

Health Profits Academy: Product Formulation/Manufacturing & Cloud-Based Services Setup

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Introduction

Welcome back! In this portion of the training, you'll be learning how to go about formulating a great breakthrough product or choosing a great private label product. You'll also find out how to get it manufactured and about some additional cloud-based services that you'll need going forward to support your business.

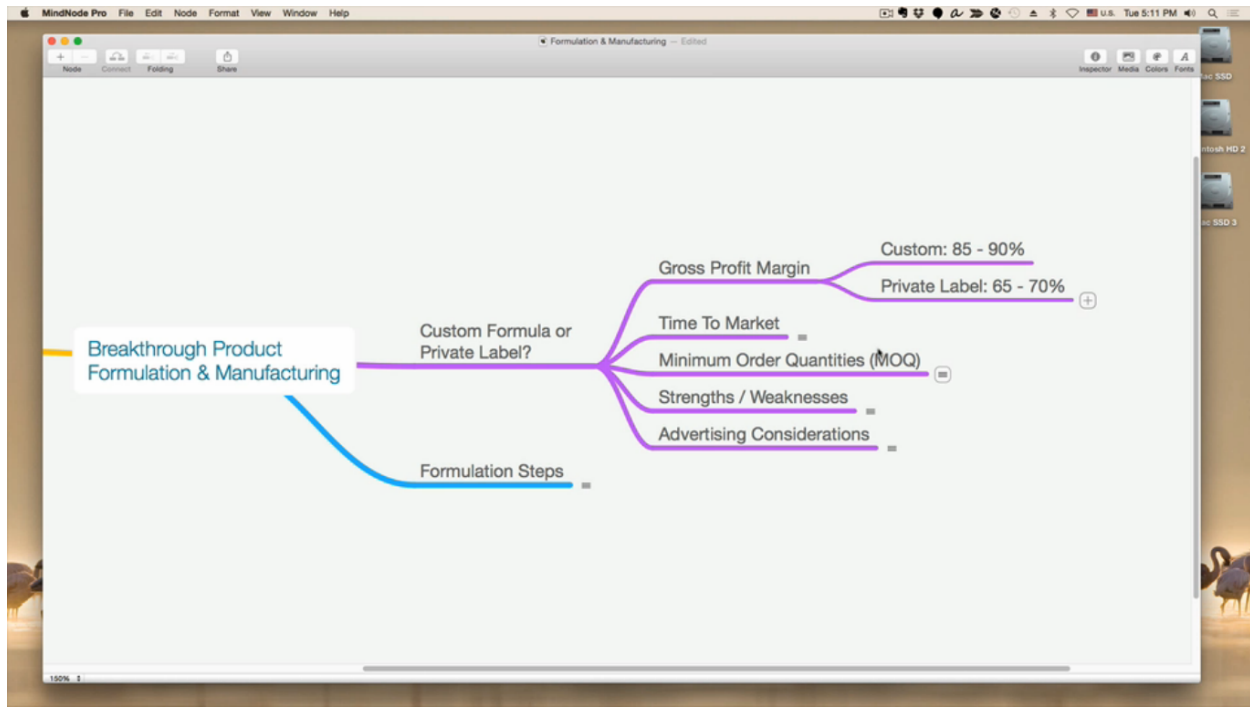
Buck will be leaving town this week to take a trip with family. So there won't be a Q&A held this week, but a makeup Q&A will be scheduled and there will be plenty of opportunities for you to get your questions answered at the end of the training sessions. Another thing that you should know is that Buck will be sending out more information about Health Profits Summit. You'll want to make sure that you mark that in your calendar if you're planning on coming, and again, the summit will be held on September 25th through the 27th, and it will be taking place in Boulder, Colorado.

This training is going to cover what they have done at RealDose over time to create breakthrough products and achieve great volumes of sales as a result. If you pay attention and take the steps provided, you should be able to ignore competitor threats and have a product that is sustainable, that doesn't require reformulation again and again. Buck hasn't had to go back and reformulate any of the initial products that he's had created.

He still sells the products to this day, and he's been in the game for 10 years. That's not on accident; it's very much on purpose. Buck is going to open up his kimono, and you'll be taken through the process of doing all of this in a step-by-step fashion so that it makes sense. You'll be able to refer back to this again and again.

Also, there are going to be some aspects of this week's session that will require you to do some homework. There are a couple of interviews and presentations that Buck has created as special training, just like in Session 1 when you reviewed the interview on setting up a US entity. The content is going to be worthwhile for you to invest some extra time in reviewing this material.

Custom Formula vs. Private Labeling



One thing that people are starting to consider at this point is whether or not they want to create a custom formulation or take a private label approach. Buck chose a custom formula both times he launched his business. This is in regards to both his current company, RealDose Nutrition, and his previous company which was Ultimate Lifespan. There are a few advantages to choosing one path over the other, and a few disadvantages involving both. They are broken down in the screenshot above.

A major consideration to make is the gross profit margin you'll get with one versus the other. Obviously, you're going to have a better profit margin when you have your own custom formula. Buck estimates that the gross profit margin for a custom formulation is going to be between 85-95% whereas if you went with a private label product, your profit margin would be around 65-70%. This only pertains to the cost of goods and your product being sold at a retail price. This doesn't include the cost of fulfillment, cost of customer care, or anything like that. So this is just sort of the gross profit margin.

These numbers make a big difference when it comes to buying media as well as the overall profit of your business. The higher profit margin is one of the major reasons why Buck chose to do a custom formulation both times. The profit margin for a private label formula is really going to vary based on the nature of the product. This is going to be affected by the condition

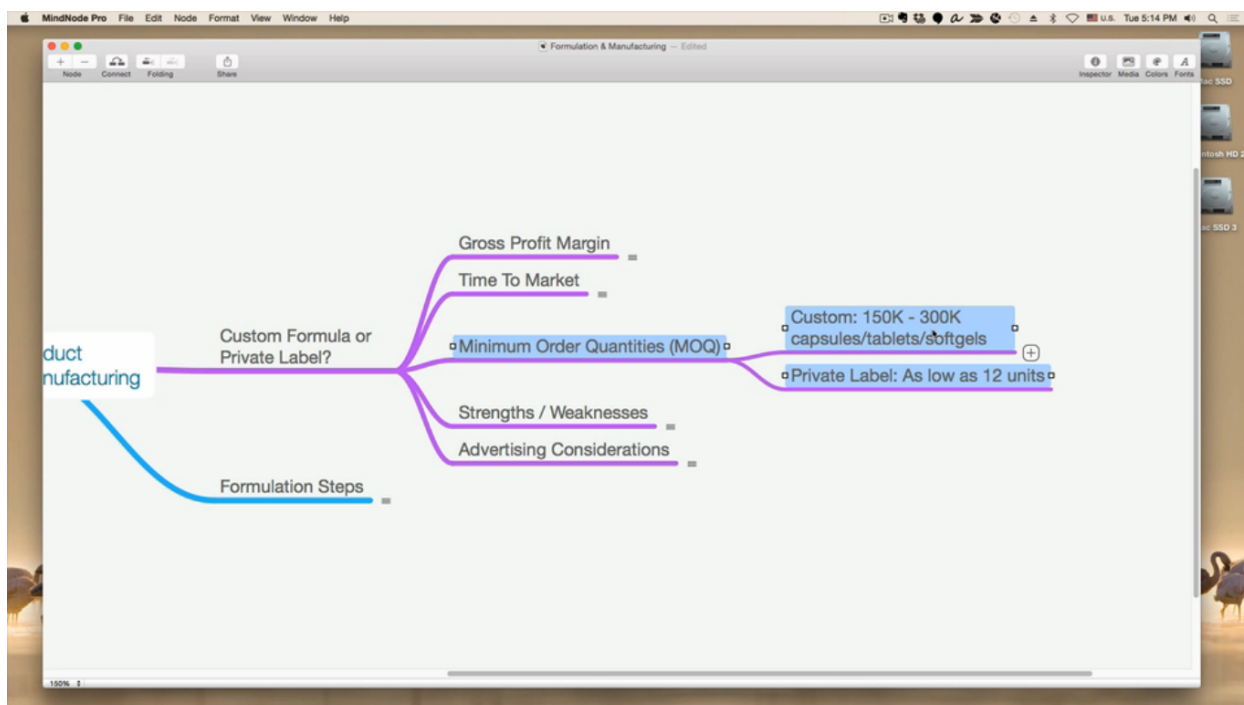
of the product you have chosen and the type of product it is. Is it a protein powder? Is it a single product encapsulated formula? How many ingredients are in the formula? These are all going to affect the amount of profit you'll be able to generate. So, the amounts given in the screenshot above are ballpark figures for both.

Next you need to consider the time to market. This is pretty big. With a custom formula, it's going to take a full 12 weeks or more to have this product manufactured. That's from the time you lock down your formula and place the order for your product to the time you receive your products and they are ready to ship out to customers. When it comes to a private label formula, it's going to take a lot less time. This depends on whether or not your manufacturer has it in stock, but most private label manufacturers do. In that case, they just have to put your label on the bottle and ship it to your fulfillment center.

It might be that it only takes a week or so to have your product manufactured and sent to a fulfillment center if it's a private label formula. You should allow for two weeks, however, and that's about the average time it takes. If you run out of the product, that's another consideration to make. It's a lot faster to restock a private label product than it is a custom formulation.

The minimum order quantity (MOQ) is what makes most people have to take a deep breath because it involves what people initially have to invest. This is different for different people, of course. Buck borrowed money to launch his first company. He didn't go out and get a bunch of investors; he got a loan that was secured against his house. It was a home equity line. He was able to use that to invest, and he said that this was the best investment that he has ever made because he was able to launch his own supplement company.

Again, Buck chose the custom formulation route, but back when he did this the MOQs were a bit lower. You can't find companies that have smaller order quantities. When you're talking to a custom manufacturer, they typically think in terms of capsules, tablets, or soft gels. That's what they will quote you as opposed to the number of bottles. So, if you have a three-day formula, or a two-day formula, you'll need to divide that into the number of capsules or tablets. That will give you the end number of bottles.



Typically from a custom manufacturer, you'll hear MOQs within the range of 150k-300k capsules, tablets, or soft gels. The reasoning behind this is that their manufacturing facility is certified for its good manufacturing practices and is inspected by the FDA. So, it takes time for them to shut down the run of one product, clean the equipment so that there's no cross contamination, and make sure everything is ready for the next run of your product. There's going to be a custom formulation step, and then it's going to go through a capsulation step, and it's going to go through a labeling step. Then, it's going to be torn down again for the next manufacture.

When you order a bigger quantity, the cost of manufacturing will come down substantially. Some of the bigger costs are in the setup and teardown. Anyway, when it comes down to a custom formulation, you're looking at a minimum order quantity of 150 – 300k capsules, tablets, or soft gels whereas a private label manufacturer will let you get by with ordering a lot less. In fact, Buck knows of a manufacturer that will let you order as little as 12 units at a time. That's not 12 capsules but 12 bottles that you can put your label on and get shipped to your fulfillment center. You can also choose to have them drop ship on your behalf.

There are also a number of different strengths and weaknesses involved in having a custom formulation versus a private label product. One of the strengths of having a custom formulation is that you can have a more differentiated product. In fact, you can come up with a formula that's as differentiated as you want it to be when you work directly with a formulator. It's already been discussed that your margins would be higher as well.

Furthermore, if you go with a custom formulation, your product is likely to have a longer lifespan. In other words, when you use a custom formulation, you can have the same product on the shelves for years, just like Buck has. That's one of the beautiful things about dietary supplements; you can sell the same product again and again to the same customer. Of course, you'll be making a bigger investment with a custom formulation because the minimum order quantities are greater, and there's a longer lead time for a custom formulation.

A lot of times people will contact Buck saying "My manufacturer says that it will be only be six weeks..." Buck has had enough experience to know that the first order almost always takes 12 weeks, and he says that he would even bank on it being this way. So, he recommends that you don't bank on their offer to have it manufactured in six weeks; bank on 12 weeks. You'll be much, much happier that way.

When it comes to private labeling your product, one of the downfalls is that you'll have a less differentiated product. However, if you pick the right partner for this, the results you get can be very good. Now the margins will be lower, as previously stated, but you'll have a much smaller investment starting out. So this is sort of a tradeoff. Another advantage is that you'll have a shorter lead time if you're private labeling.

One thing to keep in mind is that private label products are great for testing new backend products. After you prove that your customers love a certain product and that they are going to buy from you again and again, you might go ahead and do a custom formulation of that product and then buy that in quantity. This is a great use of private labeling, and it's something they have done at RealDose before. It's an awesome way to build out your backend without having to make heavy investments. Some of the products they've done that with at RealDose have become frontend products. They are actually buying media to acquire customers by promoting products such as these. Again, these have been converted to custom formulations, but they began as private label products.

Something else to consider is that custom formulations are suitable for all media. It doesn't matter if you're buying media on Facebook, Google, Yahoo, Bing, and all the large PPC networks, if you're buying radio ads, if you're doing SEO or doing affiliate marketing. You can do anything because you have the most head room; you have the highest profit margins. That's going to reduce your risks no matter what media you're running on. This doesn't mean that this isn't true for private labeling products, it's just less true.

If you are private labeling a product, Buck recommends starting with certain areas before you move into other areas. That's because with a lower profit margin you carry more risk. You might need to use a little more elbow grease and get affiliates to start promoting your product or get in touch with some other companies whose product yours would compliment.

Then, you could have them send out an advertisement on your behalf. For example, you might have them send out an endorsed email to promote your product and work that way. It's a lot easier to get conversions like this, and your risk is mitigated because you're just paying for sales. That's why this is called performance-based marketing. This is a way that you can get some earnings, and then when you get some cash flow going you could potentially move on to invest in a custom formulation.

Newsletters are great to use as well. There are thousands of newsletters out there that have their own mailing lists. Some are small, some are medium, and some are large, and there are even some large newsletters that are sort of off the radar. You can do solo ads, where they send an email out to their list on your behalf. You could also do a sponsored ad, where you have an advertisement placed with the rest of their content. The cost for this can be relatively low, and you can yield some great results this way. This could be a way for you to run a private label offer without taking the risks involved with other types of media.

There are also direct buy opportunities on some of the smaller sites out there. This will allow you to spend just a few hundred dollars, as opposed to buying media on a big brand name site. You can buy ads on bigger sites, such as WebMD, but that wouldn't be where you'd want to start. You'd want to start with a smaller publisher, blogs, or other small websites. This is similar to using newsletters, but in this case you'd place your ads directly on a site.

During this session, a member named Jerry asked "What is the standard minimum order quantity to look for custom and private label formulas?" The standard is what's already been given to you. For a custom formulation, it's 150k – 300 k. You might be able to negotiate this, and of course, the less the better. When it comes to private labeling, Buck says that he'd be surprised if you could go any lower than 12 units. For most companies this would range between a few dozen to 100 units. It just really depends on the company that you're using. Buck will be sharing the company he knows of that allows you to order as little as 12 units further on in the training.

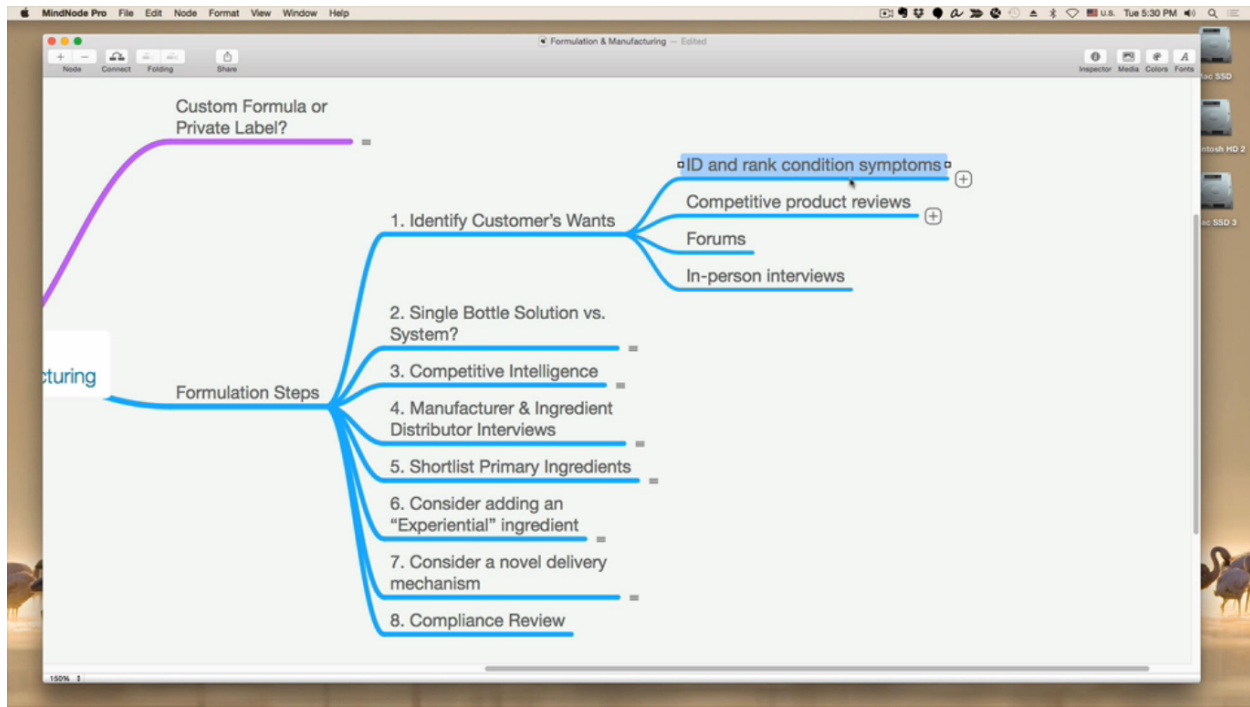
This member also stated that he had a company offer him a MOQ of just 60,000 tablets or capsules. Buck says that this is very low for a custom formulation, and therefore, he would be suspicious. He would be weary and not trust that this company was running a quality operation. Then, it was asked if 60,000 would be too large for a private label MOQ. When it comes to private labeling, the quote would usually be in bottles instead of capsules or tablets.

A member named Joanie asked "How would you track affiliate sales if you went that route?" In the next portion of the training, you'll learn about one of the platforms that you could use to track affiliate sales. Another asked "When you're talking about 150K – 300k capsules, how many bottles would that turn out to be?" That really depends on whether it's a one-cap per

day formula, or a two or three-cap per day formula. In other words, it really depends on the formulation and how many caps per day you would be required to take. There are formulas that require you to take four capsules per day or even more.

Rofan asked about expiration dates. He wanted to know if the time to sell would be limited if he were to order 150k. The answer is that typically an expiration date on a supplement bottle is two years up the line, and the trend now is to have a “born on” date as opposed to an expiration date. In any case, the standard in the industry is two years for the expiration date. So, you’ll have two years to sell that inventory before it expires. Finally, someone asked if products sold less if they require people to take more than one capsule daily. That’s a great question. Experience and convenience do affect sales, and this will be discussed later on as part of the section on what to consider when formulating your product.

Breakthrough Product Formulation



There's a eight step process that you can go through to create a winning breakthrough custom formulation. The steps are:

- Identify Customer's Wants
- Single Bottle Solution vs. System
- Competitive Intelligence
- Manufacturer & Ingredient Distributor Interviews
- Shortlist Primary Ingredients
- Consider adding "Experiential" Ingredient
- Consider a novel delivery mechanism
- Compliance Review

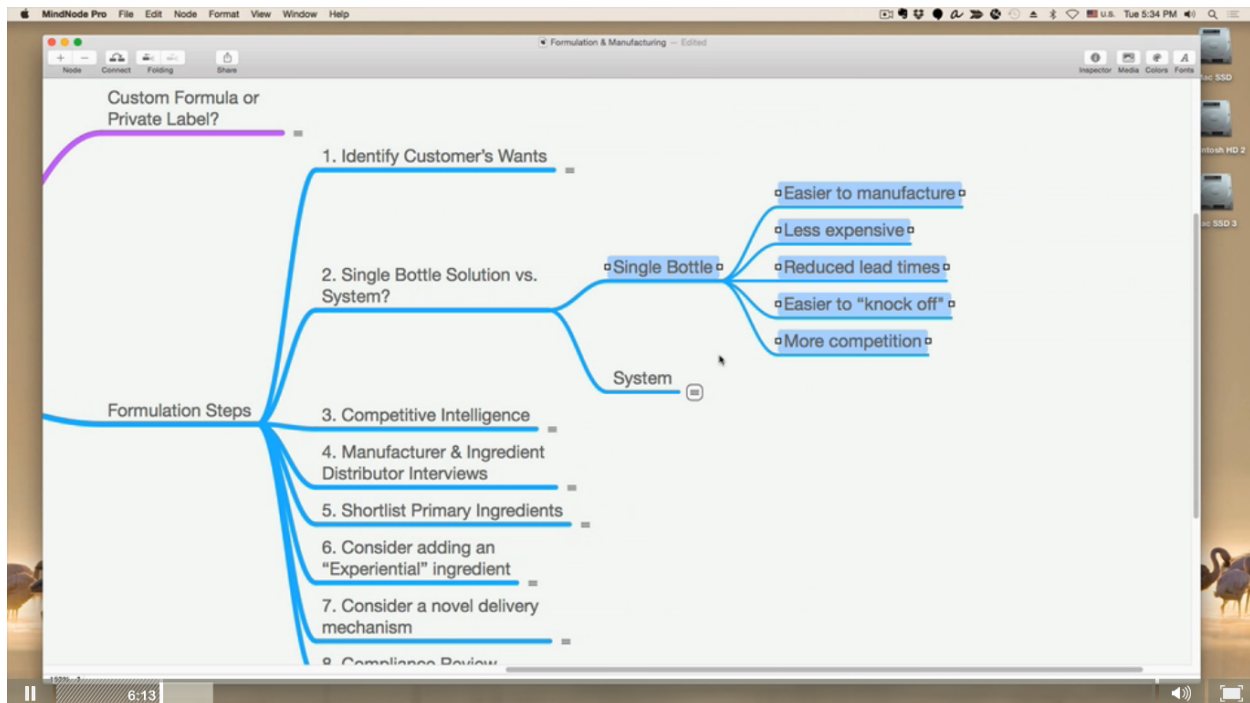
The first step, to identify your customer's wants, is a very important one. You really want to think about your product from this standpoint. You know that your customer has a "house on fire" problem. Hopefully, you have set up an Evernote account and have begun collecting notes

pertaining to your ideal customer and what that person would want. Let's say that your customer really needs to lose weight because this has caused pain in their lives for a long time.

You really want to list out and try to rank the symptoms of the condition. First and foremost, someone with a condition such as this would be carrying additional weight, of course, and then they probably have trouble purchasing the clothes that they want. This isn't a physical symptom, but it reflects upon the way that a customer would think about his or her condition. They may have joint issues associated with this, and they may have lower back issues from carrying the excess weight. They could also have high cholesterol as a result of that, or blood sugar issues.

You need to list out the symptoms that are associated with the condition that you are assisting people with. Buck recommends that you go ahead and do some competitive intel, which is what Step 3 of this process involves. However, you can start now to think about how customers talk about their problem by reading competitive product reviews. You'll start seeing comments like "This product did this for me, and now I'm able to do this..." For example, you might read statements like "Now I can go out and play with my grandchildren", or "I can walk up the stairs without feeling out of breath".

You can find comments such as these on Amazon or on the websites of your competitors. You can also find a lot out by looking at forums that are related to the "house on fire" issue that you're addressing. At RealDose Nutrition, they even performed some in-person interviews in order to deep dive into the psyche of their customers. In this case they interviewed a psychologist who was familiar with the wants and desires of women that were trying to lose weight.



The next thing you'll want to think about is whether or not your product should be a single bottle solution or a complex system. Buck's first product was a more complex one. It was a dietary health solution that had multiple components to it. It contained a couple of different bottles and a pouch of herbal tea. He doesn't really recommend that you do this starting out, although there are benefits to coming out with a product like this eventually. The fact of the matter is that a single bottle formula is much easier to manufacture, and it's less expensive than doing a complex kit. The lead times are also going to be reduced because you won't have multiple items each with their own lead time associated with them.

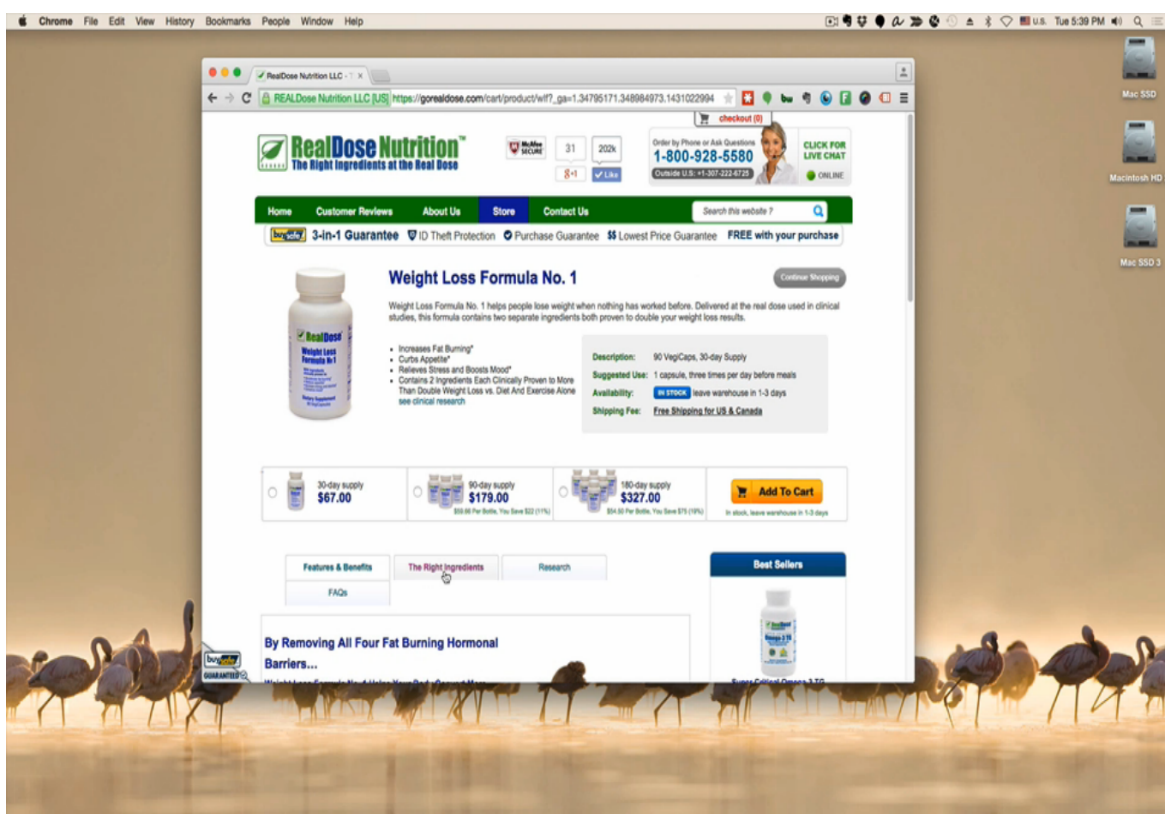
One of the disadvantages is that a single formulation is easier to knock off. People can simply look at your formulation and tell their manufacturer "Hey, give me a product like this." This means that you can potentially have more competition for your product if you go with a single bottle formulation. A system, however, is much more complex.

With a system, you may have to deal with the logistics of using multiple manufacturers, and this may result in longer lead times. Also, it's definitely more expensive to go with a multi-component system than with a single formula. You might need to have the artwork made for a retail box and that box printed. To do this, you would have to have the box assembled and all of the components put into it.

There are some great advantages to consider as well though. For instance, there's a greater barrier to entry. Most small fly-by-night companies don't want to go through the hassle of creating a system. Plus, your product is going to have a higher perceived value. Therefore,

because of the barrier to entry, you're going to have fewer competitors. Think about all of these factors and make a decision as to whether or not you want to make a single bottle formulation or if you would like to have a more complex system.

Next, you'll want to spend some time gathering competitive intelligence. What you'll need to do is find the top sellers for your particular "house on fire" problem. Concentrate on the top sellers that have real formulas, not just single ingredient brands. You know, there are a lot of companies that sell one-ingredient formulas, and there are fewer that sell a combination formula that has multiple ingredients that are made to assist in solving a "house on fire" problem.



Buck concentrates on competitors that are selling multi-ingredient formulas and those who use branded ingredients. An example of this is RealDose's Weight-Loss Formula 1. This is shown in the screenshot above. Upon clicking the bottle, you'll be able to look at the 'Supplement Facts' for this product, which is on the label of the product. When you do this look for any trademarks on this label for a top-selling product, and on this particular bottle you'll find Svetol. This is a registered trademark of Naturex Inc., and it is the brand of green coffee extract that is used in Weight Loss Formula #1.

You want to make not of what some of the top-selling products are using. Boprerine is another example. That's an ingredient that's used to enhance bioavailability. Take note some of the

branded ingredients of your top-selling products and put all of that information into your Evernote notebook. Also, start keeping track of the health claims and benefits being touted by these brands. This is going to help you when you get to the next part of the process, which is to build out your sales funnel. Right now, it would be very helpful to start noting these sorts of things.

Some of the health claims that Real Dose makes for Weight Loss Formula #1 is “two ingredients that have more than doubled the fat loss versus diet and exercise.” Those are specific health claims that they are making about their product. They also talk about the reduction of hunger, improving your mood, and those kinds of things. So, you want to make note of that in your notebook.

In addition, it would be good for you to start examining various product reviews for these top sellers and updating your “customer wants” list. You can see and hear in the language that they are using what exactly it is that they would like to have. For instance, Buck read a testimonial about their weight loss formula, and the woman was saying how happy she was that she could put her skinny jeans on now and that her husband was chasing her around the house.

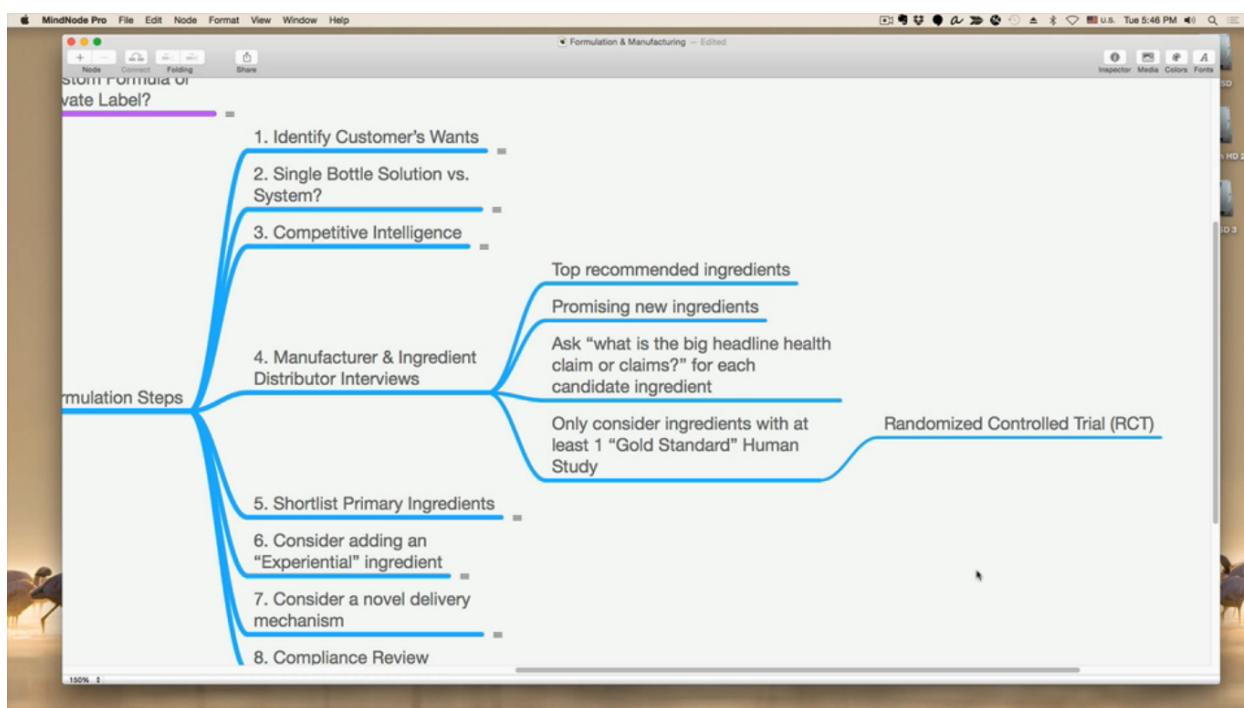
You want to take note of the kind of language that they are using, not just what they are saying about the product. For example, the way the woman puts things in her testimonial, you can tell that what she really wants is to feel wanted; she wants to feel more attractive to her mate. She wants her mate see her with new eyes. That’s a want that you would want to write down because this is going to be extremely useful information that you can use when you get to the copywriting phase. So, that’s the kind of comp intel that you’ll want to start making note of. What ingredients are being used in these top sellers, what claims are they making, and what are customers really saying about what they want from these products?

This takes us to the fourth step in the formulation process, which is the ‘Manufacturer & Ingredient Distributor interviews’. These are interviews, not the actual manufacturing step itself. Most of these topics, by the way, are really pertinent to having a custom formulation, but you’re going to be able to apply a lot of these steps even if you’re private labeling a product. Anyway, in the ‘Manufacturer & Ingredient Interviews’ phase you’re going to want to talk to your manufacturer and ask “What are the top ingredients for this particular ‘house on fire’ issue that I’m trying to address?” If it’s a digestive health issue, what are the top ingredients used to address that kind of problem?

You might also ask questions like “What do you see in the market that’s successful right now?” or “What are you moving the most of at this moment?” You may be talking to a distributor, which is a company that actually goes and does the homework on various ingredients that are

available from certain labs. They cherry pick the best up and comers. They pick the ones that are going to be winners, and then they turn them into winners by getting companies like yours to launch products and successful brands using those ingredients.

Another question you might ask is “What has velocity right now?” You can ask that question of both your manufacturer and a distributor. Now, where do you find distributors? There are a couple of them listed within the VIP Rolodex. There are companies like the Anderson Global Group and PL Thomas (PLT) that you’ll find when you attend events like Supply Side West or Ingredient Marketplace. Supply Side West is held in Las Vegas and Ingredient Marketplace happens to be held in Orlando. They will actually have booths at these events, and they will go over the ingredients that they have with you.

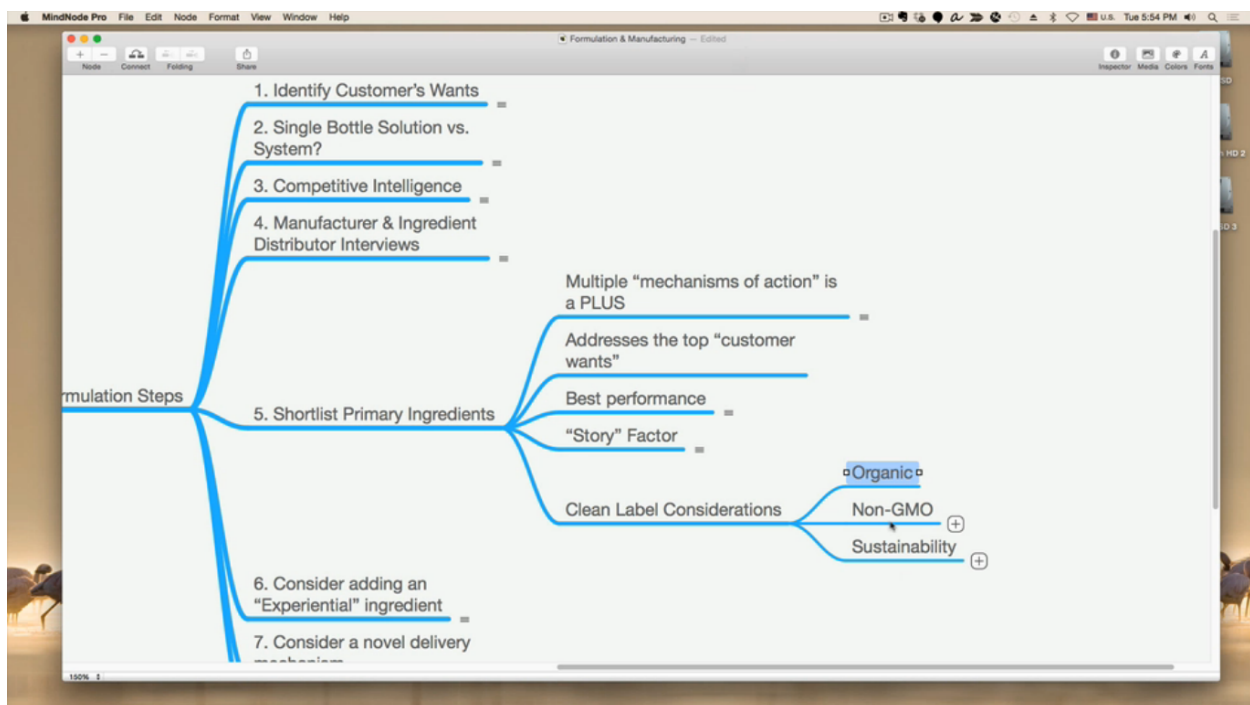


You’ll want to ask your manufacturer or distributor “What is the big headline health claim or claims?” And, you’ll want to ask this for each candidate ingredient. Enquire and see if they can give you just a one or two sentence headline that has a punch to it. For example, RealDose has one ingredient that more than doubles fat loss. Another ingredient will reduce your Ghrelin hormone, which is associated with hunger, by 15%. That’s pretty significant, and anything that reduces hunger is considered to be a good thing in the weight loss category.

Once you know what the headlines are, you can start to determine which headline is the strongest. This will help you to figure out which ingredient to zero in on. You only want to consider ingredients that have at least one “Gold Standard” human study. This is also called a “Randomized Controlled Trial”, or RCT, and this should be a humans study, not an animal study.

There's a big difference between promising up and comers that may work with rats and those that are tested and proven to work with humans. Rats and mice are different from humans, and so these studies are not dependable enough for your products. In terms of the primary ingredients that you're focusing on, you'll only want to use ingredients that have human clinical studies associated with them which prove the headline claims that you're inquiring about.

Step 5 is to shortlist the ingredients that you can use as your primary ones. You'll want to figure out which will give you the best bang for your buck when it comes to health claims that you can make for your product, the ones that deliver the biggest customer wants. There are a few things that you want to consider when you do this. One thing that's very beneficial, especially if you want to make a product that has longevity, is to have a product that really works. It's very important that you focus on really serving your customers and deliver a product that works.



What they have chosen to do at RealDose, is to go after the 'house on fire' problem from multiple angles. They have ingredients that work in different ways rather than just in one way. So, instead of just having one ingredient that only addresses hunger or only addresses weight loss, at RealDose they chose two ingredients. One helps you lose weight by regulating your blood sugar, and it elevates a key hormone called adiponectin, which is associated with weight loss. Then, the second is the ingredient which helped to reduce the hunger hormone Ghrelin. So, across those two ingredients there were multiple elements of action, and they attack the problem in multiple ways.

According to Buck, there's a big advantage to doing things this way. Not everyone is going to respond to each mechanism of action in the same way. So, you're kind of stacking the deck in your favor by taking this route. It's a little more expensive to do things this way because you're going to include potentially more than one ingredient to do this. However, Buck really feels like he's giving you the steps for creating a winning formula. Make sure that the shortlist of primary ingredients you put together includes ingredients that truly address what your customer wants. If they want to have less joint stiffness and be able to address their knitting needles, then give them ingredients that will allow them to do so pain free.

Some ingredients are going to yield big improvements, and this is a function of randomized controlled trials and the results of those trials. Not every human study is the same. Even though the results are significant, it doesn't mean that the person is going to really achieve what they want. Significance in science and significance in the real world are two different things. Go for ingredients that have a really noteworthy improvement. For example, doubling the weight loss while reducing hunger is highly effective, and those are the kinds of things that you want to focus on. You'll want to ask your manufacturer about these sorts of things during the interview process when you go through Step 4.

You'll also want ingredients that work fast. People want the products that they use to work now. Eight to twelve weeks is a typical duration of most RCTs. That was true for most of RealDose's studies. If it's going to take six months or a year for people to start seeing any significant changes, that's probably not going to be fast enough. You want your product begin showing results within weeks not months.

Something else you'll want to think about is what kind of story you can tell about the ingredient. If it's pretty generic, and it's common, and it's available at the store around the corner, than it's not going to be as "sexy" as it would be if it were unique in some ways. You're going to want to look for unique botanicals. Buck's products contain ingredients that he had never heard of when he first started out, but they were pretty interesting and he began learning about them. So, unique botanicals are something that you could tell a story around.

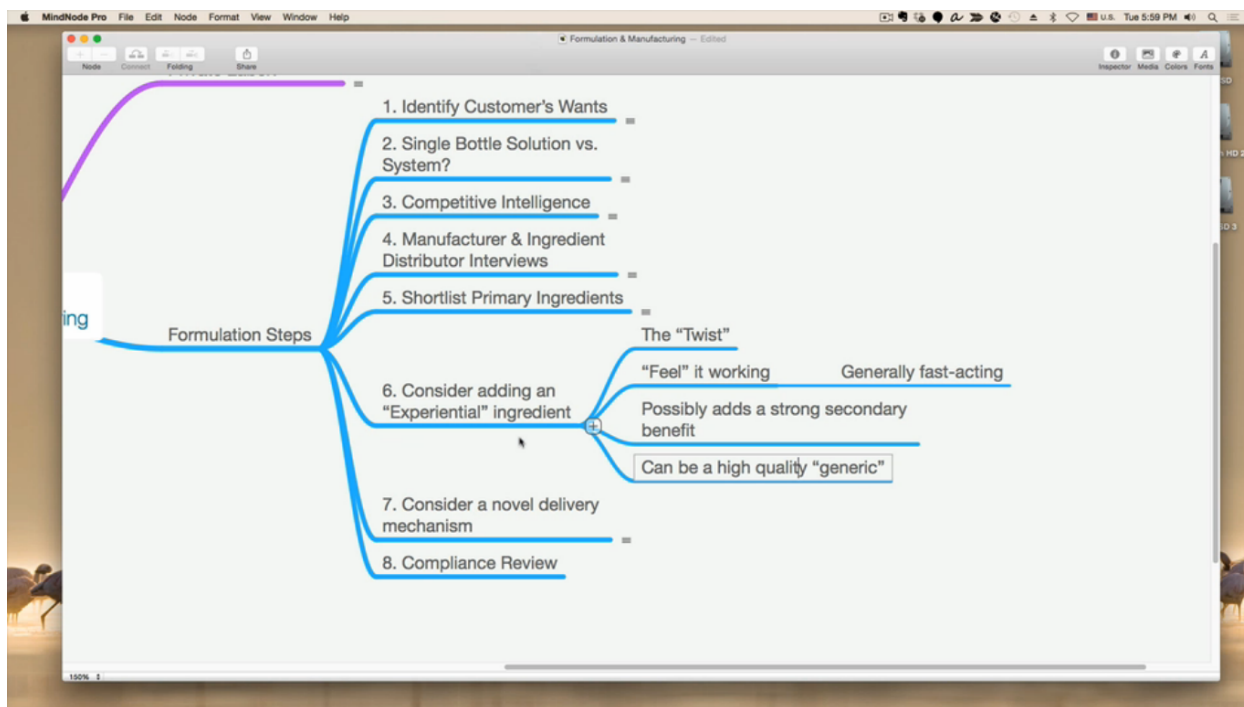
Is a unique extraction method that's applied? Is the extraction method proprietary? Maybe it has a patent associated with it. A proprietary extraction could certainly create a bigger story and a sense that there's more value. Is the ingredient from a unique place in the world? RealDose has ingredients from India and from the mountain regions of Siberia. These sorts of details are pretty fascinating to people because they go there in their minds when you speak of them.

Also, the history of the herbs use gets people's attention. The ingredient from Siberia, for example, is one that has been used for centuries in that part of the world to help people to deal

with stress. All of these details can help you to create a story around the ingredients that you're selecting. That's going to help you to differentiate your formula. You're going to learn about how to go about telling this story during your sales funnel setup.

Buck has been a clean label fanatic for quite some time. When he went to Ingredient Marketplace last April, this was a big topic of discussion. Clean labeling refers to things such as organic ingredients, which are ingredients that are cultivated in the wild. There's a big push for Non-GMO, or ingredients that haven't been genetically modified. Also, ingredients that are sustainable are very popular. These kinds of things are at the top of people's minds. Buck thinks it could be that because he lives in Boulder he's much more sensitive to these sorts of things, but it's starting to become a universal trend that people are showing a strong preference for these clean, green label considerations.

You'll want clean labeling to be part of your equation when you're creating the shortlist for your primary ingredients. Buck looks for his ingredients to not only kosher but also halal. Typically they do both because these are very similar. So, he suggests that you use kosher and halal ingredients and have them certified. Why not? This just makes it that much easier to be able to cover the broadest audience possible. If the trend is heading towards these natural and clean label considerations, then you should too. These are things that you'll want to consider when selecting your ingredients.



The next step is to consider adding "experiential" ingredients. This is a factor that a lot of people don't think about. This is especially true for a lot of the players that jump into the

market to make a quick buck. Buck says that this is a “behind the scenes” secret that he tries to incorporate in every product now, and it really has served them well. He refers to this as “the twist”, and by that he means it’s something unique that makes the product stand out, over and above the health claims that he can make about the product and so forth. This is his ‘feel good’ component, but the industry refers to it as an ‘experiential’. The reason Buck calls it the ‘feel good’ component is because it is generally fast-acting.

Whether it helps you have more energy, boosts your mood, etc, it’s something that makes people feel good when they are taking the product. This may or may not have anything to do with addressing the ‘house on fire’ problem. Obviously, you would want to have some overlap where it has something to do with addressing that problem, but this doesn’t always have to be the case. Here’s an example of this type of ingredient. What they did with Weight Loss Formula #1 was select a high-quality *Rhodiola rosea* that helped to reduce cortisol, which is related to weight loss.

More specifically, cortisol production is correlated with the stress hormone which is correlated with weight loss. That’s one thing, but it also helps to boost mood. You feel it. You have more stamina, and more energy. So, that was their experiential ingredient for this particular product. Buck has also seen people use ashwagandha in their products as well as other types of ingredients that are fast-acting and generate more energy. Some of these ingredients may also increase your memory and focus. In other cases, ingredients are used that give you smoother skin and things like that. These all fall into the category of being “experiential”. Again, Buck calls this “The Twist”.

You don’t have to use a name brand ingredient. The shortlist of the ingredients that you will be gathering in Step 5 will typically consist of brand name ingredients because someone has gone through the trouble of sourcing the botanicals, extracting them in a certain way, and then paying for an RTC to prove that they do something. You will want to be able to leverage all of that in your marketing. To do so is expensive, however. These ingredients cost more on a per-kilogram basis. When it comes to these “experiential” ingredients, you can go with a high-quality generic. That doesn’t mean it’s cheap, but it can be cheaper than going with a branded primary ingredient.

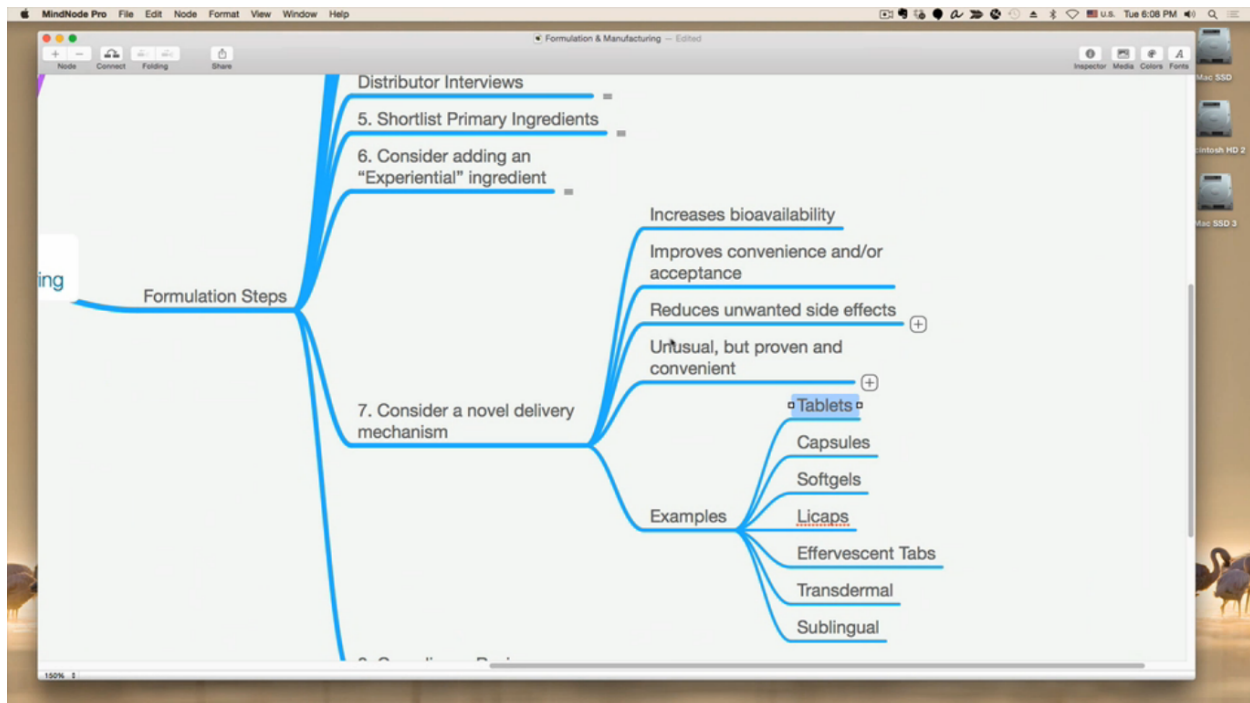
One thing that Buck wants you to consider is this “experimental” aspect. Does your formula have an experiential? If not, this is something that you might want to consider adding. It’s not going to be the end of the world if you don’t include one. If you have strong primary ingredients that really deliver the goods, that people are going to get the results that they expect from, then you can just use your primary ingredients. Buck likes to use the “experiential” ingredients because when people feel that it’s working you can boost the effect even more. Some of it is via the ingredients, and some of it is that they feel that it’s working,

which boosts the placebo effect as well. Having an immediate impact can be a big win for both you and your customer.

The next thing to consider, and this is not mandatory, is a novel delivery mechanism. Typically, you'll see these because they increase bioavailability. An example of this would be using a soft gel or a capsule to make the supplement release into your system in the best way. It could also include using a mechanism that people aren't used to, such as a transdermal mechanism. The delivery mechanism that you go with could also improve the convenience, and you can't underestimate the power of that.

One of the top-selling probiotics on Amazon is really touting the fact that it's pearl-sized and you only have to take a couple of these "pearls". These are very small and it's easy to carry this product around with you. They are promoting the bioavailability as well, but they are really pushing the convenience angle. That's going to promote more acceptance which means that people are going to become more prone to take them on a regular basis and get the intended effect.

Another thing that you might consider is a delivery method that can reduce the unwanted side effects of consuming a product. You may or may not know this, but one of the things that are interesting about an Omega-3 product is that not everyone loves fish oil because you burp it up and it leaves a nasty taste in your mouth. The Super Critical Omega-3 product that RealDose has out contains a natural lemon-lime flavor in it, but still some people don't like that. So, they have employed a technology called ClearEnteric, which is a soft gel that's design to only dissolve in the small intestine. That's an example of another delivery mechanism that you can use. People are familiar with soft gels, but this is a unique one that was designed to remove the unwanted side effect of fishy burp-back.



Buck also has “unusual, but proven and convenient” listed in the mind map shown above. An example of that might be using a transdermal spray to increase your magnesium. There’s a gentleman that Buck knows at Activation Products that has a magnesium spray called Ease. This is a very unique way to take your magnesium, but it’s not what you’re used to. It’s not taking capsules, which is how people are used to taking supplements. However, transdermals have been determined to be effective in terms of absorption because the skin is the largest organ in the body. So, that’s an interesting but unusual delivery mechanism. Here are some examples of both traditional and unusual delivery mechanisms that you might consider:

- Tablets
- Capsules
- Soft gels
- Licaps
- Effervescent tabs
- Transdermal
- Sublingual

Some manufacturers don’t have all of these options available. For example, VitaQuest don’t handle soft gels, so they would have to refer you to someone else if you needed a soft gel.

Another interesting technology is the use of licaps. It's a capsule that also has a nitrogen gas bubble inside of it, and then the main ingredients are also inside of it. These have a very interesting look to them. Gaya Herbals has a variation of this of its own, and it basically has become its branding. People have become familiar with the brand by the way their capsules look, in other words.

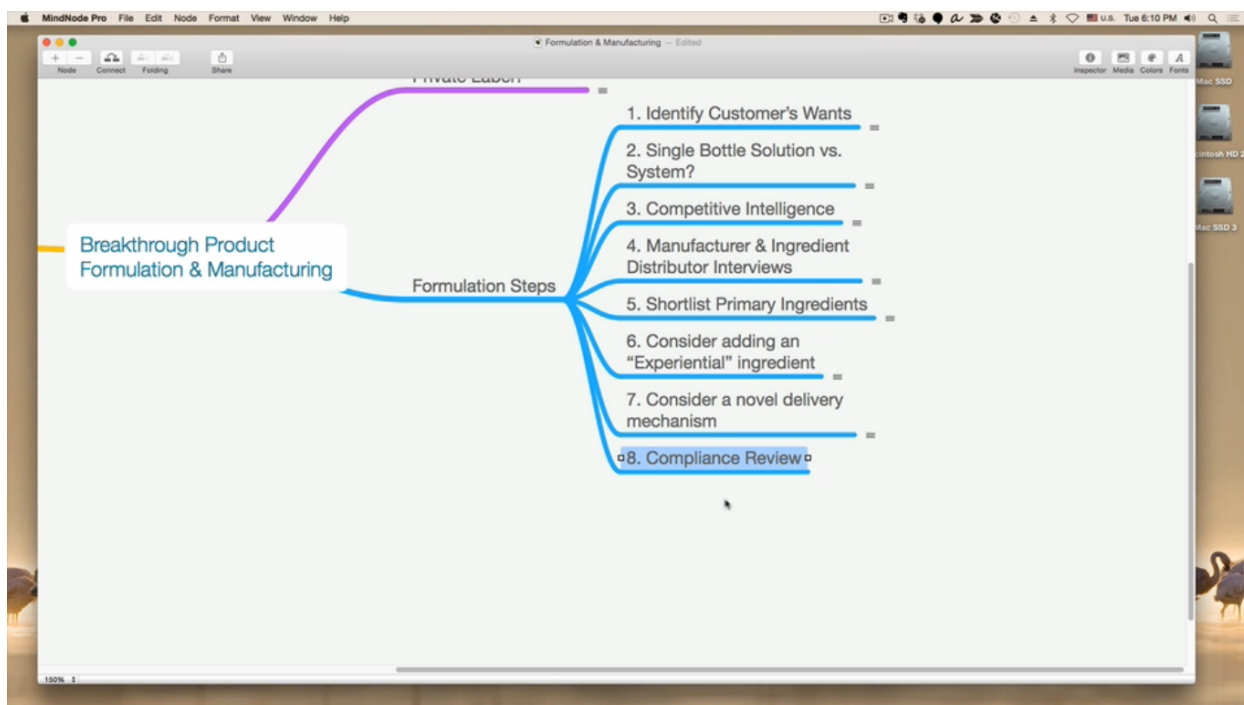
Effervescent tabs are those that work like an Alka-Seltzer tab, where you plop it into water and it starts fizzing. Then, also there are the transdermal sprays, which have already been discussed. Again, these are gaining in popularity. After that, 'Sublingual' is listed. These are kind of like breath mints that you throw under your tongue and they melt. You can also create supplements in this form in some cases.

The easiest thing to do is create a capsule or tablet containing your ingredients. You can vary these by shape, size, and so on as well in order to make it more accepted. Of course, you really do want to consider what would be the most convenient form. Again, you don't want to underestimate the importance of convenience whenever you create a product. People like to take fewer capsules or tablets rather than more. So, when you are selecting an ingredient, you will want to consider how many capsules or tablets the person using it will have to take. Taking two at a time is probably acceptable, but taking four or six would be heading towards the edge of being unacceptable.

The size of the capsules you take can be important too. People usually don't like "horse pill"-sized capsules. Some people just have trouble swallowing them, and they just can't handle it. There are tablets that are this size too. So, it's usually going to be best if you can provide smaller capsules or tablets and if you can make it so that the customer doesn't have to take them too often or take too many at one time.

When it comes to RealDose's Omega-3 product, initially people were required to take four of the soft gels per day. However, through a reformulation, they were able to increase the concentration and get the same 2.4 grams of Omega-3s in three soft gels. This way, they were able to improve their product without the customer having to take 6, 8, or 9 soft gels to get the same number of grams of Omega-3 fatty acids into their diets.

Buck says that he doesn't have a rule of thumb as to what the magic number is when it comes to consumer acceptance. You can probably think of it in terms of what would be okay with you. Some of RealDose's products require you to take three capsules a day, and that's kind of what their focus has been. In the case of Omega-3 fatty acids, you could take all three soft gels at the same time; you don't have to spread it out. Probably exceeding three at a time would be pushing it, especially if you have larger tablets or capsules. Anyway, that's something to consider, and it's an important consideration.



Now, the next step would be a compliance review. That just means that you're going to make sure that your formula is going to do what it's supposed to. This is typically going to be performed by an outside counsel. Your formulator would be reviewing the formula that you're considering. This would most likely be a formulator provided by your contract manufacturer, or you may decide to hire your own formulator to review the product.

In any case, someone will need to look at the formula to make sure that the ingredients aren't going to conflict with each other. You also need to question if there are any "gotchas" that you need to be concerned about, such as a drug interaction. For example, if you know that your target market consists of people that would take statins, and one of the ingredients that you have selected would interact badly with someone that's taking statins, you might not want to include that ingredient in your product. This is the kind of thing that would be highlighted in a compliance review.

The vast majority of ingredients that you'll run into would be recognized as safe and can generally be taken with just about any medications, but there can be some interactions. So, you would want to double-check that. This would be done with an outside attorney review. Kevin Grimes, who is in the VIP Rolodex, is Buck's outside counsel for "all things dietary supplement". You could also hire a science advisor if you're looking to save some money because they can also do this analysis for you.

One person in the training asks what it would cost to emulate someone else's product. You could go to a contract manufacturer and say "I have a top-selling product in mind. I would like to do something like this, and I'd like to add my own twist." For example, you might add your

own experiential ingredient to that in order to give it a boost or add another ingredient to increase the mechanisms of action so that it has a better likelihood of succeeding.

This is something that's actually very common, and it's not hard for the manufacturer to look at the ingredients in a supplement and then make a new version of it. The ingredients used in supplements are pretty well-known among manufacturers that create these types of products. It's especially true for branded ingredients that have these randomized controlled trials associated with them. So, doing this isn't really going to cost you any more than getting a custom formulation created for your product.

When it comes to the cost of a formulator's time, typically a contract manufacturer will do this for you at no cost if you're manufacturing with them. What they might do is say "Well, if you're not ready to manufacture just yet, then we'll charge you a formulation fee." Buck doesn't know what the fee might be because he usually doesn't go about things this way, but let's just say that it would cost around \$2,000 to get a custom formula created. You can usually work out a deal where you can get that \$2,000 back when you have the product manufactured. Buck would guess that 9 times out of 10 they would say "yes" to this. So, effectively it's free; they just want to make sure that you are going to honor the commitment of getting your product manufactured by them and not just take advantage of their in-house formulators.

Another question that came up during the training was "How important is a box for a bottle?" This is actually a really great question. For online sales, the box is not as critical. RealDose has generally avoided using boxes for its single bottle formulations. One brand that Buck really admires is Gaia Herbs, as you probably already know. Since their products are typically found on retail shelves, part of their branding is to not only have a bottle in a box, but the bottle is always a dark brown glass bottle and they use the licap, which they call their liquid phytocaps.

The liquid phytocaps that they use have a very distinctive look to them. They put them into a brown glass bottle, and then they put them in a box. That all adds to their branding. Now, do you need to do all of this? There's no real sense of doing all of this until you're ready to go retail. Right now you're learning to build an online supplement business, so you don't really need to focus on a box right now. In fact, Buck advises against it. The simplest thing to do would be to use a white HDPE bottle like RealDose uses for the majority of their products. You'd also want to have the same sort of clean, attractive white label on it.

One member wanted to know if a distributor could also support private label companies. Private label companies do buy ingredients from distributors, and some of these distributors have sole distribution rights for certain ingredients. Since some of these ingredients are so popular and capable, these private label companies will then also license the ingredients, purchase the ingredients, and then incorporate them into their private label offers.

Just to make the distinction clear, a private label product is one which already exists. In other words, it's already formulated and ready to go. You're not going to be able to change that private label product. That's separate from a custom formulation, which is a product that you're changing. There's a private label manufacturer that you're about to be introduced to, and this company will not allow custom formulations. They will not alter the formulation whatsoever. They will, however, allow you to use one of their products with their label on it. If you wanted to have your own version with a twist, using some different ingredients, then you would have to speak with another manufacturer such as Vitaquest.

The question "How can we find a list of ingredient distributors around where we live?" was also asked. There are companies that are listed in various directories such as Natural Product Insider (NaturalProductInsider.com). They'll have a buyer's guide. That's one way that you could go about looking for ingredient distributors. There are other similar companies out there that provide this kind of information. When you get to the site, you'd basically have to start hunting for companies by country. You would certainly have to kiss a few frogs if you took this route.

Another great way to do this is to attend conferences like Supply Side West, or Ingredient Marketplace, or Natural Products Expo. Some of the bigger players attend these conferences. You'll find that a lot of these companies have large booths and have invested in a presence there. That can help direct you to better companies that are worth considering.

"Does it have to be a double-blind test?" a member asked. The short answer is "yes". A RCT is part of the rules involved with having a randomized control trial, or at least Buck is 99% certain that's the case. It is a double-blind placebo-controlled trial, and that is the gold standard for a human study. Some people refer to this as a "Gold Standard" study, and some call it an RCT. Buck wants to make sure that you know the lingo so that when you are talking to a distributor or contract manufacturer, they know exactly what you're talking about.

"Regarding geographic uniqueness, are there any herbs or extracts that you would trust at any degree from China? Traditional medicine is older there than anywhere else on the planet, but now we're dealing with today's China? And, would this include Tibet?" That's a great question. Buck says that he has a tendency to stay away from Chinese ingredients because of the issues associated with pollution, the potential for tainting, and the probability for fraud when it comes to the quality of the ingredient. For example, there is a very high-quality *Rhodiola rosea* that RealDose uses and that Gaia Herbs uses. It is actually provided by the same company, which is PLT Health.

Now, there are really cheap *Rhodiolas* that are in the \$30 per kilogram range. Buck pays more than \$150 per kilogram. So, when you're talking a 5X difference, there's something going on

there. Even though they say that the product tests for the same amount of active ingredients, he's still concerned. It's true that the Chinese have a rich background when it comes to medicine, and Buck doesn't want to dissuade you if you have something that's truly unique. He does recommend that you put it through laboratory testing and make sure that it doesn't have any contaminants and that it has the proper amount of active components. This could be fine. It's just that Buck has decided to stay away from using China as a resource altogether. He's just sharing his personal opinion on the subject. That's a really great question too, by the way.

"Is the kind of coating that you use on your Omega-3 soft gels cost-beneficial?" RealDose doesn't use a coating for these. The soft gel technology is actually baked into the soft gel itself. So, it's not a coating at all, and they actually point that out in their marketing because coatings can crack or peel and that counters the whole concept of having a ClearEnteric capability.

When it comes to cost, the reason why they chose the soft gel technology is that there is some science that indicates the deposit of Omega-3s in the small intestine instead of the stomach enhances the absorption. So, this wasn't just about avoiding unwanted burp-back. They also did this so that it would be absorbed by the body better. This is something that RealDose includes in its marketing. They talk about this in their video sales letter (VSL) for their Omega-3 product.

"How do you get the GMP seal on your product? What's the difference between USP and GMP?" There may be some companies offering GMP seals that you can use. But, really GMP just indicates that the manufacturing facility that you're using adheres to current good manufacturing practices and is inspected for them by the FDA. Therefore, you could create your own seal and put it on your product saying that it's manufactured in a GMP facility, which just means that it's being manufactured through good manufacturing practices.

At RealDose, they haven't included the USP seal on any of their products. So, Buck doesn't have a direct answer as to what the difference is, and he'll have to do a little research before he can answer this question. Therefore, if you want to know about this, just shoot a quick email to Support@HealthProfitsAcademy.com so he can follow up on this.

"You previously mentioned the prospect of visiting with a manufacturer when we come to Boulder, but I don't remember the name. Am I remembering incorrectly?" What Buck meant was that a manufacturer will be speaking at the event. This is one of Buck's own trusted manufacturers, in fact. This is Vitaquest, and the speaker will be Steven Krasnomowitz. Since you know that Steven is going to be there, contact him through the contact information provided in the VIP Rolodex and request to set up a meeting with him while you're in Boulder. He will probably already have some meetings scheduled, so be sure that you get in touch with him early.

“Where can I find science advisors for a compliance review?” You’ll want to look for someone with the right credentials, like a registered dietitian, has a MPH, which is a master’s in Public Health, and is used to working with dietary supplement companies. Nutritionists that have certain credentials, like a MPH, would be an interesting candidate for that type of role. You can look for people like that on websites like Elance.com.

They will typically indicate that they have supplement regulatory experience, or that they can help you with issues such as regulatory compliance. Some of them might even be able to assist you with formulation. A person such as this might cost you \$100 an hour where an attorney might cost \$300 or \$400 an hours. That’s a significant amount of savings, and it’s likely that a professional such as this will have a good grasp of what it takes to have a compliant formula or a compliant label for your product.

One thing that Buck really wants you to think about when you’re developing your formula is what it is that makes you so different from all of the other products out there. What makes your product special? It’s been discussed how you can differentiate your product by using a certain delivery system, and you can use multiple ingredients to make your product unique to others. To reiterate, one single “Dr. Oz flavor of the week” is not going to give you a winner in the short term, let alone the long term. So just don’t do it. Don’t do a single-ingredient, undifferentiated type of product. What you really want to do is have a unique blend of ingredients, using the techniques that were shared with you in this lesson.

You do want to focus on convenience; don’t ignore it. Think about how you could make the packaging more convenient as well. RealDose has been optimizing their packaging over the years, and they have added things like ‘lift and peel’ seals on their bottles instead of just having a seal that has to be punched with your thumb or with a knife. This makes it easier because you can just pull the rapper of the lid. You could also have a pop-top lid instead of a screw top if it doesn’t have to have one. Have you considered the clean labeling aspects of having organic and non-GMO ingredients? You’ve also learned about the pros and cons of using a single bottle formula versus a system. So, you’ll want to weigh those options out as you decide on a product to sell.

Again, Gaia Herbs is a company that you’ll want to watch. They take a very unique approach to not only formulation but also branding. A brand is more than just the formula. It’s more than just the logo on the bottle or on the box. The brand can be the entire experience. Look at Apple, for example. Their brand extends beyond the look and feel of the device. It extends to how the device works, and how the software works, and how you can interact within the interface. The same can be true for your product. Your brand can be based on your delivery system, such as what types of capsules you use, what color capsules you decide to use, and whether you choose to use a HDPE white plastic bottle or colored glass like Gaia Herbs does.

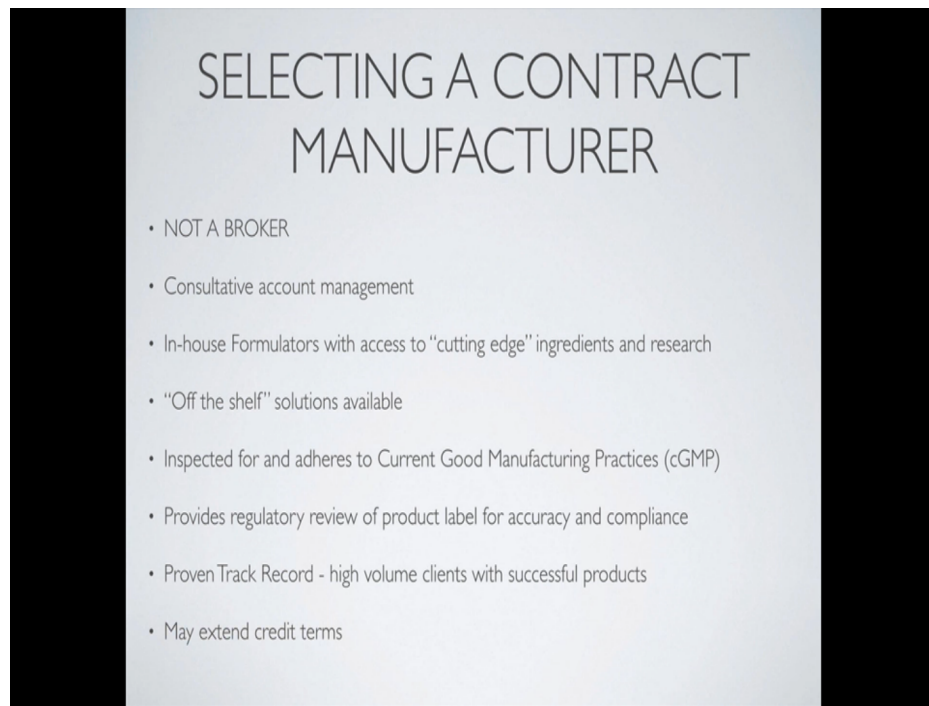
Buck says that he has never used colored glass for his bottles, but it's certainly an interesting idea. This might give people a great experience when they are first opening up their package. They'll see that the bottles are a little heavier than expected and it might make them think that they've got something that's really cool.

Gaia Herbs has created a proprietary extract blend. This is their way of trying to hide the exact amounts of the individual ingredients so that when you find that this product works you don't think that you'll be able to find the same blend. This obviously forces people into sticking with their product. Buck likes to keep things transparent in his business, but this is a strategy that you can definitely use.

It is an interesting way to protect your intellectual property as well, but you should only do it if you are putting the right ingredients in there. In other words, you'll need to include the right ingredients for the claims that you're making, and you'll want to use the right amount. Buck says that he can't tell you enough how important it is to have an ingredient with a RTC behind it and that you include the right amount of that ingredient. Don't try to do any "pixie dusting", as it's called in the industry. This is where you use enough of an ingredient to put it onto the label as a proprietary blend, but you don't have to reveal the amount of the product, so you don't use more than that.

Buck says that at RealDose they don't do proprietary blends. They share the exact milligrams used so that people can actually verify that the right amount is in the product. Buck is just showing you what Gaia has done so that you could see a couple of different approaches. Gaia's approach isn't one that RealDose currently uses, but it certainly has worked well for them. Some of the other reasons why this company is so successful, however, are because they choose great ingredients for their products and those products work.

Getting Your Product Manufactured



- NOT A BROKER
- Consultative account management
- In-house Formulators with access to "cutting edge" ingredients and research
- "Off the shelf" solutions available
- Inspected for and adheres to Current Good Manufacturing Practices (cGMP)
- Provides regulatory review of product label for accuracy and compliance
- Proven Track Record - high volume clients with successful products
- May extend credit terms

In this portion of the training, you're going to have the chance to learn about getting your product manufactured. You'll learn what to do in terms of selecting a contract manufacturer and then you'll find out about some of the contract manufacturers Buck works with. First of all, you need to know that there are people out there that are basically brokers that are there to sell you and drive out work for other manufacturers. Buck says that he would never work with one of these brokers. He would rather have a direct relationship with a manufacturer.

Right off the bat you should ask whether the person you're speaking with is a broker or an actual manufacturer. Another thing to look out for is that you want to have a manufacturer that will provide you with consultation, not only in terms of account management, but those who will potentially allow you to work with an in-house formulator who has access to "cutting edge" ingredients and research. They should be able to help you directly or give you access to the labs who can provide you with the research you need. In other words, you'll want to have contacts that will provide you with the actual controlled trials that were performed on your ingredients.

In some cases they might have an "off the shelf" solution, or they may have the ability to easily modify an existing product that they are making a large run of. So, some of them have off-the-

shelf or private labeling available. In any case, the manufacturer that you choose should be inspected for and adhere to the Current Good Manufacturing Practices (cGMP).

In addition to this, they should also have an in-house regulatory capacity. They need to be able to review your product label for accuracy and compliance. This is very important because obviously you don't want just anyone to create a label, put whatever on it, slap it on the product, and go. Unfortunately, some fly-by-night companies do not adhere to the rules, and they will do things that aren't too removed from this. You want a company that has a proven track record as well.

You might not be a high-volume client from the get-go, but it's very comforting to work with a company that has experience with high-volume clients that have very successful product. That's better than going with a much, much smaller operation that is used to working with less-successful, sometimes shady dietary supplement companies. This is going to put you at an advantage because as you grow you're going to be working with a company that might be able to extend your credit terms.

RealDose has a relationship with its manufacturers in which they have Net 30 terms, which means that their manufacturer will ship the product and a bill won't be due for 30 days. This gives them time to get the product to the warehouse and run 30 days of advertising. In fact, by then they are close to clearing out the inventory and placing another order.

Obviously, this can be very attractive from a cash flow standpoint. Since you have a new company and are just starting out, you're probably not going to get credit terms from the get-go. However, after a couple of cycles of you working with them, they are going to be very open to giving you credit terms like this in most cases. It's very important that you work with a company that's willing to do that.

Buck's preferred custom formulation manufacturer is a company called Vitaquest. They are located in New Jersey, and they have been in business for nearly 40 years. Buck wanted to include them in this presentation because he has worked with them for so long. They have helped drive the direction of some of Buck's formulas, and he believes that they have had a profound impact long-term on the success of his products. Vitaquest has clients in over 40 countries around the world, and they have an in-house lab for testing ingredients and formulas. Most importantly, their staff includes 17 degreed chemists who are under the supervision of three resident PhDs.

By no means is Vitaquest the cheapest company, and neither do they have the lowest minimum order quantity in the industry. However, they are Buck's go-to partner. This is the company that he trusts, and he highly recommends them to anyone who may want to work with them. He doesn't get a dime of kickback for saying that, by the way. He's sharing this information

with you because he wants you to be successful, and he would rather you work with a top-quality manufacturer if you're doing a custom formula.

There are a couple of other companies that Buck is looking to add soon to the VIP Rolodex so that there will be some alternatives to Vitaquest. After all, Vitaquest doesn't do everything. For example, they don't do soft gels. There are some companies in the rolodex, like Anderson Global Group, that have access to some interesting ingredients as well as other manufacturers that they work with exclusively as well.

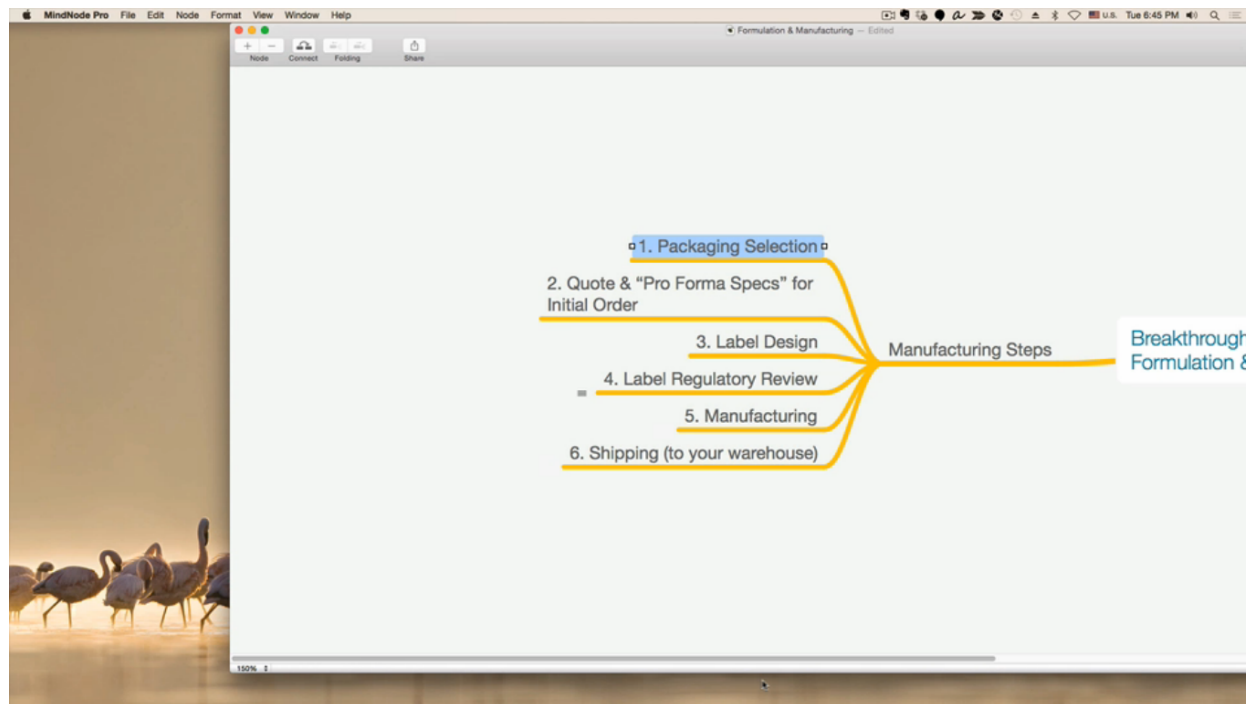
What if you wanted to take the private label option? Buck wants to introduce you to a company called Designs for Health. If you are a doctor, then you probably already know that this is a company that sells exclusively through the practitioner channels. In other words, they sell through doctors and other types of health practitioners. So, you have to have certain credentials in order to sell their products. However, you are in a really unique position because of the caliber of training that you're receiving. Since you have invested in Health Profits Academy, Buck is able to get you introduced into Designs for Health. This will give you access to nearly 300 different products of theirs, which are available under their private label program.

Rather than go through all of the details pertaining to their private label program and how to take advantage of it, let's just go over a couple of quick highlights. First of all, you can private label your products and get them in bulk. Keep in mind that private labeling has less of a profit margin than doing a custom formulation would, but in this case, you'll be able to sell very high-quality products that have unique and quality ingredients. Many of these products have science backing them, and this company has packaging for marketing that they can give you that will help you to put together your health claims. This will help you to differentiate these products.

Given the drawbacks that were spoken of pertaining to private labeling as opposed to having a custom formulation, Buck thinks that this would be a great way for some members to start out. Eventually, you're probably going to want to move on to having a custom formulation made, but right now financial considerations and time frames might be big issues for you that are holding you back from having a formula developed. You need to understand that working with Designs for Health is not an option to those outside of the Health Profits systems, unless of course you are a health practitioner. Luckily, since you are a member, you do have access to this private label program.

Designs for Health also has a fulfillment option. This is a bit more expensive, but you'll be able to send in your orders electronically and this company will put your label on the product and ship it out to customers for you. This could be a great opportunity for you to begin dipping your toe in the water. Buck is really excited to be able to provide you with this option, and there is a

full presentation by Tony Genna, who is the VP of Sales for Designs for Health, that will be included on the lesson page for Session 3. Buck advises that you go through this presentation so that you can get all the details about how to take advantage of this option. Hopefully you are excited about the opportunities that you have in store through this membership.

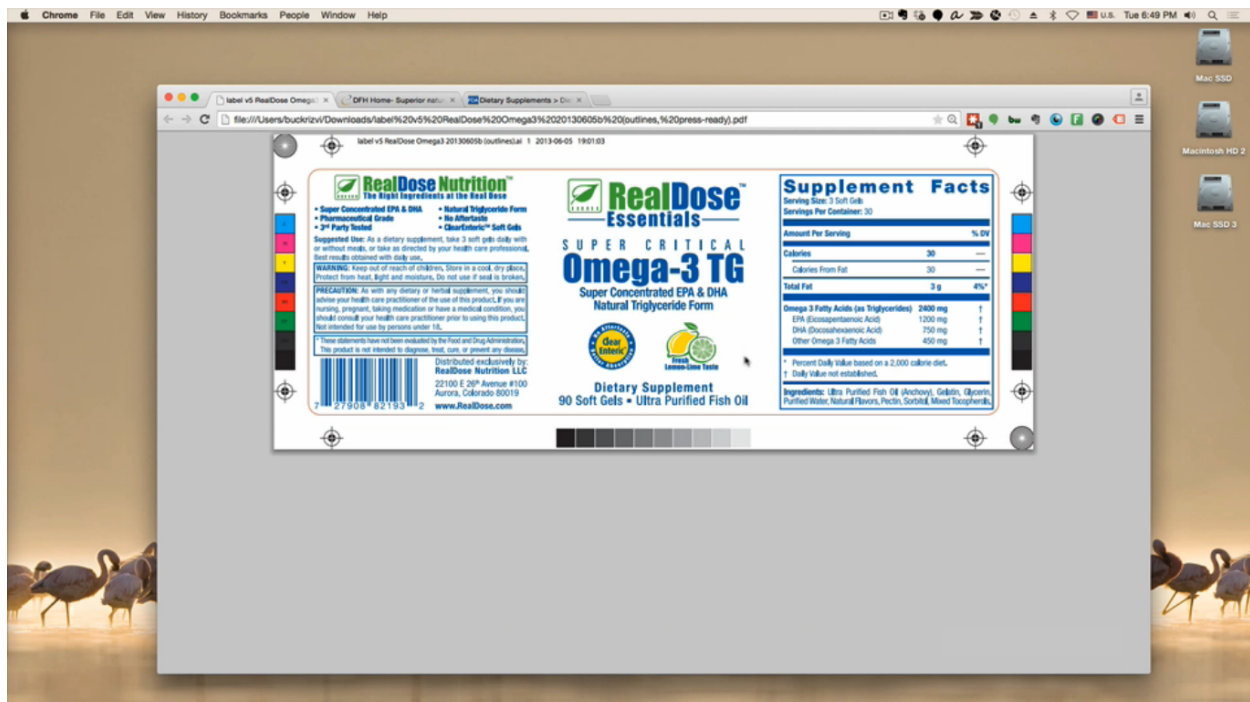


Buck has outlined the six basic steps that you'll go through as you have your product manufactured. These are shown in the screenshot above. Your manufacturer is going to help you walk through this process, but Buck wanted to give you the high-lighted view of what would happen. You'll begin this process by selecting your packaging. If you're talking about a single bottle formulation, getting your packaging prepared could be as simple as saying "I want a white HDPE bottle with my label on it."

Your manufacturer will have a variety of bottles on hand that they can recommend to you according to the size of your capsules/tablets and the amount that you want to include. Buck recommends keeping things simple when you're first getting started and using a bottle that's shaped much like that of RealDose's Super Critical Omega-3 bottle. You might decide to use a bottle that's colored glass like that used by Gaia Herbs. This would increase your cost a bit and the shipping weight some, but it could also give your product a very interesting look and feel, which would allow you to better differentiate yourself. Buck doesn't know if this would make a huge difference or not because he hasn't split tested it. It's just another option, but you can give your packaging a great look and feel by just using a white HDPE bottle as well.

You're going to be selecting the bottle that you want to use, and your manufacturer is going to provide you a quote once you have locked in your formula and you know what it is that you're going to be producing. Along with the quote, you're going to receive "Pro Forma Specs", which is basically an invoice that breaks down and itemizes what's included in and with your product. You'll want to look at this closely to make sure that any specifications you have made are included. For example, you may want your product to have a "lift and peel" seal. Things like this need to be specified upfront, and details about them need to be called out in your quote and your specs. If it's not written down, it's probably not going to happen. It's just like a punch list for a house. If you have ever bought a house, then you know that you want to make your specification ahead of time. This works pretty much the same way.

The next step will be to have your label designed. This isn't difficult, and finding a great packaging designer is not hard. Your manufacturer is going to give you a template that you can follow for creating a compliant label. Buck is also going to include a sample of a label in the member's area. It is shown in the screenshot below. This will be available in the form of a print-ready PDF. It was created by the same designer that Buck has been working with for the last 10 years or so.



Buck's resources work for him full-time, so this designer isn't available for you to work with. However, you can find package designers fairly inexpensively on sites like Elance. The center portion of this design is would be the front of the bottle. You would typically have the logo at the top and the product's name below. Beneath that, you might have a subheading that described some of the unique aspects of the product, so that it's super-concentrated. Buck

sometimes likes to include seals that indicate some special features of the product. These help make some of the benefits stand out. You can see in the screenshot that he has one seal that points out the benefits of the soft gel, and then there's another that points out that a lemon-lime flavoring has been added.

It would be pretty simple to do this. Just tell your designer what you would like depicted graphically as seal, as opposed to just adding benefit bullets. It would be absolutely fine to just include bullets if you wanted to, however. Buck personally likes to use these types of seals because he believes it makes the packaging more attractive. Of course, you don't want to overdo it, and a good designer will help you avoid doing so. You can see that this particular label is very simple and it has a very clean look and feel to it.

The logo on the packaging is the same one that Buck had created on 99 Designs. This is an example of how you'll be reusing the artwork that you've already invested in. Essentially, all you have on here is the logo that you've already produced, some font work in terms of the fonts being selected for the label, and some simple graphics that you can have depict some of the benefits. Again, you could just go with a few benefit bullets instead if you wanted to. The rest is purely, almost exclusively, standard regulatory layout for a product label.

To the right, you have the Supplement Facts column. You have absolutely no control over what appears in this section other than the ingredients that you've selected. On the left of the template you'll find the section containing information on how the product is used or taken. This contains information pertaining to the suggested use of the product as well as any warnings or cautions. At the bottom of this section, you'll probably have your company name and address as well as your website address so that people can come back and order from you. Then, of course, you have your barcode.

It's important to attain a barcode early, and you'll soon be shown a resource for obtaining one. After you have put this product into inventory at your fulfillment center, or even if you're sending it into something like Fulfillment by Amazon (FBA), they will be able to just scan the product and make sure it's the right thing when they do the pick, pack, and ship. This is all very simple and it doesn't require a whole lot. In fact, once you have your initial logo made, it doesn't take much at all for a designer to put the rest together and do so in a very attractive way.

After finishing your label's design, you're going to need to put it through a regulatory review. There are a few ways to get this label reviewed from a regulatory compliance standpoint. The best way to do so is to get it done through your product manufacturer. If you're using a company like Vitaquest, they are going to be able to look at the bottle and quickly be able to point out what you need to change.

They can catch mistakes for you and help you to correct them. Then, you can send instructions to your package designer, who can make the tweaks needed. Your manufacturer will also give you the size of the label because you've indicated what bottle you are using. This will allow your packaging designer to lay this all out in a proper size so that it wraps around your bottle correctly without being too long or too short.

Your manufacturer is your best and cheapest option for making sure that your label is correct, complete, and compliant. They won't charge you for this because it's really part of them working with you as your manufacturer. It's also a good idea to have at least a science advisor review your label. Again, you can hire someone like this for \$100 an hour instead of paying a lawyer \$400 an hour to do the same thing. Now, given that it's very quick and easy to review a product label, you might consider sending it to a professional attorney like Kevin Grimes.

Typically, if you have had your manufacturer review it first, then having a lawyer do it afterward should be fairly inexpensive because it will be a quick and easy job for them. If you take both steps, getting it reviewed by your manufacturer and then outside counsel, then at least you'll know that you've dotted your 'I's' and crossed your 'Ts'.

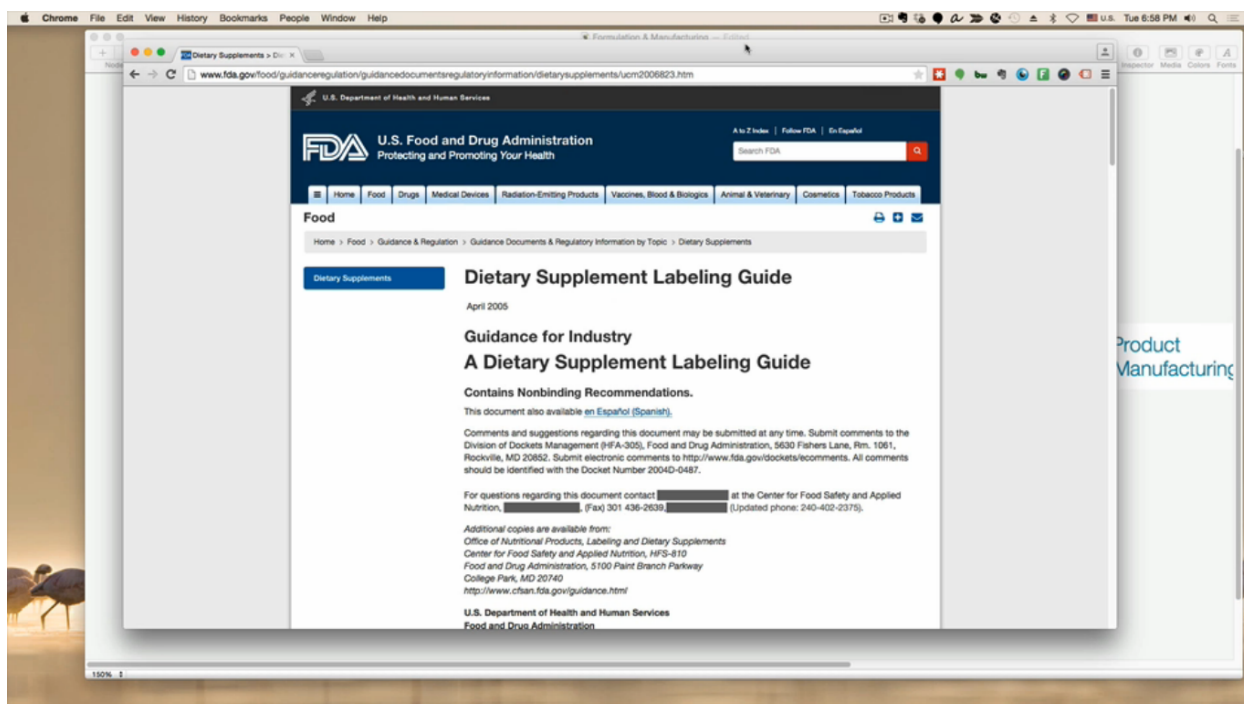
After having your label reviewed, you'll have all your packaging ready. Sometimes your manufacturer will print your label for you. RealDose actually uses an outside printer called Consolidated Label. You can find the information needed to contact them in the VIP Rolodex as well. Buck's been working with this printer for nearly 10 years. Again, he's showing you all his best suppliers. If you use a service such as Consolidated Label to print your labels, you can have them sent to your manufacturer and they will be ready for your package. Keep in mind that not having your label ready is something that can hold up the distribution of your product. It's best to keep things all lined up and ready to go so that once your manufacturer has everything up and running, they don't have to stop the line and hold up the delivery of your product.

The last thing that you'll want to do is get your product ready for fulfillment. Whether you're private labeling or selling a custom formulation, you're going to arrange for a truck to ship your items to the fulfillment center you're using. This is a very straightforward process. There's a resource in the VIP Rolodex, by the way, that you can use to find the least expensive trucking options. You'll be using what's called "less than truckload", or LTL, shipping to ship your products from the manufacturer to your fulfillment center.

Does it help to have your contract manufacturer and fulfillment center in close proximity to each other? Yes, but that shouldn't necessarily be the biggest factor to consider. Sometimes there are fulfillment centers that are really good and centrally located, and it's better to have your product in a reliable fulfillment center than to use a less reliable one that's close by. In

other words, just because Vitaquest is based in New Jersey, it doesn't mean that Buck would run and find a fulfillment center that's in New Jersey to save money trucking the product.

At the end of the day, it's going to be relatively inexpensive to ship your product to the warehouse. Now, take note that if you're private labeling and only buying a small amount of items at a time you may want to consider shipping by UPS or FedEx. This is also relatively inexpensive.

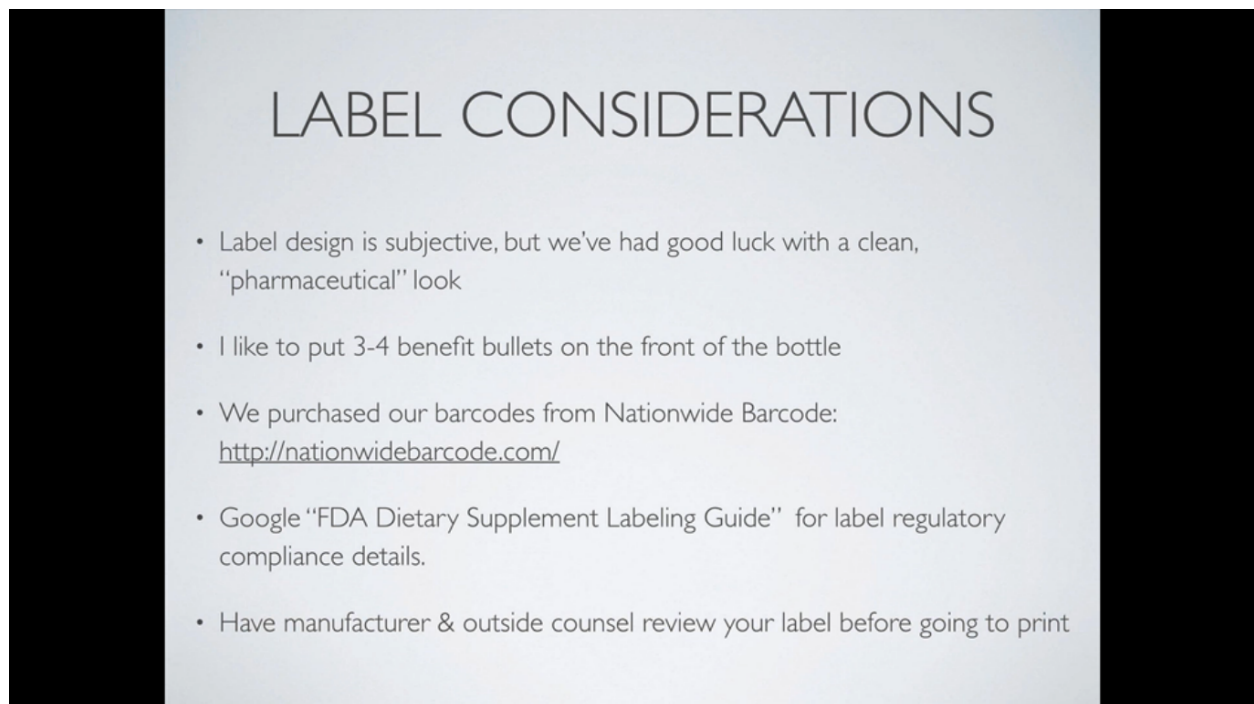


When it comes to understanding labeling dietary supplements, it would be wise for you to go ahead and look at the guidelines for this on the FDA's website. Remember, this is what your contract manufacturer is going to help you with, so you don't have to memorize the whole guide. It is advised that you read over it though. You can find these guidelines easily by Googling 'Dietary Supplement Labeling Guide' and finding the FDA website in the results, but here's a link for you to visit it from here: <http://bit.ly/labelfda>. If you're questioning, for some reason, what your advisor is telling you, this would be the guide to look at.

Kevin Grimes will actually reference the citations to the guide for you as part of his work practice. He'll show you exactly where in the guide a particular rule sits. As you get feedback from Kevin Grimes or some other outside counsel, you're going to start getting better at looking at labels and identifying the problems with them. It's not required for you to know any of that out the gate as long as you are seeking outside counsel.

Again, Buck's resource for finding designers is Elance.com. They just got bought out by a company called Upwork, which used to be oDesk. However, the Elance platform still exists, and you should be able to go there and search for freelancers. The search term you should use is 'packaging designer'. You will find that people in various parts of the world have different rates. The best thing to do is to go look at their portfolios and see if they have actually designed labels like yours before. In the VIP Rolodex, Buck has included his label printing resources. Here are some label considerations that you should make while going through this process:

- Label design is subjective, but RealDose has had good luck using a clean "pharmaceutical" look
- You can put 304 benefit bullets on the front of the bottle
- RealDose purchases its barcodes from Nationwide Barcode:
<http://nationwidebarcode.com/>
- Visit the "FDA Dietary Supplement Labeling Guide" for label regulatory compliance details
- Have manufacturer & outside counsel review your label before going to print



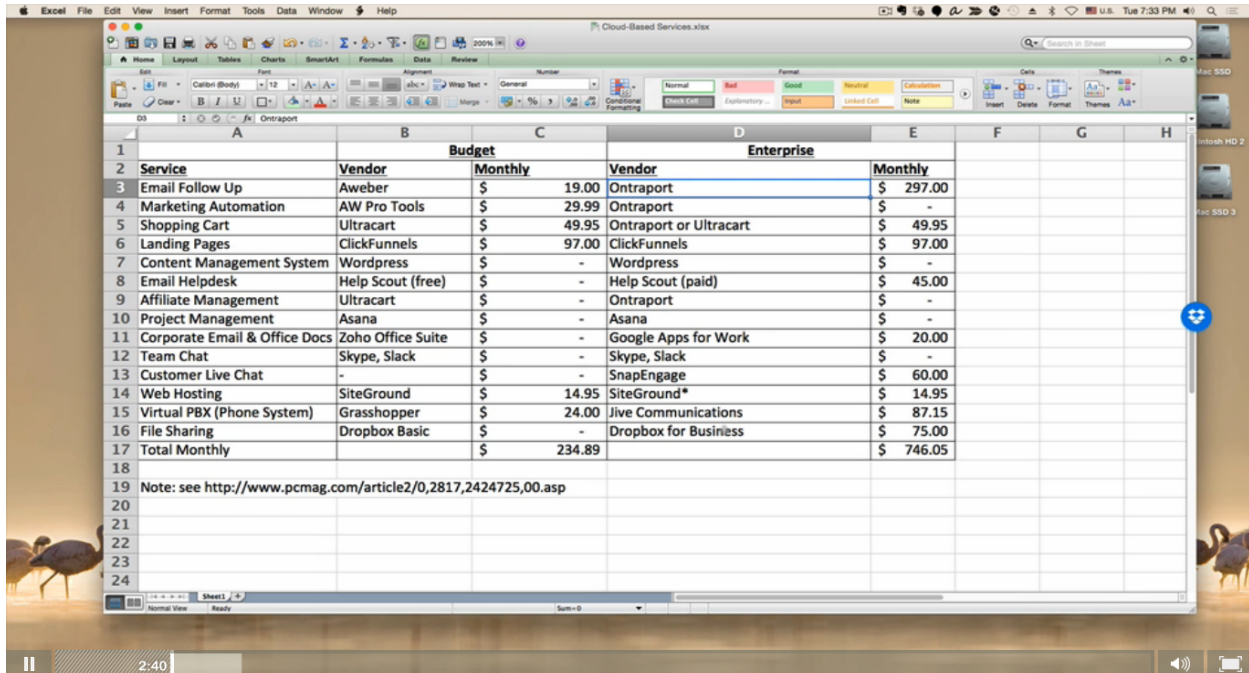
You might consider having a retail box designed for your product. This will increase the perceived value of your product, and if you do have a complex product with multiple

components, using a box is going to be the way to go. Having a box designed and produced is relatively inexpensive, especially when you have a system that costs \$75 or \$85 and your box costs you only \$0.50. A retail box will also increase the attractiveness of your product if it's sold retail at Vitamin Shoppe, GMC, etc. For online sales, and if you're not doing a complex product, a retail box really isn't necessary.

If you do use a retail box, don't skimp on it. You shouldn't go with the cheapest design and materials available. When Buck first started out, he made the mistake of trying to take a less expensive route. He ended up having to glue all the boxes together himself, and he says that this was a real nightmare. You're going to want to go with a full-color box with thicker paper. The particular paper you go with is called 0.024" C1S (coated one side).

Also, be sure to add a UV coating to it because if your product is kitted and kept in the warehouse for too long your boxes are going to fade. So, spend the extra money and add UV coating to your boxes. This is what gives some retail boxes that nice, shiny surface. You'll typically see this on the higher-quality boxes within retail stores.

Budget-Minded Cloud-Based Services



	Budget		Enterprise	
Service	Vendor	Monthly	Vendor	Monthly
Email Follow Up	Aweber	\$ 19.00	Ontraport	\$ 297.00
Marketing Automation	AW Pro Tools	\$ 29.99	Ontraport	\$ -
Shopping Cart	Ultracart	\$ 49.95	Ontraport or Ultracart	\$ 49.95
Landing Pages	ClickFunnels	\$ 97.00	ClickFunnels	\$ 97.00
Content Management System	Wordpress	\$ -	Wordpress	\$ -
Email Helpdesk	Help Scout (free)	\$ -	Help Scout (paid)	\$ 45.00
Affiliate Management	Ultracart	\$ -	Ontraport	\$ -
Project Management	Asana	\$ -	Asana	\$ -
Corporate Email & Office Docs	Zoho Office Suite	\$ -	Google Apps for Work	\$ 20.00
Team Chat	Skype, Slack	\$ -	Skype, Slack	\$ -
Customer Live Chat	-	\$ -	SnapEngage	\$ 60.00
Web Hosting	SiteGround	\$ 14.95	SiteGround*	\$ 14.95
Virtual PBX (Phone System)	Grasshopper	\$ 24.00	Jive Communications	\$ 87.15
File Sharing	Dropbox Basic	\$ -	Dropbox for Business	\$ 75.00
Total Monthly		\$ 234.89		\$ 746.05

Note: see <http://www.pcmag.com/article2/0,2817,2424725,00.asp>

You will be receiving the spreadsheet shown above. Some of these services have already been discussed in previous sections, and some of them you're not even going to begin using until after you set up your sales funnel. This spreadsheet contains a column of vendors for those starting their business on a budget. Then, there is a column of vendors for those on an enterprise budget. Beside each vendor column, there is a column showing the monthly cost of each service.

First of all, it has been discussed that you want to have a corporate email service. In addition to that, when you bring prospects into your sales funnel, you're going to want to follow up with them automatically via email. You've heard of auto-responders before, and that's what this pertains to. On the low end, you can use an auto-responder called Aweber as your cloud-based email follow up service. This service only costs \$19 a month starting out. You could also use a service called Ontraport. There's another similar service called Infusionsoft. Buck uses Infusionsoft for one business of his, but he they use Ontraport at RealDose. One thing about Ontraport is that it provides several different cloud-based services, so it's far more expensive than other auto-responder services. Ontraport costs \$297 a month.

If you want to automate your marketing so that they get an email follow-up, and then if they buy they get another set of emails, and so on, a great tool to do use for this is AW Pro Tools. This plugs into AWeber, and it costs \$30 a month. This is a service that Ontraport provides as

part of their \$297 package. When it comes to having a shopping cart, everyone has a favorite. Some people swear that Shopify is the best while other people prefer SamCart; the list goes on and on. So, Buck just shared what he uses and he asked that you not bombard him with emails telling him what your favorite cart is and why. All he can really attest to are the ones that he uses regularly and you are open to use any cart of your choice.

Buck has been using Ultracart for years, and one of the reasons he likes it so much is because it allows for a post-transaction one-click upsell. This is a very important feature, and Buck recommends that you use a cart that supports this as well. If you don't know what this feature is, it simply means that after the customer has entered their name, email address, credit card, etc, and then clicks 'Submit', the cart shows the customer another offer that someone can add to their order with just one click.

Ultracart is what's being recommended as the cart to use if you're on a budget, but you can see that it's also being recommended along with Ontraport as the enterprise option. RealDose uses them both. Now, this post transaction upsell is also supported by Ontraport, so in theory they could eliminate Ultracart. Now, you might be thinking to yourself "What about Shopify?" It does have a one-click upsell feature, but to the best of Buck's knowledge, it's not post-transactional. That's why he doesn't recommend Shopify on the spreadsheet.

There's a lot of great technology for building landing pages and sales funnels out there right now. ClickFunnels is what Buck recommends using. It was created by a friend of his named Russell Brunson. You'll learn more about this further on in the training.

Content management is another bone of contention for some people. Buck advises that you just use WordPress to set up your website. That can be your content management system, and not only is it simple, but it's free. You'll probably run across coders that will tell you that they can build a website in html by themselves and that they don't need to use WordPress. They may even tell you that you should build your website in Shopify and things like that. Buck doesn't recommend that you do anything like that. WordPress is well-known and very solid. It may not be the fastest service out there, but you can get great hosting services that have cache environments that make these websites very, very fast.

When it comes to your email help desk, there's a free version of Help Scout available. On the enterprise side, you can start to pay for additional seats and get more functionality. Next listed is affiliate management. People have been asking about affiliate management and how you can go about tracking sales. Well, Ultracart has a built-in feature that allows you to do this and so does Ontraport. If you're already purchasing either one of these services, you won't have to pay anything extra for affiliate management. Then, there's project management. This has been

discussed before; you can use Asana for free. The free version supports up to 15 users. If you need more, the paid version is very inexpensive.

You'll need a corporate email and you might need a platform for office docs. Zoho Office Suite is free for a certain amount of users. In spite of this, Buck really recommends that you invest the small required to use Google Apps for Work. This is just \$5 per user per month. This will give you corporate email, Google Docs, and Google Drive. There are a lot of features, and for a team of four, it will only cost you \$20. Next on the list is Team Chat. For this, RealDose uses Skype and Slack. They also use Google Hangouts, which is also part of Google Apps.

Buck recommends using live chat as part of your customer service, but he doesn't really feel like you need to use this right out of the gate. RealDose uses SnapEngage for this, and it costs them \$60 a month. This is for five users, according to Buck. As far as web hosting goes, Buck and his team use SiteGround. This only costs \$14.95 a month. Then, you'll also need a phone system, which is known as virtual PBX. Whether you have a corporate office or a virtual office, you're going to want to have a virtual phone system. That way, people have an 800 number to reach you with any complaints or inquiries. Services like Grasshopper are absolutely fine, and it only costs \$24 a month.

There is a higher-end virtual PBX system called Jive Communications. It is more akin to what they use at RealDose. It costs \$87.15. You shouldn't spend that much right out of the gate, so Grasshopper is what Buck advises you use at this point. Then, finally you'll want to use Dropbox for your file sharing. Now, if you're using Google Apps you don't need Dropbox because you can just use Google Drive. However, they do have great integration technology and they give you the ability to just drag and drop files. So, you might want to take a look into using this service. Dropbox is free starting out, until you reach a certain level of file sharing. Dropbox for Business is \$75 a month for five users.

If you were to purchase everything recommended on the 'Budget' side of the document, you would spend \$234.89 per month for your cloud-based services. Now, that's if you got everything right now, and you don't really need all of this starting out. The services that have been shown to you in previous training sessions are what you should be signing up for currently.

Buck is only sharing these with you in preparation so that you'll know what you'll eventually need in the future. For example, you don't really need to sign up for Ontraport just yet, or ClickFunnels for that matter, until you're ready to set up your sales funnels. There's no reason to invest in certain aspects of your business just yet. If you know of services that are very helpful and that you particularly like, you don't have to contact Buck about them. You are more than welcome to share them in the Forum, however.

At the beginning of this portion of the lesson, a member named Kristen asked “If we have a commercial office ready but not a receptionist, is it necessary to get a virtual office?” Not at all. If you’re planning on using a commercial office and you have an address, you just need to have a way to answer the phone and a corporate email. Potentially, you also want to have a virtual chat. You can use your commercial address as your corporate address to receive packages and so forth. The only other thing that you would need, from a compliance standpoint, is a resident agent service if you don’t live in the same state that your entity is based within.

“How much should we budget for setting up a business using the custom formula approach, including business set up costs, legal costs, MOQ, but excluding promotion?” Of course, you were given the monthly costs of setting up your cloud-based services in this portion of the lesson. This really includes the majority of the costs you need for running your business. If you’re doing a custom formulation, you can’t really pin that down to one number, or even really a ballpark figure. After all, your formula could cost you \$5 a bottle or \$15 a bottle.

Let’s say that you were going with a product that cost \$5 a bottle. If you buy 2,500 units of that product, then you would need to invest \$12,500 for a custom formulation. This cost is obviously going to go up based upon the number of ingredients you include and how many branded ingredients there are. So, there’s really no way to tell how much this is going to end up costing you; it just depends on what you want for your product. However, it’s a good question because you need to have a price target. The target that you have is going to vary based on the type of market you’re getting into.

If you’re going into the weight loss market, you might want to keep your price target down a bit. Certain markets are going to allow you to have a higher price point, and therefore, you’ll have a higher cost of goods. According to Buck, it’s not unusual to see price points range anywhere from \$5-\$11 a bottle for a custom formula. Of course, this is all going to depend on what your product is. If you say that you want to a protein powder, and you’re selling a 30-day supply, that’s very different because protein powders can be very expensive compared to other products in the dietary supplement market.

What you would want to do is identify what you would like to sell and then figure out what the investment would be for your inventory. Then you would add in the monthly expenses for running your business. Also, within any business, you would have the start up costs for incorporation, advertising, and so on. Hopefully, this will give you at least an overall picture of the costs involved and how this works so that you can at least move on to figure out what your specific costs will be.

A member commented that Help Scout was only free for the first month and that it’s \$15 per user. Buck supposes that they just changed their rates on the site without him knowing

because he still uses the free version. They may have had so many people coming in and taking them up on the free version that they decided to up their rates. Buck says that he would check into this, but it still would be very inexpensive to run Help Scout, especially when compared to other similar services.

“Why call it supplements instead of vitamins? I’ve been calling them vitamins my whole life, and that’s what I search for. Am I just out of date?” “Dietary supplements” is the ‘In-Vogue’ name that covers not just vitamins but also things like condition-specific formulas. In fact, it covers a whole range of products that are covered under the Dietary Supplement Health and Education Act (DSHEA) in the US.

People typically think of vitamins as being a low-cost commodity. You wouldn’t expect to pay \$50, \$60, or \$80 for a 30-day supply of Centrum or another type of multi-vitamin. However, when it comes to the more condition-specific formulas, it’s more ‘in-vogue’ to call them dietary supplements. That’s why the names more commonly used. It’s not really so much that you’re out of date; it’s just more complete to use ‘dietary supplement’ to cover the different types of products out there.

“Why does the label say ‘not for sale in California’?” California has some very special people living there, and they have very special rules for some things. That includes the labeling of certain products, and there’s a very high sensitivity to any product that contains that contains led, for example. The rules in California are different than the ones put out by the FDA or the federal government in general. So, you may have a product that’s completely compliant when it comes to shipping to customers anywhere else in the US other than California.

Now, you might meet that led requirement, but if you’re not willing to pay for the testing to show that it’s below that threshold, you might just decide not to sell your product to people in California. That’s the whole issue. Some companies just prefer to put that on the label to make sure that they aren’t subject to a special liability.

Hopefully, you have enjoyed this training session and you now feel like you’ve been given the steps that you need to create a unique formula or at least evaluate one effectively. Once you have the road map and you know what to ask and what to do, it’s a lot easier. You’re going to have formulas that work. You’re going to have formulas that deliver the goods and have customers that thank you for addressing their ‘house on fire’ problem. Buck is excited about seeing the products that you produce as well as the prospect of potentially promoting some of those products. See you next time!