boxes. If, for some reason, three boxes have a problem, then we credit them. Done. We do not skip a beat. They do not skip a beat. In general, everything going out to a big company is hand inspected. And certain clients, depending on what they want, they are double inspected by two different people and their initials are put on the pallet. So, it is like underwear inspection. "This is inspected by number thirty-two." We actually put the guy's initials on the pallet that they inspected, and that is how they get compensated.

Michael: Yeah, all right, and here is the last question, Marty, and it has to do with getting past the points of failure. You had the online business. You had the retail locations. You were losing money every month. You were dipping into your savings and your retirement, and then you went to the VC's and you said, "We want to do this again. We have bigger ideas. We need your help." They were like: "Okay, we think it is a great idea." We need to make it scalable. We are going to put in Krasnowsky. Is that his name?

Marty: Krasnow. He has been called worse.

Michael: I am going to go get his name and make sure it is correct for the interview tag. So, here is my question. How do you fund failure? When you are losing money day in and day out, and even if you have a better idea for how to do it differently in the future, how do you fund it? What do you recommend to other people to get past those days? Do you recommend going

out and getting another job, and then doing this on the side? How did you get past it?

Marty: Phenomenal question; couple different answers that I have. Number one: do not fund failure. So, if you are failing, if you are digging a hole, first thing to do is stop digging. Number two: the best VC any entrepreneur will ever have - the best financially, the best emotionally, the best everything - is your current job. It is a paycheck. It comes every two weeks. If you wake up in the morning and do not do a darn thing for your employer and you spend the whole day thinking about your new entrepreneurial venture, guess what? You still get the paycheck whereas a VC immediately takes equity. A bank immediately charges interest. And if you do not do any work for your business because you want to put it off for a week, guess what? They still have your equity. They still are charging interest. So, when people say, "I am going to quit my job to start a business," I scream no. You want to be VC-funded? You are. You are VC-funded right now. Start your business. Nights, weekends, lunch hours, and so forth. And if somebody tells me: "Oh my God, I could not focus," with my job - what I have right now - there is no way I could focus on starting a new business. I tell them: "Guess what? You just said a mouthful." If you really think that you cannot focus on building a new business, wait till you are actually building a new business. So, I will use my hands here. If you have a paycheck coming in and you have entrepreneurial expenses, this is your money. Your expenses are taking your money away. Every paycheck pumps it back up, pumps it back up, pumps it back up. Once you quit your job, your money just goes down. Down, down, down, down, down, down. And even if you get a big profitable sale and even if you get a big customer, your money is still going down, down, down, down, down. We are six/seven some years into this. Our money still goes down, down, down, down, and we have to manage it very, very carefully. So, the best VC in the world is your current job. And people try to justify by saying, "Well, I got fired, but now is a perfect time to start my own business." No, it is not. If you get fired, go get another job, maybe one that you do not care about so much, and then start your business because you have that built-in funding. And the last thing I will say is what I said earlier. You have to have a little insanity. If you do not have a little insanity and you think: "Well, I have a job right now where I get paid X, but I am going to quit. On Monday, I am going to work my business plan, and then I am going to start selling widgets, and then I am

going to make money again," you will be one of those nine out of ten. If you have a job now and you go home, and you eat your Top Ramen because you are saving money for your business, and you work all through the night until you fall asleep with your keyboard making indentations on your face, and you wake up in the morning completely late for your day job, and you go to your day job, but immediately, when you get to your day job, you tell people that you have to run out to do an errand, and you sneak behind someone else's office and you start working on your plan again - you start doing that for a while, you kind of have what it takes to get out there on your own. But man, I cannot tell you how many people say, "I just need to get rid of my job so I can focus on my new venture." Very rarely will that work.

Michael: Yeah. All right, great advice. If you have a question for Marty, please post it in the comments below the video and we will ask Marty to come back and answer as many as he can.

Marty: Absolutely.

Michael: Marty, if somebody wants to connect with you, if they want to send you an email and say thank you for coming on the show and sharing your insights about domains and about business, what is the best way they can do that?

Marty: If they want to send money, it is MartyMetro@UsedCardboardBoxes.com. That is my email. I check it all day long. I do a lot of public speaking, and all that information is all on MartyMetro.com. But people call me all the time - potential employees. "Oh, I did not know how to reach you. I did not know how to find you." Well, trust me, we are the number one hit for used cardboard boxes. We are the number one hit for Marty Metro. It is really hard to not be able to find us.

Michael: That is how to get you. And if somebody is moving and they want to buy a pack of boxes and everything that they need in order to move a one-bedroom, two-bedroom, three-bedroom - you name it -, you can find everything you need on UsedCardboardBoxes.com.

Marty: Absolutely. Thank you so much.

Michael: Marty Metro, Founder and CEO of UsedCardboardBoxes.com. Thanks for coming on the show, sharing your knowledge, and thanks for being a Domain Sherpa.

Marty: Thanks for having me.

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

Watch the full video at:

<http://www.domainsherpa.com/marty-metro-usedcardboardboxes-interview/>