

THE WHOLES^ALE FORMULA

Module 3 – TWF Scouting & Sourcing System, Part 2

Hey, welcome back. In this video, we're going to go over some of the remaining sheets of the TWF Scouting and Sourcing workbook. This system is vital to our business because it allows you to keep track of all potential leads we've scouted and our approval progress with each one of those companies. Let's dive right in.

We've already discussed the function and importance of the 4-point checklist, the contact sheet, and the competitors to track sheet. As a quick recap, scouted leads that pass the 4-point check go on the contact sheet. After that, we need to further analyze each one of these leads to know how to prioritize them. That's where the 21-point checklist comes in.

After we have built a lengthy list of leads in our contact sheet, we move to the 21-point checklist. The purpose of the 21-point checklist is to help you prioritize the companies you should be contacting. We need to know which companies provide the best possible opportunity so we can determine which order we should contact them. The entire 21-point checklist is binary. All criteria can be answered with a yes or a no. This makes it very easy for anyone to be trained how to use it, including employees or virtual assistants. This was very important to us because if you want to grow your business without having to have superstar employees at every position (obviously all of us love superstars), you have to create processes that are simplistic and easy to follow.

Each criterion has been assigned a score. So, by answering yes or no, the overall score of the product is affected. The higher the score, the better.

Let's look at the scoring scale. Products that receive a score of 76 or better are considered a high priority. Products that receive a score of 66 to 75 are a medium priority, and products that score a 65 or below are a low priority.

Now, let's look at the criteria themselves.

Numbers 1 through 4 probably look familiar. Those are the same as the 4-point checklist. Moving on.

5. Total estimated sales volume is greater than 90 per month – This is important because we want fast-moving products. You can answer this using the Jungle Scout extension. This is the total for all sellers, not just us.

6. Our estimated sales equity > 60 units per month – Just like the last point, this is another bonus for being a high-volume product.

7. Product has greater than 25 reviews – Not a large influence, but we like to see that the product is well established and has some history on Amazon. This shows sustained demand, and gives us more confidence that this product will do well over the long term. Product review totals are located under the title of a product.

8 and 9. Rank and Price are stable over last 90 days. Both of these criteria are centered around product consistency. We want to reduce our dependency on products that aren't consistent over time. Note the asterisks on each of these. We define their stability at the bottom. So, a rank is stable if sales haven't fallen below 40 in the past 90 days, and a price is stable as long as the price hasn't fluctuated 10% in either direction in the past 90 days. The Keepa graph will tell you this.

10. Merchant fulfilled controls the Buy Box – We love seeing this because they aren't a competitive seller so we would dominate buy box.

11. Brand owner on listing with others – We like it when the brand owner is on the listing because it shows that they have had issues before. It's possible that the product didn't have stock, or they needed to do some management of the listing. All of which lends itself to huge growth and immediate value that we can offer them.

12. Product has a suppressed Buy Box – A suppressed buy box is when there is no buy box on the listing. We see this as an opportunity for a professional seller like us to come in with a competitive offer who can provide a buy box option.

Numbers 13, 14, and 15, listing generates greater than \$1200 a month, your equity of sales is greater than \$400 per month, and your estimated profits are greater than \$250 per month assuming a 15% profit margin, are all cash flow and profit related. Again, we love liquidity in our products. Similarly, we like to know that the top end of the product is worthwhile, and expected profits make it good for us to engage with the product. These criteria are there to verify that the product is performing well and has long term value should you commit to working with them.

16. Product is brand restricted – We love when products are gated. You have to remember that you are an authorized seller, and the difficulty generally comes from brands inability to manage unauthorized sellers. By having their product gated, this means the product will be much better managed. Getting ungated is an easy enough process, particularly when you are an authorized seller. By introducing hurdles, you will inherently lower your competition!

Numbers 17, 18, and 19; The product listing is not a third-party bundle which is a listing that is a combination of related SKUs such as pancake mix plus syrup. The product is listing is not a multipack, which is more than one of the same SKU like this 3-pack of vitamins. And finally, the listing does not contain fragile items, such as glass. These are all related to prep. While some product bundles may be worth adding, as well as multipacks or fragile items – they need to produce significant profits to gain our interest as the extra cost and expense involved with making them increases beyond a standard item. Our goal is to determine that the value is there.

20. There are more than 3 unique sellers - If there are multiple sellers selling a product – we know that the company is MORE likely to sell to Amazon sellers, which usually makes getting approved easier.

The last thing I want to mention is that we must check the product to see if it is categorized as hazardous. As FBA sellers, we are currently not allowed to sell hazmat products. So, if a product is classified as hazmat by Amazon, it is no longer a viable lead. We must discard it and move on. To check for hazmat, you simply add the item to your inventory. If the product is categorized as hazmat, Amazon will warn you before you finish adding it to your inventory. The TWF Scouting & Sourcing Workbook includes step-by-step instructions on how to do this.

After you answer each of these questions, you can view the final score here where it says “total points.” If the product is a medium or high priority, meaning a score of 66 or more, you add it to the contact sheet. After you’ve entered all of the pertinent info including the 21-point score, you can then move on to scoring the next product. To clear your current score, all you have to do is press this button, “clear all checkboxes.” Now you can total the next product. It should be noted that the macros of this spreadsheet do not work in Google Sheets. We have only used Microsoft Excel.

Once you’ve scored a decent amount of prospective leads, you can then sort them by their 21-point score, highest to lowest. That will provide you with a great order in which to start contacting companies. To do that, all you have to do is select the column with the scores, click the data tab and in the sort & filter section, click “sort highest to lowest.”

The next thing I’m about to tell you is extremely important, so pay close attention. You should NOT be contacting companies until you have completed the course. I know how excited and anxious you are to get started, but trust me when I tell you to wait. We will prepare you to properly contact companies in the upcoming modules. You’ll have a much higher success rate once you’ve learned all of the course material. So, for now, just focus on learning the material one module at a time.

Ok, the remaining tabs on the spreadsheet are archive lists. The only one we’ll be talking about in this video is the one titled “Archive - Low Scores.” This is where you will add all of the products that scored below a 66 on the 21-point check. We do this to periodically re-score these products in the hopes that they improve. We’ve found that over time, products can perform much better and, therefore, become more appealing opportunities.

Alright, now let’s run a product through the 21-point checklist to score it. Let’s use this product.

Here we are on a product that passed our four-point check. Now I'm going to take you on a live walkthrough of checking for the remaining 17 points of our 21-point scoring guide.

Point five, total estimated volume greater than 90 sales per month. That's a pretty easy one to check, we can just run Jungle Scout, and it will tell us right here, estimated sales for this product is 2,528; well above the 90 sales per month threshold.

Six, our estimated sales equity is greater than 60 per month. So, we can see that the total sales are 2,528, our Buy Box scope tells us that there are five competitive offers, and including ourselves that

would make six. The total number of sales per month, 2,528, divided by six total sellers, that includes us, equals ... Our sales equity is about 421 units per month, well above 60.

Okay, so next is, product has greater than 25 reviews. I can eyeball that, it is much higher than 25, so that's another check.

Next up is point eight, product BSR is stable over 90 days, and that means that the lowest point in the last 90 days has not fell below 40 sales per month equity, the lowest sales rank. So, we can use the Keepa app here to quickly help us figure that out. You want to make sure sales rank is checked here, and it's represented by this green line. We can just hover over that green line to see what that sales ranking is at any point in this three-month view that we have. So really, you're just looking for the highest point, and it appears that the highest point is actually what we're looking at right now; 1,230 is the current sales rank. So that means that this product passes that check, but let's say that this wasn't the case.

Let's say that maybe the sales rank ... There was a spike in here, or a few spikes, of let's say 3,000. So how would we check our equity at rank 3,000 for this product? So, what you would do, is use Jungle Scout's free estimator, [JungleScout.com/estimator](https://www.junglescout.com/estimator), and ... Sorry about that. And then you could look up that rank manually, here. So, what if we set 3,000? So, we could look up what 3,000 represents. So that represents 1,488 sales, and so we could just divide that by six ... 1,488, divided by 6, so our equity in that case would still be 248, so it would pass. Again, that was just a hypothetical, so let's go ahead and move back to the product.

Next is that the product price is stable over 90 days. So, the product price is represented on here by the purple line, and then also, you can see the Buy Box price that's consistent with that price, represented by the purple diamonds, or pinkish diamonds rather. So, as you can see, the price over this three-month period, incredibly consistent. You see a few dips here, but when I hover over them it tells me, for instance, that, you know, things like lightning deals. They had a lightning deal one day, where this was sold a little bit cheaper. So, it's not anything consistent, they're just little sales, very small dips, so I wouldn't consider that inconsistent. So, we're going to get a check for that the product price is stable over 90 days.

Next is, merchant fulfilled controls the Buy Box. Which, in this case, the product does not pass, because we see Big Star Group has the Buy Box, but it is fulfilled by Amazon.

Next up we have, manufacturer on the listing with others. So we can check out the sellers here. Now, brand name for this product is Nutritech, and none of these sellers have the name Nutritech, so I'm going to say that this product does not pass that check point. However, if you wanted to look at each individual seller's inventory and just investigate a little further if any of these sellers sold this brand and nothing else, then it's highly like that that is the brand owner selling the product, just under a different name. But that's just a kind of, if you want to examine a little bit further, thing.

Next up is, product has suppressed Buy Box, and which we saw this product does not have a suppressed Buy Box. So we don't get a check for that.

Number 13 is that the listing generates \$1,200 in monthly sales. Well, Jungle Scout will tell us that. So, it tells us that this listing generates about \$101,000 in sales each month, so it definitely passes point 13.

And next we have point 14, your equity of sales is greater than \$400 per month. So that's pretty easy math; we just do \$101,000 divided by total number of sellers plus us. So we're looking at a total equity of about \$16,000; \$16,833 in sales, so well over that, so that passes.

And then the next point, estimated profit margin, 15%. So, we can just multiply this by .15, and so we're looking at little over \$2,500 monthly profit with this product with an estimated margin of 15%, so definitely is a pass on that check.

Next on our list, number 16, product is brand restricted. I did search this product to check if it were brand restricted, and it is brand restricted. So that is another check that we get to check off here. And you can check that yourself with any product by trying to add it to your inventory, or if you have the Amazon Sellers app you can search the product there, and it will tell you on the app if it is restricted and for what reasons it is restricted. It will also tell you if the product is hazmat on the sellers app.

Next up we have point 17, product listing is not a third-party bundle. And this product is certainly not a bundle; it does not include other products of any kind in the listing, so it is not a bundle.

Number 18, product listing is not a multi-pack. And this product is not a multi-pack, you're just getting the 60 capsules, this one unit here, so this is not a multi-pack.

Point 19, product does not contain fragile items. This does not appear in any way to be glass or anything fragile, just a plastic pill bottle. So it does not contain any fragile items.

And then point 20, greater than three unique sellers. So, we see that there are a total of six sellers, all unique, on this product. Five competitive ones.

And then our final check is for hazmat, if the product is hazmat it's disqualified. And by adding the product to inventory, or checking on the sellers app, I find that this product is not hazmat. So that means this product ended up scoring a total of 90 points, so it is a contact with high priority company for us...

You're now equipped with the tools to fully analyze any product on Amazon. In addition, you now know how to prioritize the order in which to contact prospective companies. This is the same exact system we use in our business. It's a system we have designed to take all of the guesswork out of product evaluation. Familiarize yourself with the spreadsheet and practice scoring items using the 21-point checklist. The faster you master the scouting process, the faster you'll be able to grow and positively impact your business. That wraps it up for this video. Thanks for watching and I'll see you soon.