



1



2



3

A Roy Morgan Gallup Poll found that 90% of Australians would prefer to buy Australian Made if they could find it



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4

A new YouGov survey found that 88% of Australians believe we should make more essential products at home and rely less on Chinese imports



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In last year's budget, the Federal government allocated \$1.5 billion to help grow Australian manufacturing

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50% of international Australian manufacturers surveyed said they plan to re-shore production to Australia in the next 12 months and 22% said they have already started

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This increased demand for Australian-made provides a huge opportunity for Australian businesses



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If each household in Australia spent an additional \$50 per week on locally made products it would inject \$30 billion a year into the economy

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If every Australian made a one-off purchase of \$100 of locally produced goods it would support 3,000 jobs

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Here's what you'll learn today

My four-step system to source Australian-made products:

1. Decide what to sell...and what to avoid
2. Estimate what it should cost to make
3. Find the right manufacturer
4. Negotiate a win-win


We'll also show you lots of case studies that have applied this system, including many that are "no money down"

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Who is this system relevant for?

- Online sellers – eBay, Amazon, Gumtree, Shopify, FB etc...
- Retailers
- Wholesalers, agents and distributors
- Sellers of info products wanting to diversify into physical product
- People wanting to sell a "subscription box" of consumables
- Importers wanting to localize their supply chain to Australia
- Complete newbies wanting to learn the ropes and build a brand

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Who am I and why should you listen to me?



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What Steve Does

Start-up	SME	Enterprise
		
		
		
		

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Steve Eagle

- Studied Sculpture and Moved into Prototyping & Production (product development)
- Spent 18yrs in Product Dev, Cost Estimating and Purchasing globally
- Sourced over 1.5 billion dollars' worth of products over more than 3,500 projects, all over the world in the last 23 years (everything from toilet seats to F1-11 fighter jets)
- Worked for brands like Ford, Toyota, Fisher & Pykel, ADF prototyping, selecting suppliers and sourcing globally while side hustling my own businesses
- Life changing moment 2008, died for 6min - "Steve's Great Reset" - This event radically changed how and why I work, ultimately leading to early retirement in 2016 age 38yrs
- I apply the strategies you'll learn today in my businesses and help others to source Australian-made products that beat cheap foreign imports



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Some Examples of Active Brands

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Agenda for today

My four-step system to source Australian-made products:

- Session 1 – Decide what to sell...and what to avoid
- Session 2 – Estimate what it should cost to make
- Session 3 – Find the right manufacturer
- Session 4 – Negotiate a win-win

We'll also show you lots of case studies that have applied this system, including many that are "no money down"

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Step One

Decide what to sell

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First of all, don't be this guy...

More than 95% of online businesses fail to make money in the first 3 months and don't survive the first year.

This is a **purchasing problem** not a sales problem.



facebook
Guys Ahead
Guys my first inventory just landed the warehouse. This is my first time doing all this. My question is how And why will people buy my product when there's a lot of competitors? I've patted a lot of work in it but the doubt inside the head is disturbing me now when the process is nearly completed. Thanks

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Don't be one of the 95% that fail!



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Today you'll learn a new, unique, powerful and profitable system that will help you to avoid these mistakes

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First up...

Let's dispel the myth that Australia can't compete with cheap foreign imports

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11 Reasons why it can be more profitable to source Australian-made than to import



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Reasons to source Australian-made

1. You eliminate the cost and delay of international shipping, which averages about 35-50% of the cost of any imported products
2. You're working in Australian dollars, so there's no exchange rate risk, and no hedging required. Most imports are priced in US dollars, and the exchange rate with AUD can be volatile
3. Australian manufacturers often use automation instead of labour, so the impact of Australia's more expensive labour rates is not as high as you'd expect. Plus China's labour rates have doubled in the last 8 years, while Australia's have stagnated

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Reasons to source Australian-made

- 4. By working closely with your Australian manufacturer, you can often find ways to reduce costs without reducing quality – and negotiate without the language and cultural barriers
- 5. It's much quicker to go from concept to cash if you're sourcing locally, eg you can get samples shipped to you overnight
- 6. By sourcing directly from an Australian manufacturer you cut out any "middle-men" taking their cut

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Reasons to source Australian-made

- 7. By working directly with an Australian manufacturer you may be able to organise a drop-shipping arrangement
- 8. You can work with your Australian manufacturer to design a unique product, adding features that are superior to others on the market (including imports), so you can charge a premium
- 9. People are prepared to pay a premium for a product that is Australian made, Australian owned, Australian built, Australian grown, or developed with Australian ideas. On average people will pay a 13-18% premium

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Reasons to source Australian-made

- 10. There are many government grants and other incentives available for local manufacturers, producers and exporters
- 11. Governments and corporates are keen to be seen to be "doing the right thing" and buying Australian-made from Australian brands

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**So by being Australian-made
you have a head start over
importers, including Amazon
sellers, Drop-shippers and more**



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**Now let's look at the steps to
choosing a hot-selling product
that will compete with imports**

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Step #1...
**Choose a product
that will sell well**



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7 Criteria that make it easy to sell

1. Passionate following that's already buying (Merchant Words, Jungle Scout, Helium10 etc)
2. Large and growing market (see Google Trends)
3. Evergreen (not constantly changing, eg technology)
4. You're interested in it – "Results follow Focus"
5. Easy to find your target market
6. Not highly regulated
7. Able to compete / stand out with slight tweaks

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Step #2...
Choose something that can compete with imports



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5 Criteria that make it competitive with imports

1. Not a commodity, so you can charge a premium for better quality
2. There is a demand for a higher quality product
3. Local Australian manufacturers are available
4. Manufacture uses automation rather than hand-crafting, so the labour component is smaller
5. Government grants and incentives may be available

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Niches and products that fit the criteria

- Electronics and Computers
- Garden and Tools
- Beauty and Healthcare
- Groceries and FMCG
- Toys, Kids and Baby Clothing
- Shoes and Bags
- Handmade Jewelry
- Sports and Outdoors
- Eco-Sustainable, Biodegradable and Organic products
- Products for Seniors and Aged Care
- Kitchen, Furniture and Homewares

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Niches and products to avoid

- Safety devices
- Products requiring training to use
- Products with "specific claims" on the labelling
- Products that you don't understand yet (estimate/benchmark)

Note:

- Brand Sensitive Niches can be challenged with innovation or pricing but requires significant marketing "know how"

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Once you've identified your product, you need to:

(a) find a suitable Australian manufacturer and

(b) negotiate a competitive price

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We'll show you exactly how to do this in the following sessions

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But first, let's define "Australian-made"

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Surprisingly, "Australian-made" is quite subjective!

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If something is grown or produced in Australia, then it's obviously Australian made

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But if it contains imported parts, things are less clear



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The ACCC states that things need to be “substantially transformed” in Australia, which means they are “fundamentally different in identity, nature or essential character from all of their imported ingredients or components”

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Changing the form or appearance of imported components is not seen as a “substantial transformation”. Eg Putting oil in a capsule is not enough

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To add to the confusion, the Australian Made logo has a few variations...all with different definitions:

- Australian made
- Australian grown
- Product of Australia
- Australian seafood
- Australian
- etc!

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To keep it simple, our goal is to maximise the Australian proportion of every product you source

We believe that’s the best way to help the Australian economy

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Throughout this workshop we'll share some creative **“no money down”** and **“sell it before you source it”** strategies



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“No money down” strategy
Skateboards

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This strategy uses a mix of imported and local materials, local assembly

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Strategy

1. Find a hot product that isn't available in Australia
2. Approach the overseas supplier and arrange a distribution agreement for some component parts
3. Ask for samples
4. Source as many components as possible locally
5. Make sales in bulk at trade shows and direct to retailers
6. Order and fulfil

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The problem:

“I (and lots of others) wanted to enjoy snow boarding all year round”

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Tierney Rides Skateboards



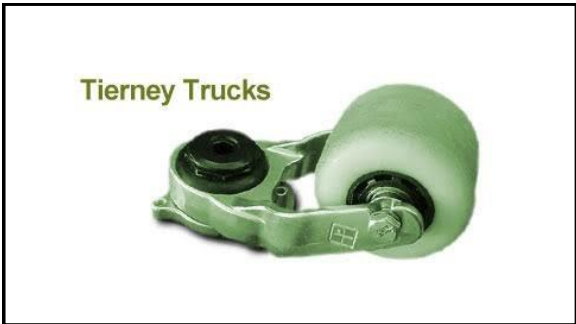
51



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Results

Cost per board:

- Wheels (imported from Tierney Rides) \$9.33
- Board (sourced locally) \$68.00
- Kit cost \$77.33
- Wholesale price \$150.00
- Profit per board \$72.67
- Retail \$240.00

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With 100 sales per month, that's \$7,267 per month profit

...for a start up cost of under \$200

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Questions?

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Biggest Ah-ha?



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**In the rest of this event
we'll show you how to
find an Australian manufacturer
and negotiate a competitive price**



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Please be back on time



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Reminder: 4-step system

My four-step system to source Australian-made products:

1. Decide what to sell...and what to avoid
2. Estimate what it should cost to make
3. Find the right manufacturer
4. Negotiate a win-win

Remember: you can easily apply this system to "no money down" strategies

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Step Two

Estimate what your product should cost to make

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Now that we've decided on a product, the next step is to source it



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Or as we like to think of it...



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“Buy Like An Eagle”




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**When you Buy Like an Eagle,
you **maximise** profits and more
importantly the **opportunity** for
your business to thrive**



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...In short Buying Like An Eagle will help create an unfair advantage over the competition



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Australian Made  **Asia Competitive \$**






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Maximising profits

To Buy Like an Eagle with Australian Made means you get:

- The right product
- The right quality
- The best price
- The ideal quantity
- The best payment terms
- From the RIGHT supplier
- The maximum upside potential for the least amount of effort




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The first step is to estimate what your product should cost to make



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Knowing this puts you in a much stronger negotiating position



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Let's look in more detail at a "Cost Estimate"


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What is a Cost Estimate?

- A way to understand the cost of a product, including materials, labour, processes and market factors for your location
- A living document that improves over the lifetime of your product
- A powerful analysis and negotiation tool that delivers healthy profit to all while still being massively competitive

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How do you make a Cost Estimate?




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Step 1 – understand the materials


- What materials are there?
- How much do they weigh?
- Is there any critical feature based in the materials used?
- Are there any purchased parts?
- Make a list. This is your Bill of Materials or BoM

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Step 2 – identify processes and labour

- Is it mass produced or crafted?
- What are the main features? (bends, surfaces, holes, fitments)
- How much manual labour is needed vs automation? (assembly, manual processes)

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Step 3 - where will you make it?

- Labour rates
- Utilities
- Access to materials (only if some unique feature is required)
- Access to transport

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Cost estimate example
Beard Trimmer

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	Items	Direct/Indirect Material cost	Machining/Labour/Rate per hr	Cycle Time (Seconds)	Cost Estimate
Supplier Profitability @100%					
	Manufactured Cost	\$ 9.14		128.5	\$ 9.88 Per Piece
	Factory Markup	100%			\$ 9.88
	Ex works Price				\$ 19.76 Per Piece
Shipping/Logistics					
	Logistics CHF to USA by sea	1000	\$ -	\$ -	\$ -
	Import Duty/Taxes	40%	\$ -	\$ -	\$ -
	Customs Clearance	1000	\$ -	\$ -	\$ -
	Total Landed Cost				\$ 19.76 Per Piece
Shipping Charges paid by Customer					
	My profit per unit	52% of Ex Works			\$ 10.27
	Wholesale Price	15% of Ex Works			\$ 30.03
	Retail Price	296% of Ex Works			\$ 57.99
	Retailers profit	93% of Wholesale			\$ 27.96



- Excellent Profit for Supplier = **Stability**
- Excellent Profit for Retail Partners = **Growth**
- Data Driven Approach = **Partnership**

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**And here's the
"sell it before you source it"
marketing strategy**




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"Sell it before you source it" strategy

- Find a large retailer or franchise that currently sells existing leading brands of beard trimmer
- Offer that they can sell a similar product, but with their own branding, at a more competitive price with very little effort
- Get an initial order from the retailer, including a 50% deposit
- Place your order with the manufacturer using the deposit to secure your stock




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Results

- Cost of beard trimmer (manufactured locally) \$19.76
- Wholesale \$30.03
- Profit per unit \$10.27
- Retail \$57.99
- Retailer's profit \$27.96

If you sell 1,000 per month, that's \$10,270/month profit for you and \$27,960 for your retail partners which means they will sell your product for you all day long!

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And here's what can happen if you sell directly to the consumer...

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Results

- Cost of beard trimmer (manufactured locally) \$19.76
- Advertising or Platform Commission (15%) \$7.50
- Retail Price \$49.99
- Take Home Profit \$22.73

If you sell 1,000 per month, that's \$22,730/month profit for you and your family!!

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**“Sell it before you source it”
strategy**

Eco-friendly loo paper

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Eco-friendly toilet paper

- A client in Australia was sourcing eco-friendly bamboo toilet paper from China to sell to McDonalds and the Australian Government
- Using my sourcing system he pivoted to Australian-made...and found a supplier in Qld who price-matched his Chinese supplier
- We also helped him qualify for the Indigenous Business Australia Program, to get massive government support

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Eco-friendly toilet paper

- He's now supplying the Australian government and McDonalds with Australian-made, eco-friendly toilet paper from an Australian supplier at prices usually only seen in Asia, and expanding into cleaning products
- His long term goal is to export Aussie-made, eco-friendly loo paper, at China-competitive prices. The icing on the cake is that he will also qualify for Australian export grants
- He has supplied 14,000 maxi rolls to a NSW local council

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Matt Henderson
Bambooli

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**What's been your biggest
 ah-ha so far?**

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Questions?

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Next session
Find your ideal manufacturer

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Please be back on time

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“No money down” strategy
Trailer accessory

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Steve Baker

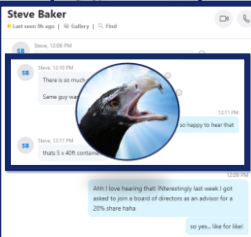
- Business Coach based in Hervey Bay
- Desire to leave a legacy business for the family
- Began his sourcing journey in May 2019
- Has been kicking massive goals in the last 7 months
- Approached an inventor / distributor who had designed an innovative product that solves a problem for anyone with a trailer
- They had large global orders (over 50,000 units per month from the US and Europe), so any cost savings on manufacturing would be substantial


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Steve Baker


- The design is product trade marked
- Using the product the Baker was able to reduce the cost to 100 (86%) and joint ventured
- The inventor was profit and saved tooling 50/50 unit to Steve
- This was a no as the inventor paid for the tool production
- Steve's profit for month



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Steve Baker

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Reminder: 4-step system

My four-step system to source Australian-made products:

1. Decide what to sell...and what to avoid
2. Estimate what it should cost to make
3. Find the right manufacturer
4. Negotiate a win-win

Remember: you can easily apply this system to "no money down" strategies

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Step Three

Find your ideal manufacturer

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Here's how most people source an imported product

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Finding your "Perfect Match"



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Where to find Australian manufacturers

- Google search for suppliers in your industry and preferred location (e.g. Metal fabrication Melbourne)
- Visit Austrade.gov.au and search by industry or product
- Visit <https://www.australianmanufacturing.com.au>
- Contact the Chamber Of Commerce (Auscham)
- Go to trade shows and trade events that feature your product, similar products or similar industries
- A new resource for Australian producer/buyer match making: The Advanced Manufacturing Growth Center (this will be big) <https://www.amgc.org.au/>

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What is a Perfect Match?

1. Values your business, is proactive and responsive
2. Has expert knowledge, experience and longevity
3. In the right industry, State and area
4. Right size and scale to support and grow with you
5. Suitable score on Steve's 29 point Supplier Selection Checklist

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1. Proactive and responsive

- Does your supplier respond promptly to emails or missed calls and answer all of your questions clearly?
- Does your supplier follow up if you don't reply back?
- Does your supplier explain their business in a way that you understand and highlight points critical to your product? (i.e. supply or material issues)

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2. Expertise, experience and longevity

- How long have they been in business and how stable are they? (3yrs+ preferred)
- What level of experience do they have with your materials and assembly?
- Do they have in-house expertise that can help develop your product?

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3. Right industry, State and area

- Do local laws, regulations or trade agreements benefit you? (raw materials, labour and product)
- Is there any activity from the government to support the business? (tax law, grants, land subsidies as examples)
- Are they well located? (port, airport, raw materials suppliers)

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4. Right size and scale to support and grow with you

The Goldilocks principle:

- Not too Big!
- Not too Small!
- Just right!



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5. Good score on Supplier Selection Checklist

Steve has a 29 point Supplier Selection checklist that automatically calculates a Compatibility score:

- <50% = too high risk
- 50-75% = worth considering
- >75% = yes, good match

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Be Prepared!

- The more info you have the better
- Take a similar product or sample with you
- If your design is sensitive use a Non Disclosure Agreement (NDA)
- Define your product specifications (Drawings, CAD, Bill of Materials)
- Know the critical quality features of your product and what is acceptable / not acceptable (create boundary samples)
- Have an open mind

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Olaf The Violin Maker

Local and imported materials, local manufacture, export

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Olaf The Violin-Maker



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Olaf The Violin-Maker

- Was sourcing average quality violins that took weeks of work to bring them up to his standard
- Followed the sourcing process to "Buy like an Eagle"
- Found an ideal manufacturer using European woods
- Worked with his chosen manufacturer to create much better quality products, that took him just a few hours to bring up to standard
- Result – 4,300% productivity improvement, margins of 1000%+
- Olaf can now produce in 2 months what would usually take him 7 years and sales have immediately accelerated!

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Olaf The Violin-Maker

This has freed up Olaf's time to do marketing:

- Created a YouTube channel and has over 43,300 subscribers
- Joint Venturing with well-known violinists Two-set (2.4 million YouTube subscribers)
- Become a celebrity in his niche
- Building a brand and an IP asset
- Globally Competitive and Sought After
- Recently Olaf sold more in one month than he previously did in an entire quarter in 2019. He broke his sales record and is now expanding his brand and products

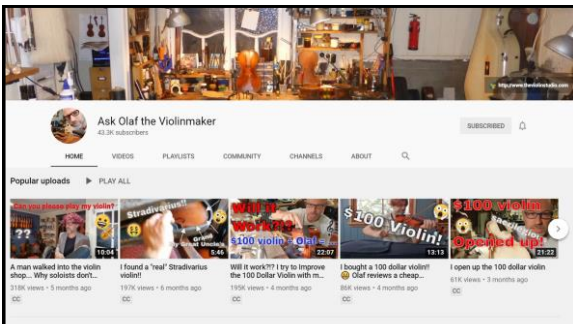
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Questions?

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Biggest ah-ha?

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Next session
Negotiate a win-win

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**“Sell it before you source it”
strategy**


Practice Bullets

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Distributor to Australian Government

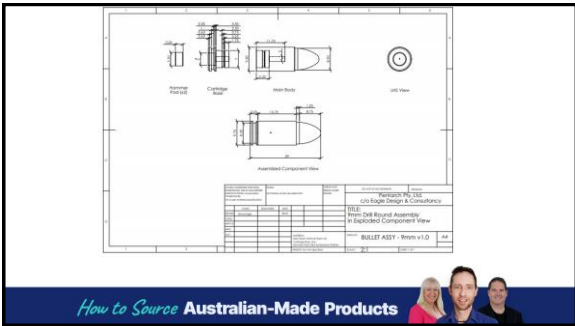
- Distributor had a contract to supply practice bullets to Australian Department of Defense
- Distributor's costs were \$7 per round for 50cal, and \$4 per round for 9mm
- I did a cost estimate and was able to improve the figures considerably

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Results

- Initial costs were \$7 per round for 50cal, and \$4 per round for 9mm
- Using similar materials, product was about 2.5 times over-priced
- By changing materials and process, I was able to further reduce cost
- Overall result was an increased profit for the distributor of 150%, and a reduction in cost to the Department of Defence
- This produced a 6-figure income secured for 3 years based on delivery of first sample order
- Required only 12 hours a month to deliver

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Reminder: 4-step system

My four-step system to source Australian-made products:

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Remember: you can easily apply this system to "no money down" strategies

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Step Four

Negotiate a win-win

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Goal of negotiation with a manufacturer...

To get the best VALUE, at the right COST with the least RISK

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Your goal should ALWAYS be to get a win-win solution

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When negotiating with an Australian manufacturer, focus on “how we can work together to compete with foreign imports”

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Creating Value
NOT Reducing Cost
should be what sets the
“Hard Limits” of your
negotiation

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**Here are the steps in my
negotiation strategy**

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Negotiation Strategy – price

1. Approach the negotiation by discussing process and capability in order to assess if the manufacturer meets your production and design requirements
2. If they clear the Supplier Selection process, request a quote
3. Compare the quote to your Cost Estimate. Adjust your Cost Estimate if necessary, and identify any gaps
4. Meet with the manufacturing team – sales, finance, operations and leadership to discuss the gaps and close them

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Negotiation Strategy – price

5. "Based on the information shared, and considering materials, labour and process costs we have a gap I'd like to close, I believe a fair price should be \$X. Can you please help me understand how you got \$Y"

Either:

- They can't explain it, and the price is then negotiable to \$X as estimated OR
- They explain it well (therefore adjusting the estimate) and you accept \$Y, in which case the product design becomes negotiable to keep the price at \$X

Repeat the process until all gaps are closed \$X=\$Y

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Negotiation Strategy – MOQ

The best way to negotiate on MOQs is... to side-step it all together!

1. Once you've agreed a price, place a sample order, eg 5 pieces
2. Explain that you need to test and ensure they are the right partners for you. Also for you to take photos, make videos, and make sales
3. Use the samples to get your first order (eg 100 pieces) and place an order for "sales samples"
4. Continue selling, and order as needed

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**Negotiation
Preparation Sheet**

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Negotiation Preparation Sheet

- I complete a Negotiation Preparation Sheet for every major negotiation I go into
- This has saved me millions of dollars over the last 22 years

The components are:

- Details of product, Cost Estimate, lead time requirement
- Names and positions of each decision-maker
- "Current affairs", eg economic factors affecting pricing
- Topics to be covered at the meeting



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Negotiation Prep-Sheet				Date:DD/MM/YY	
Product Name		linktoproduct.com		Supplier	
				XYZ Corporation	
Cost Estimate:		\$Value		Primary Contact	
				Ben - 0123 444 555	
Lead time requirement:		Day/Month/Year Time window		Meeting Attendees	
Destination Port:		East Coast USA		Contact Info	
				Role	
				Ben @xyzcorp.com Finance	
				Jane @xyzcorp.com Sales	
				Sally @xyzcorp.com Operations	
				Robert @xyzcorp.com GM	
Agenda:			Current Affairs:		
1) Factory Tour			- Gov. assistance for innovation now available		
2) Product Requirements & Quality			- fire recovery still underway		
3) Delivery Requirements			- Dan Andrews to face vote of no confidence		
4) Material and currency adjustments					
5) 3rd Party relationship (hardware, logistics etc)					
totally 2 hrs					
		Rubber Materials Index		FX Rate Q3 2020	
		1.56p/kg (YCHARTS.com)		1USD = 1.40AUD	

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Negotiation Preparation Sheet

Also include:

- Must haves (Hard limits & mandatory product features)
- Nice-to-haves (Better lead times, more favorable payment terms)
- Sweeteners (things you can sacrifice if needed to get a better deal)



How to Source **Australian-Made Products**

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Must Have	Nice to Have	Can Sacrifice/Stretch
Surface finish at hardness of X as tested with " Hardness test Process"	Labels and hardware passed through at cost - not a profit center	Lead time can be extended if order volume over 1000pcs
Delivery time equal to 100pcs a week for 6 months	Ship in bulk for local repackaging for reduced packaging cost	Can provide hardness testing equipment and training to QA staff
Amortized tooling over 2500 parts	Label product as HS9876 customs duty 5% save	6 months with no QA issues triggers automatic 6 month extension
Currency exchange fluctuation of 5% triggers pricing review	Technical support on call 24/7 through Dec sales period	
If quality of surface is out of spec in more than 10% over 6 months warranty claim is triggered, cost of return to be covered by manufacturer	Efficiency improvement price adjustments -3% after 1 year	
Notes:		

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Questions?



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Biggest Ah-ha?



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