

Daniel Hall Presents



Episode 87

How to Develop a Secondary Income using a Unique Vending Machine Business

with Matt Miller

Welcome to this episode of the Real Fast Results podcast! This episode is meant to be a very special treat for you. It's something a bit different, but worth considering. Today's special guest is Matt Miller, who is a graduate of the United States Air Force Academy in Colorado Springs. He was an air force pilot for nine years. Post military, Matt worked in both medical and advertising fields, as a top performer. His long-term desire was to start a business, probably a lot like you, and to build a lifestyle based on freedom and choice.

During a conversation with a good friend, that actually led him into a 10-year business quest that has brought Matt's franchising company to the cutting edge of both vending and school fundraising industries. Starting with just a teeny-tiny seed of \$100, he has built a "school spirit" vending machine company into a multi-million dollar vending business.

Promise: How to Build a Profitable Secondary Income Stream by Using Vending Machines

Thanks, first off, for having me on. I really appreciate being here. The big promise is I want to show you how you can build a very profitable secondary income stream using vending machines as the vehicle.

[Pat Flynn](#) is a good friend of mine, and this started with a blog a few years ago which talked about creating information products online. My challenge was, I have a very, very simple mindset, and the whole internet thing still just blows my mind, when I try to think about it.

I was at Social Media Marketing World last week, for several days, in San Diego, and the stuff going on, it makes my head hurt. **I needed to do something that would allow me to make money immediately, not on down the road.** So, I had a good buddy at church who mentioned gum ball machines, and I got to thinking about it, and I was like, “You know what? It’s going to take a lot of gum balls for me to get where I want to go financially,” but those gum balls have over a 1,000% markup, so the margins are huge, and the machines do all the selling while you’re not there. So, I started, literally, with a \$36 used gum ball machine from a guy that I found on Ebay, across Houston, where we lived at the time. That’s where and how I started this business.

I went out, and I started going door to door. I found a karate studio in Kingwood, Texas, outside of Houston, and I had never used those machines, and my kids had never used them, so I was like, “Is this real? Do people actually use these things?” Well, one Thursday night, the place was packed because there were kids there taking karate classes, and I went to check on the machine. When I put the key into the machine, quarters spilled out everywhere, and I was like, “Holy smokes! I’ve found my answer!” It was crazy! That machine paid for itself within a couple of months. Then, I was able to take that money and reinvest in more equipment.

After about a year and a half, I had about 125 locations around Houston, and I had ventured into toys, and temporary tattoos, and stickers, and that type of thing as well. In fact, I was making twice as much, on the side, working a few nights and weekends a month with my vending business, as I was making as an ad executive at the time. **Most professionals don’t see vending as a real business because they don’t see a quarter or fifty cents as real money, but to put it in prospective, our company has raised over \$4 million, over the last decade, for the schools that we serve, fifty cents at a time.**

You can do the math to get a feel for how many stickers that’s been, with what we do today. **My whole hope is to that I can get some folks thinking about a new avenue that might allow them to develop that secondary income stream through so that it gives them some more option, gives them more stability, and it gives them more of what I call “a spare tire” of income, to provide some added security along the way.**

Working with Schools

Well, ’07 and ’08 hit with my traditional route, and revenues plummeted. Right around that time, I had a bunch of young kids come knocking on my door, selling me stuff for local school fundraisers. I didn’t know the kids. So, they were going to strangers door-to-door in the Houston area, selling stuff to raise money for the schools. It got me thinking. I was like, “Where are all the kids? Right now, my revenue is down because Mom and Dad aren’t taking Johnny and Susie out to the local Mexican restaurant as much as they did. They are in school, and they are there five days a week, nine months out of the year. What a great way to level out revenues and stabilize things?”

Then, I started thinking about customization, since I came from the print/advertising space, and I understand graphic design and how all of that works. So, we figured out how to develop custom stickers for the schools, and in the process, they bring us in, not just to fund raise, but also to help increase school spirit and that type of thing. It ends up being a huge win for the school.

Of course, they are there to promote what we are doing and support it because the fundraising aspect doesn't require a bunch of volunteers or anything on their part. It ends up being a win-win for both the schools and our franchises, and what better place to have the equipment than where the kids are? Little did I know at the time that it would end up being such a big deal.

It's pretty awesome. I mean, we help them to increase school spirit. We also do a lot of very custom things, where we are now encouraging kids to read with our platform, with some of the tagalongs that come with our products out of the machines, and that kind of thing. So, it ends up being a really cool scenario. You know, schools are always lacking in funds, and they are always lacking volunteers. We help them in both of those areas. So, yeah, in most cases they are extremely excited to have us be there, and it's our job just to take care of all the details, you know, on a month to month basis.

Again, over the last decade, we've raised over \$4 million for schools across the country that we work with. Our franchise team has over doubled in the last year alone, so the next \$4 million will probably happen in the next two or three years, not a decade, as quickly as our team is growing and as big of a demand as there is for our program in schools across the country.

How Could I Approach This Myself?

The first thing is this. We do the franchising side of things, and that's great, but for a lot of folks, just starting with basic vending is important. **As far as initial steps, first off, survey your area and get a feel for what's out there.** I will tell you this. There are probably a lot of vending machines there, but just because there is, it does not mean that there's not a ton of opportunity. It's just in the way that you look at those locations.

1. Number 1, survey the area
2. Number 2, get educated

You know, I bought a couple of eBooks on Amazon, and I found a Yahoo group at the time, who I was able to learn a lot from. Then I just got busy. I bought my first used machine, and then I got in the "action mode," which is necessary in anything that we do. You're not going to have all of the answers to begin with, but that's okay. You'll figure it out as you go. As long as you're willing to stick with it, over time, you'll get better and better. Ultimately, you'll get the results you want.

I literally would go to a strip center and hit every business in that strip center. I wouldn't prejudice, like, "Oh, that's a real estate office. I'm not going to go there." No, I hit every single one because what you learn in vending is that often it's not the customers that come through the

door that are going to be your best customers at your machine. Often, it's the employees at the business. A lot of my most successful locations were break rooms, that nobody from the public saw, it was just the people that worked at that place.

I went door to door, and I talked to the owner, or the manager, at a location, and shared with them what I had. Many of them told me "no," but along the way, I found that 15-20% said "yes". Once I saw that, and I understood the numbers, I could very easily begin to develop a plan to get myself where I wanted to go financially. The cool thing about vending, even though it's the same thing over and over again, it's very, very, very predictable. So, if you've got to make X dollars, whether to supplement what you're doing today or for other reasons, it's easy to map it out, whereas some of the things that I do online today, I still don't know quite how I'm going to get there. I'm just going to continue to promote, and that type of thing, right?

Making a Pitch

Initially, I was doing what's called "charity vending," primarily. I was partnered with M.D. Anderson Cancer Hospital, there in Houston, and a portion of the proceeds from the machine went to benefit the hospital. So, I would walk in and say, "Hey, listen. I own a vending company, and we're partnered with M.D. Anderson Cancer Hospital. We place candy and gum ball machines in local area businesses, and a portion of the proceeds goes to benefit the hospital. I noticed that you have about a square foot of space right over here, next to the cash register. Would it be alright if we placed a machine in that location?"

In many cases, they said "yes". We placed the machine, we did all the work, we kept it full, we handled the money, and all of that. We sent M.D. Anderson a check on a regular basis, and it gave me an opportunity make revenue as well. **You can also look at it from the revenue share perspective.** Once I got into toys, and temporary tattoos, and that type of thing, the revenue numbers were typically higher, so I would do a revenue share with a location, of anywhere between 25-35%, normally. That might be of gross revenues or profits. It's really kind of up to the operator. That allowed them to turn some space that wasn't making them any money to one that could benefit their business.

By far the charity vending was easier to sell. That's just because it's a small machine with a very, very small footprint. It was something that was easily stomach-able by the owner or the manager, and it was helping a good cause, right? So, it was a win, there, in their minds, and that was the easiest. When you start talking about a space of three or four feet by maybe a couple of feet, then they start thinking about, "Is this thing going to disrupt traffic when people are coming in and out of the restaurant?" You know, there are a lot of other factors involved that they have to consider when deciding if they want a machine in a certain spot. But, charity, bar none, was the easiest, for sure.

Making a Partnership with a Charity

In that case, I just reached out to M.D. Anderson. Of course, they work with companies all over the place, helping them raise money. I just said, “This is what I want to do. I commit to giving X percent from the machines, in exchange for being able to use your name. Once their board signed off on it, then they sent me the artwork so that I could display a small little sticker on the machine, showing where a portion of the proceeds went, and then we were off to the races.

There are some charities that have specifically been established to work with vending operators, and that way, folks don’t have to go through what I did to be able to work with M.D. Anderson. They could easily partner with one of the existing charities. That’s, kind of, how they grow their business. The charities are utilizing vending operators like me, and I’m sure that you could track them down really easily online today.

When Did You Start Going into the Schools?

You know, it was when the economy tanked, and I was looking for stability. Those kids came knocking on my door selling me stuff. So, we came up with the idea. A good buddy of mine was a PE teacher, and we started talking. I shared with him my idea, and he said, “Well, let me go back to the school and see what the principal thinks.” He called me a couple of weeks later and said, “Hey, we got the approval. Let’s do this thing.” I was floored! I had to scramble to put a machine together, and I had to get custom stickers made for the school. Then we set it up, and after a couple of months of testing, the numbers were just off the charts.

So, then we set them out and tried to figure out how to promote, and after a while we figured that out. And, along the way, I had a bunch of people around me, in my sphere of influence, that were like, “Wait a second. I want to do that too. Can I do it?” I was like, “Well, um... Yeah, I guess?”

Initially, we were a distributing and licensing model, for the first seven and a half years, and then we got to the point where we wanted to do some more direct marketing and grow in some parts of the company where we weren’t. Primarily, this was out West and in the Northeast, and then consulting my attorney, he said, “Listen, you really need to be a franchise.” So, we made that investment and that pivot going on two years ago, this coming July, and the business has just exploded.

It’s been crazy. What we’ve found is that there are a lot of people, in all walks of life, who want to build a business on the side. They might not know how to do it, or they are looking for something that’s already proven, and in many cases, they want to build a business where their kids can be involved. We encourage family involvement in all that we do. It’s a way that not only Mom and Dad can learn entrepreneurship and develop more security for their family, but they can teach their kids entrepreneurship as well. Essentially, they can teach that second generation along the way.

It’s really cool to see many of the kids, now moving on to become teenagers or even graduate from college, many of which are wanting to be part of our business. Many are also taking what they have learned to do other things. It’s really pretty cool.

How Much Money Can I Make?

You know, I can't get into financial details, believe it or not, because as a franchise, Uncle Sam has a lot of very strict guidelines on making financial claims. That said, about 2/3 of our team, which is just shy of 100 franchisees, use this as just a side gig, but for about 1/3 of them, this is all they do. **They didn't leave their professional careers to make less money.** What's cool is that it's a limited-time commitment, it's passive in nature, and it allows folks to free up their time to do other things that they are really passionate about. They may have felt led to do these things, but they really couldn't when they were spending all of their time working a 9-5, or you know, doing whatever they were previously.

So, there's enough of an opportunity to make a full-time income, but that's if you are willing to put the effort into it for a few years. This is not going to make you rich overnight, but in 3 ½ years I built a business from scratch knowing nothing about this when we started, and I was able to walk away from a full-time advertising career. Today, our franchisees have the ability to benefit on the corporate knowledge of a decade of doing this, and now the path can be much shorter for them, if they are willing to follow the system that we have put in place and have already proven.

Connectin with Matt

I wrote a short eBook several years ago, called [*Live Your Dreams: The Top 10 Reasons Why You Need to Own a Vending Business*](#). It just shares a little bit of insight that most professionals have never even thought of in relation to vending. We've set up a landing page specifically for you. You can go to SSVBusiness.com/fastresults and download that for free. At a minimum, you'll learn a little more about just general vending. If you want to talk about the franchise, we can do that too. I hope, if nothing else, this gets you thinking about some other avenues that have been in front of all of us, all of our lives, but many of us, for whatever reason, have never considered. This has changed my life and that of many of the other people that I work with today.

Resources

[*Live Your Dreams: The Top 10 Reasons Why You Need to Own a Vending Business*](#)

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