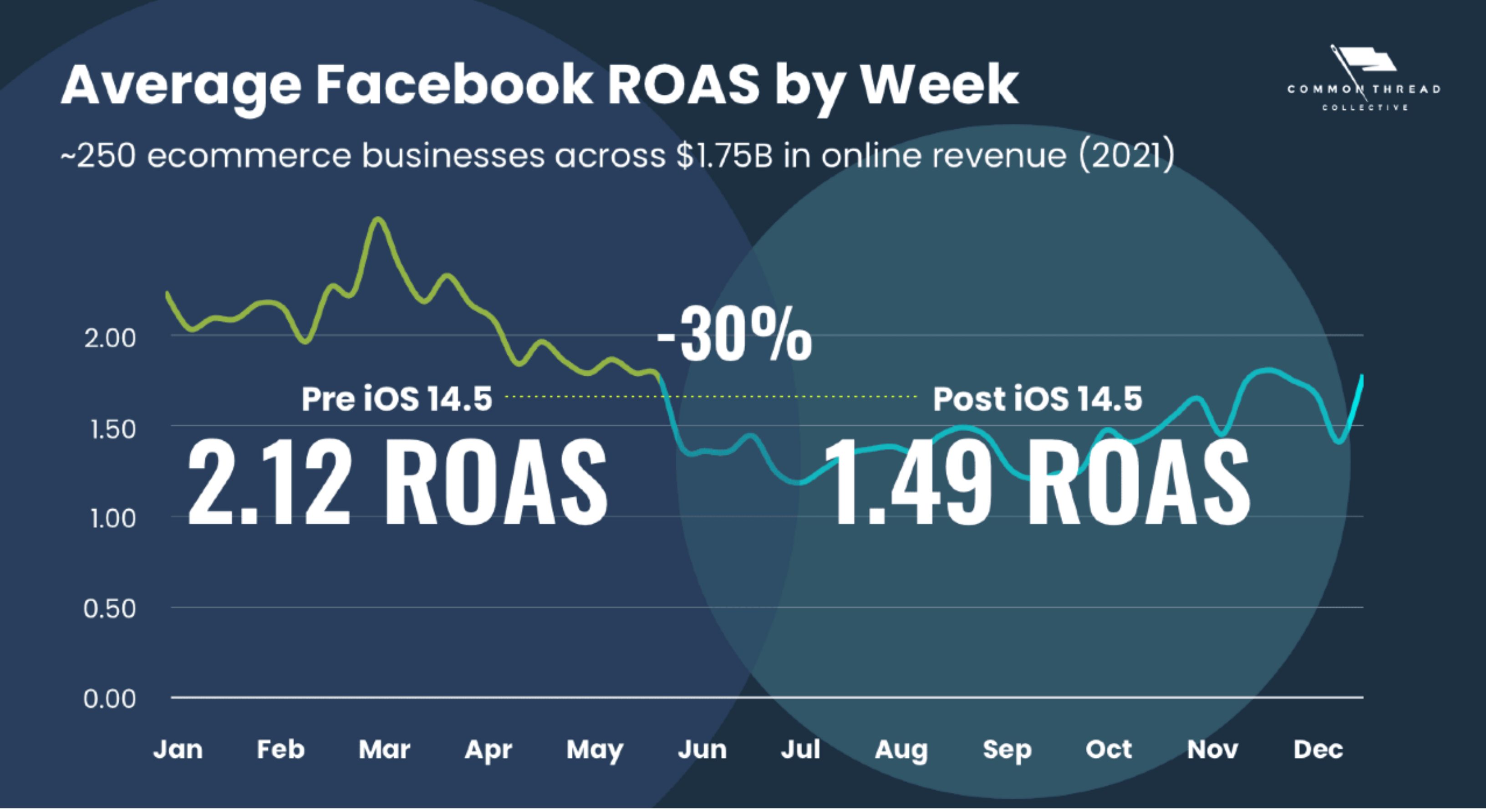
7 Characteristics of an Antifragile Ecommerce Business: Scorecard + 21 Tactics

For over a decade, I've launched, led, and lived within multiple ecommerce businesses. The last six months have been the most turbulent we've ever faced.

First, pandemic-triggered claims touting "a decade of ecommerce growth in one quarter" fell short. Though substantial, many of ecommerce's gains have receded in the wake of retail's return. Where COVID once lifted DTC's tide, a new wave of competitors has rushed to crowd the waters.

Second, a slew of supply-chain issues have impacted even the world's finest retailers. The results? Low-tide GMV during 2021's third quarter and the first industry-wide *down year in Black Friday, Cyber Monday history.*

Third, iOS 14.5 smashed into Facebook advertising, decreasing ROAS by 30% virtually overnight.



You might be tempted to ask, "How do we fix it?" What you should be asking is, "What if we can't?"

How do you build a business that succeeds even when Facebook fails? How do you not only withstand pressure and chaos, but thrive amid them? To use a word coined by Nassim Nicholas Taleb, how do you become "antifragile"?

Seven characteristics make an ecommerce business antifragile …

1. Production Lead Times
2. Supplier Payment Terms
3. OpEx Percentage of Revenue
4. Contribution Margin (Gross-Profit)
5. Organic-vs-Paid Traffic Mix
6. 60-Day Customer Lifetime Value
7. Number of Distribution Channels

1. Production Lead Times

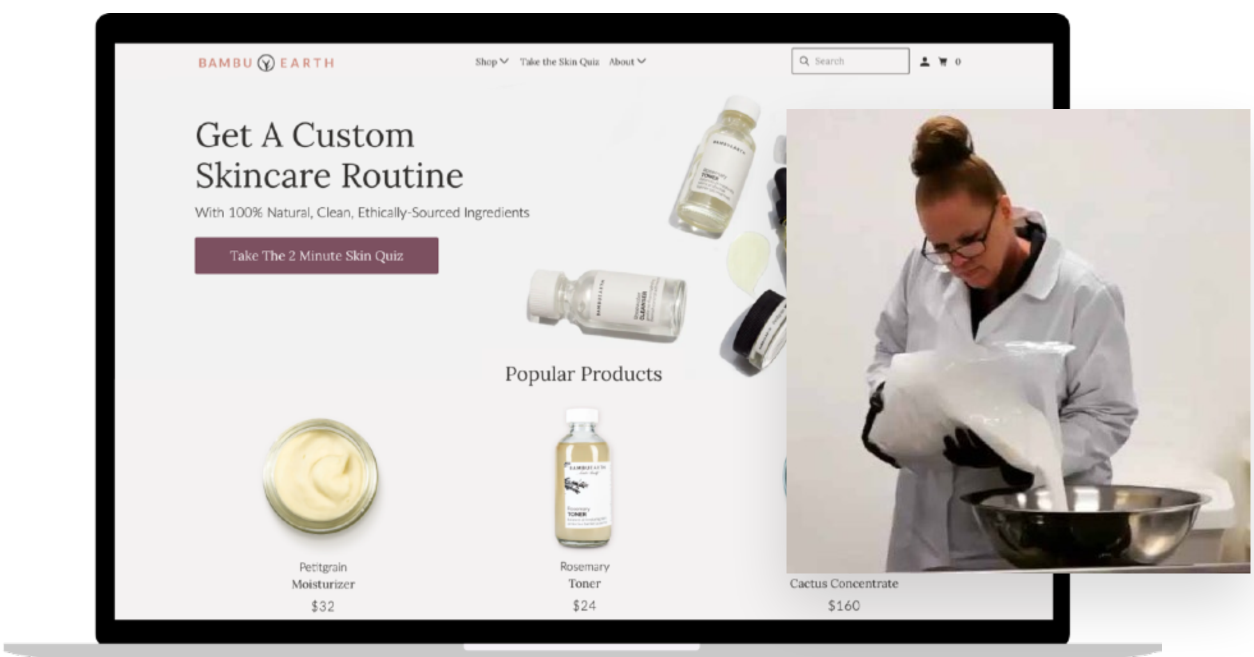
Production lead time is the average length between ordering inventory and receiving stock. The longer that period, the better you're forced to be at something that's fundamentally impossible: forecasting.

As you predict further into the future, risk intensifies. Likewise, your ability to capitalize on new opportunities declines.

If you disagree, think about how the pandemic (spiked demand) or fulfillment issues (limited supply) unexpectedly impacted your business.

What's the alternative? Consider ColourPop Cosmetics — a DTC beauty brand whose team monitors viral cosmetic trends and makes inventory onsite. From trend to launch to scale, all within 48 hours.

We've adopted a similar approach at Bambu Earth where products are produced and shipped from our facility in Havelock, NC.



Scoring Your Lead Times

Length between placing an inventory order to receiving stock that's ready to sell and ship

- On-demand: +2
- Less than 6 weeks: +1
- Longer than 6 weeks: 0

Because Bambu Earth owns production, we're able to create products on-demand. So, we get two points.

➡️ **Download your own scorecard, or**

➡️ **Take the Antifragile Ecommerce Quiz**

Antifragile Ecommerce Scorecard

Business Name: ____

Lead Times		**Supplier Terms**		**OPEX % of Rev**		**Contribution Margin**	
(+2)	On demand		On delivery		<15%		>75%
(+1)	<6 weeks		0% up front		<25%		>65%
(+0)	>6 weeks		>50% up front		>25%		<65%

Traffic Mix		**60-Day LTV**		**Distribution**		**Grand Total**
	>50% organic		>30%		>2 channels	
	>40% organic		>15%		2 channels	
	<40% organic		<15%		1 channel	

Antifragile Tactics: How to Improve Lead Times

1. OWN PARTS OF YOUR SUPPLY CHAIN

Instantly manufacturing products isn't realistic for supply chains in total. For parts of yours? Probably.

During my time at QALO (the original silicone-ring maker), we couldn't manufacture the rings themselves, but we could customize them through laser engraving. We priced the machines, amortized them over demand expectations, and dramatically reduced costs and time to ship.

We did the same thing at FC Goods by bringing wallet engraving in-house; and we do it today with Modern Fuel — where we operate final assembly and shipping onsite.

Dig through the entirety of your supply chain and determine how you can reduce lead times by taking over part of the manufacturing process.

2. NEGOTIATE LOWER MOQ & MASTER INVENTORY TURNOVER

Manufacturers want you to order as much product as possible so they can make money by working at scale. However, they'll likely negotiate lowering their Minimum Order Quantities (MOQ) if you're a trusted partner.

Cast a vision for how your growth will be mutually beneficial.

Paying more to order less product more frequently is often worth the expense to improve lead times when you're testing new products.

Additionally, pay close attention to customer's behavior to determine if you're holding too much or too little inventory at any given time.

Don’t hesitate to get your lawyer involved in this process, especially if you’re creating new systems you don’t want your manufacturer to share with your competitors.

3. REDUCE YOUR SKUS + WORK WITH LOCAL CONTRACTORS

Because different products have different manufacturing times, reducing the number of SKUs or SKU variants cuts back on the time it takes for you to receive your order.

Similarly, it’s not uncommon for fashion retailers to contract seamsters in small towns to keep patterns of their most popular items on hand.

These seamsters receive orders on a predetermined frequency and create popular items in small batches. After each order is complete, the seamster then ships the item directly to the customer.

Because these items are created as orders come in, it minimizes the need for projection and reduces warehouse space since independent vendors effectively act as micro-fulfillment centers.

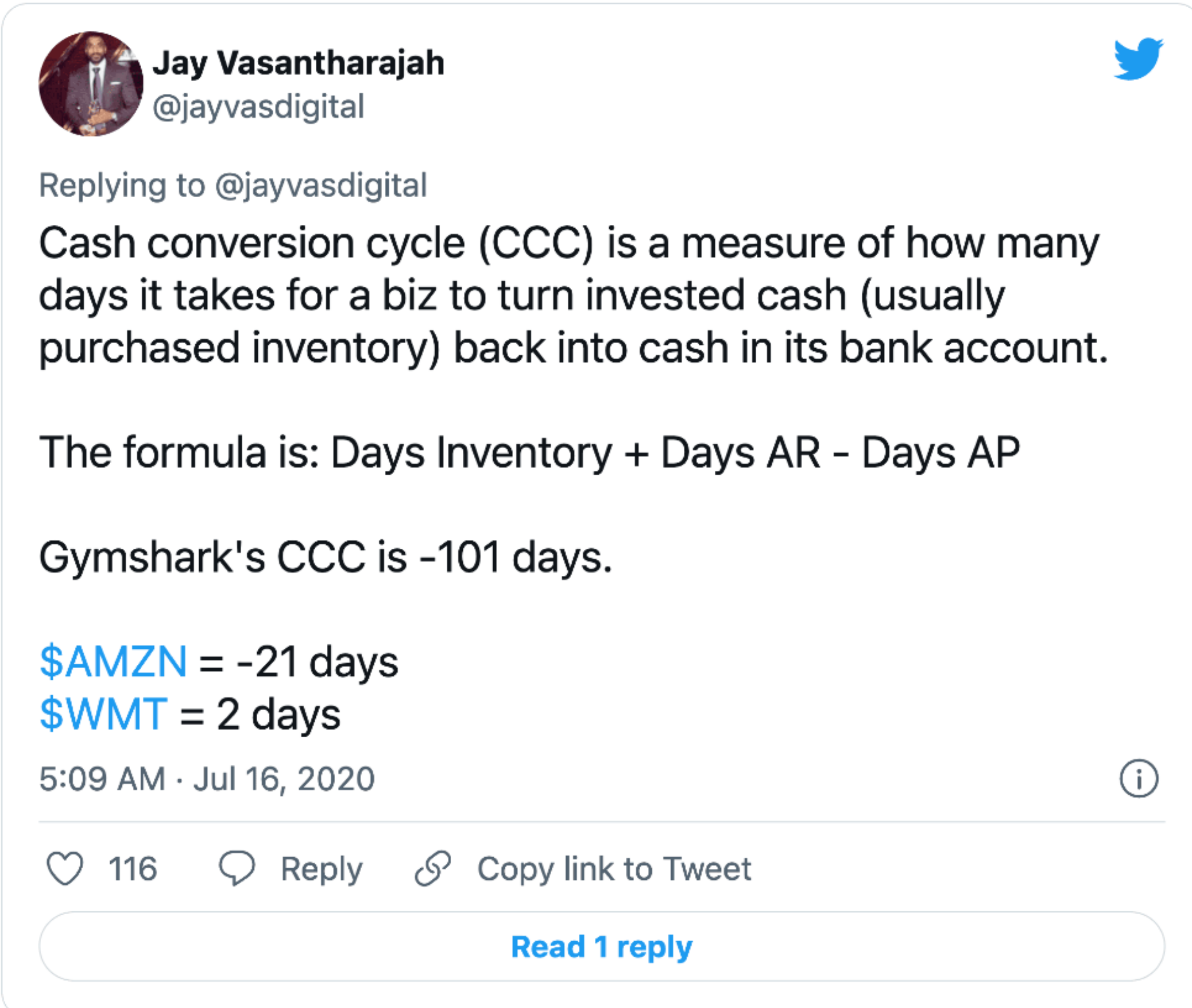
2. Supplier Payment Terms

What percentage of your inventory do you pay for up front?

When cashflow reigns supreme, supplier payment terms are among the least appreciated characteristics of a healthy business.

If you can negotiate payment as net 30 “on delivery” — meaning, you receive the invoice once you’ve received the product — you have an opportunity to achieve the dream of every retailer: a negative cash conversion cycle (CCC).

As Jay Vasantharajah highlighted in The Power of Having a Negative Cash Conversion Cycle:



Jay Vasantharajah
@jayvasdigital

Replying to @jayvasdigital

Cash conversion cycle (CCC) is a measure of how many days it takes for a biz to turn invested cash (usually purchased inventory) back into cash in its bank account.

The formula is: Days Inventory + Days AR - Days AP

Gymshark's CCC is -101 days.

$AMZN = -21 days
$WMT = 2 days

5:09 AM · Jul 16, 2020

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Vasantharajah's exemplar is Gymshark whose financial documents revealed:

"A negative cash conversion cycle [in which] vendors are financing their operations. As their sales grow, their cash balance magically increases instantly."

Because Bambu Earth operates its own facility, we essentially only have to foot the bill for commodities, which are cheap and can be stored without negatively impacting inventory turnover.

Scoring Your Supplier Terms

Time between ordering inventory and paying for that order, along with the percentage of order cost to be paid:

- Net on delivery: +2
- 0% upfront: +1
- 50% or greater upfront: 0

Antifragile Ecommerce Scorecard

COMMON THREAD COLLECTIVE

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Antifragile Tactics: How to Improve Supplier Payment Terms

4. RESEARCH THE SUPPLIER LANDSCAPE; IT'S ALL ABOUT LEVERAGE

Start by getting multiple bids to play suppliers off each other.

Knowing other suppliers' costs, payment terms, and production times puts you in the strongest negotiating position possible, because you can discuss your best alternative to a negotiated agreement (BATNA).

It's time well-spent if it saves your business tens of thousands of dollars or helps you maintain margins *particularly during downtimes*.

Focus on developing strong relationships with your suppliers, then, use what you've learned in your research to set targets for specific dollar amounts you'd like to save and timeframes you'd like to pay.

5. PURSUE OTHER FINANCING OPTIONS TO REDUCE THE 'COST' OF CASH

While procurement teams work with suppliers for financing inventory, that's not the only option.

Payment terms with a supplier are only one version of a loan. You can always find *cheaper* money elsewhere, like inventory-based lending from a bank, or some other line of credit.

If a bank or an ecommerce-specific lender — like Settle or Clearco — offers you Prime + 1%, that's almost certainly less expensive debt than whatever the markup the manufacturer offers to get 30-day terms.

You might use this to pay your manufacturer upfront and, in exchange, pay less in COGS.

6. PRESELL YOUR PRODUCT

Naturally, preselling products is effective when you're gauging demand.

The dream is to invert your cash conversion cycle, where your customers pay you before you have to pay the manufacturer.

It's not uncommon for brands, like men's clothing retailer Taylor Stitch, to feature a section on their website dedicated toward experimental ideas. In Taylor Stitch's case, there are two ways pre-ordering works.

First, it uses a crowdfunding approach. New items are offered at a lower price and only go into full production if a funding threshold is met. Second, in situations where the crowdfunding threshold falls short, it still offers a limited quantity of items for presale prices.

In either case, by preselling products and tracking sales velocity, you know exact quantifies you need as well as future demand, both of which increase your odds of negotiating better payment terms with your supplier.

3. OpEx Percentage of Revenue

Unlike variable costs — which increase in direct proportion to order volume — Operational Expenses (OpEx) is a fixed cost that only increases at major milestones.

Here, you're evaluating expenses like payroll, rent, utilities, equipment, and your technology stack (tools, licenses, etc.).

Having worked through hundreds of profit-and-loss statements (P&Ls) for ecommerce businesses, the most effective financial model is something we've termed the "Four-Quarter Accounting Principle."

If you want 25% profit, then you need to allocate 25% to OpEx, 25% to cost of goods and delivery, and 25% to customer acquisition.

Four-Quarter Accounting Principle

Operating Expenses (OpEx)	15%	$61,479
4 x 400 Salaries (New Model)	8%	$30,602
Brand Salaries	6%	$22,220
Consultants	1%	$3,413
Notes Payable	0%	$ -
Tax / License	1%	$2,010
Insurance	0%	$1,224
Miscellaneous	1%	2,010
Total Expenses		$61,479

However, keep in mind that ecommerce expenses are not linear.

To lower your OpEx over the long-term, you might invest in an ERP system or hire an expensive employee. This means your OpEx will peak above 25% in a given month.

Scoring Your OpEx Percentage

Fixed costs often referred to as G&A include payroll, rent, equipment, software, etc. as a percentage of revenue:

- Less than 15%: +2
- Between 15%–25%: +1
- Greater than 25%: 0

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Antifragile Tactics: How to Improve OpEx

7. UNDERSTAND WHAT'S A 'GOOD' FINANCIAL MODEL

82% of businesses fail due to cash flow related reasons.

It's no respecter of size — big and small alike fall victim. Worse, many leaders suffer in silence for fear that: "Everyone else already knows this. I should too."

At the very least, four-quarter accounting gives you a baseline to build from. I've also put together a list of financial resources as well as training on how to forecast demand and determine your unit economics.

Of course, it's possible your business requires less than 25% on advertising and more than 25% on OpEx.

That's fine. Simply having a few basic buckets to put your business into and to be aiming at helps create structure and guardrails.

8. GET CLEAR ON PEOPLE COSTS AND PEOPLE VALUE

On your P&L, employee costs are fixed as if they're maximized in value — but that's not a good representation of real life.

In real life, it's about the monetary costs related to hiring an employee — salary, equipment, etc. — as well as how much time it takes from the hiring manager to find and onboard the right candidate.

Additionally, finding the right candidate, requires you find someone who has the right aptitude and can "see around corners and run into the fire," which greatly impacts the overall value they'll bring to the organization.

Instead of being a fixed cost on a P&L sheet, frame your people as directionally deployed costs.

Not only are different employees *in the same role* disproportionately valuable, *even the same employee* is disproportionately valuable depending on how they spend their time.

9. TIE YOUR AGENCY FEES TO MARGINAL OUTCOMES

We've seen this happen before with our clients: spend goes up, efficiency goes down, we're getting paid on the basis of spend, and so the client's margin is reduced and our margins go up.

For good reason, clients hate nothing more than writing an agency a bigger check to make less money.

How do you fix this?

Well, it requires a level of intimacy and deal-making that's uncommon. But with enough transparency and negotiating, you can tie your agency fees to marginal outcomes so your agency has a bigger stake in positively impacting your P&L.

4. Contribution Margin (Gross-Profit)

Contribution margin — or, gross-profit margin — is determined by the following formula:

> (Sales Revenue - Cost of Delivery) ÷ Sales Revenue = Contribution Margin

When calculating revenue, we use both first-purchase AOV and 60-day customer lifetime value. Conversely, cost of delivery (CoD) refers to your *all in costs of getting a product from nonexistent into the hands of a customer*.

The result? A holistic picture of profitability …

CALCULATING CONTRIBUTION MARGIN FOR ECOMMERCE BUSINESSES

$$\underbrace{(Rev}_{\text{Sales Revenue}} - \underbrace{CoD)}_{\text{Cost of Delivery}} \div \underbrace{Rev}_{\text{Sales Revenue}} = \underbrace{CM}_{\text{Contribution Margin (gross profit margin)}}$$

Description	Value	Rate
AOV (new)	$86.37	
60-Day LTV	$122.24	+ 41.54%
Refunds (90-Day)	- $1.54	- 1.26%
Shipping	- $4.82	- 3.94%
Taxes	- $1.50	- 1.23%
Average Weighted COGs	- $12.56	- 10.28%
Contribution Margin	**= $101.81**	**83.29%**

The higher your contribution margin, the more money you make every time you acquire a customer — and that number should inform your target customer acquisition costs.

This one's hard in the beginning when you're constrained by purchasing low-volume, high-cost inventory.

As your store grows and you can purchase more inventory for less per-product cost, your contribution margin will improve, but it's important to be clear on where your businesses' contribution margin currently stands.

Scoring Your Contribution Margin

Use the following formula to find your Contribution Margin: (Sales revenue – Cost of delivery) ÷ Sales revenue = CM

- Greater than 75%: +2
- Between 65%–75%: +1
- Less than 65%: 0

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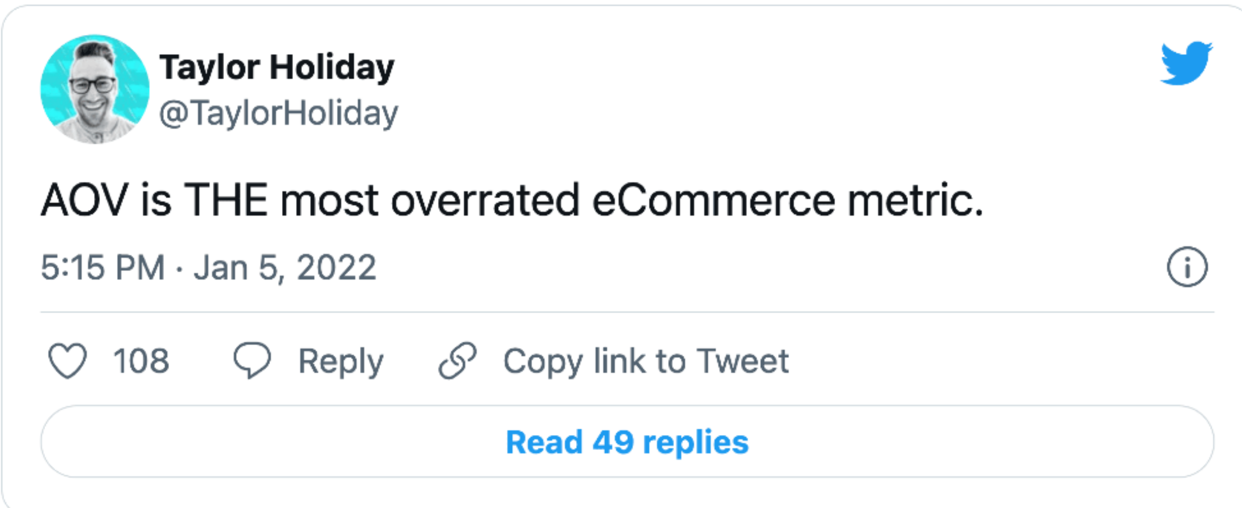
Antifragile Tactics: How to Improve Your Contribution Margins

10. DON'T INCREASE AOV; MOVE CUSTOMERS UP 'ONE BUCKET'

What we care about is margin. Think that goes without saying? It doesn't. DTC's obsession with AOV exemplifies this.

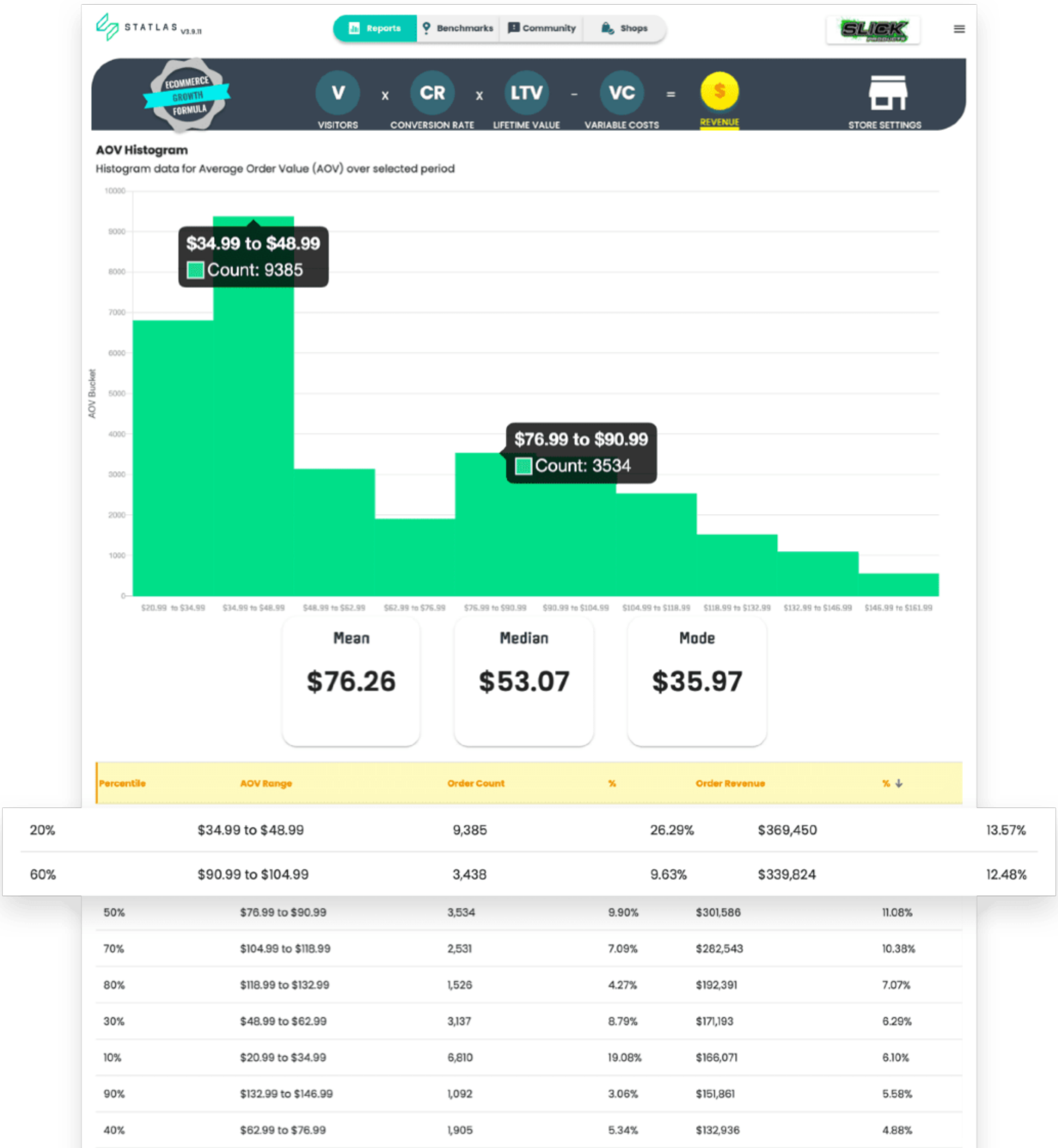


For a more nuanced (**and, honestly, more helpful**) discussion than my fire starter, check out Jayden Dummett's thread on why AOV "doesn't necessarily matter"

The trouble is that increasing your AOV doesn't guarantee more margin. Black Friday is the perfect example. You run a sale. AOV goes up and your margin goes down. That's not *necessarily* a better outcome.

The other issue is with AOV itself: the total value of all of your orders divided by the number of orders. At QALO, people bought one ring for $20 or two rings for $40. AOV was ~$30, but no actual orders occurred at $30.

To increase revenue *and* profitability, aim to move customers “up a bucket” — use ecommerce analytics to find the orders that happen most frequently within a given price range and orient your strategy at pushing those people from purchasing lower profitability products to higher profitability products.



Percentile	AOV Range	Order Count	%	Order Revenue	%
20%	$34.99 to $48.99	9,385	26.29%	$369,450	13.57%
60%	$90.99 to $104.99	3,438	9.63%	$339,824	12.48%
50%	$76.99 to $90.99	3,534	9.90%	$301,586	11.08%
70%	$104.99 to $118.99	2,531	7.09%	$282,543	10.38%
80%	$118.99 to $132.99	1,526	4.27%	$192,391	7.07%
30%	$48.99 to $62.99	3,137	8.79%	$171,193	6.29%
10%	$20.99 to $34.99	6,810	19.08%	$166,071	6.10%
90%	$132.99 to $146.99	1,092	3.06%	$151,861	5.58%
40%	$62.99 to $76.99	1,905	5.34%	$132,936	4.88%

11. TEST YOUR PRICES (NOT-SO-SUBTLE SUBTEXT: RAISE YOUR PRICES)

Price is far more arbitrary and elastic than we believe.

As owners and operators, we spend a great deal of energy guessing at what a “reasonable” or “acceptable” price would be for our products.

In the end, there are people selling those products for more; there are people selling them for less. Even more deceptive: once set, prices become sacred … *to us*.

Consumers don’t care *nearly* as much as you. In fact, raised prices are barely ever noticed. I have never once seen it create any real backlash.

Take the time to test and find the ideal balance of profitability and purchases however, because increased prices can lower your conversion rates. So even though your AOV and margins are higher, you’ll make less money than before and every click becomes less valuable.

In the rare event a customer complains about seeing items on your website for less, sell it to them at the lower rate and move on.

12. CREATE A DIGITAL PRODUCT … EVEN THOUGH IT’S ‘PROBABLY NOTHING’

Diversification is essential for making your business more antifragile, and creating a digital product is one way to diversify your business to have multiple streams of revenue *with varying margins*.

Some ideas include paid newsletter subscriptions, apps, educational products, or add-on services.

Perhaps the ripest opportunity lies in the future of ecommerce NFTs. While big name examples — Nike, Gucci, and Dolce & Gabbana — dominate headlines, DTC brands like The Hundreds and BreakingT are also proving their worth alongside *NFTs' marginal value*.

5. Organic-vs-Paid Traffic Mix

If over 50% of your business comes from Facebook ads, then you took a *massive hit* at the release of iOS 14.5.

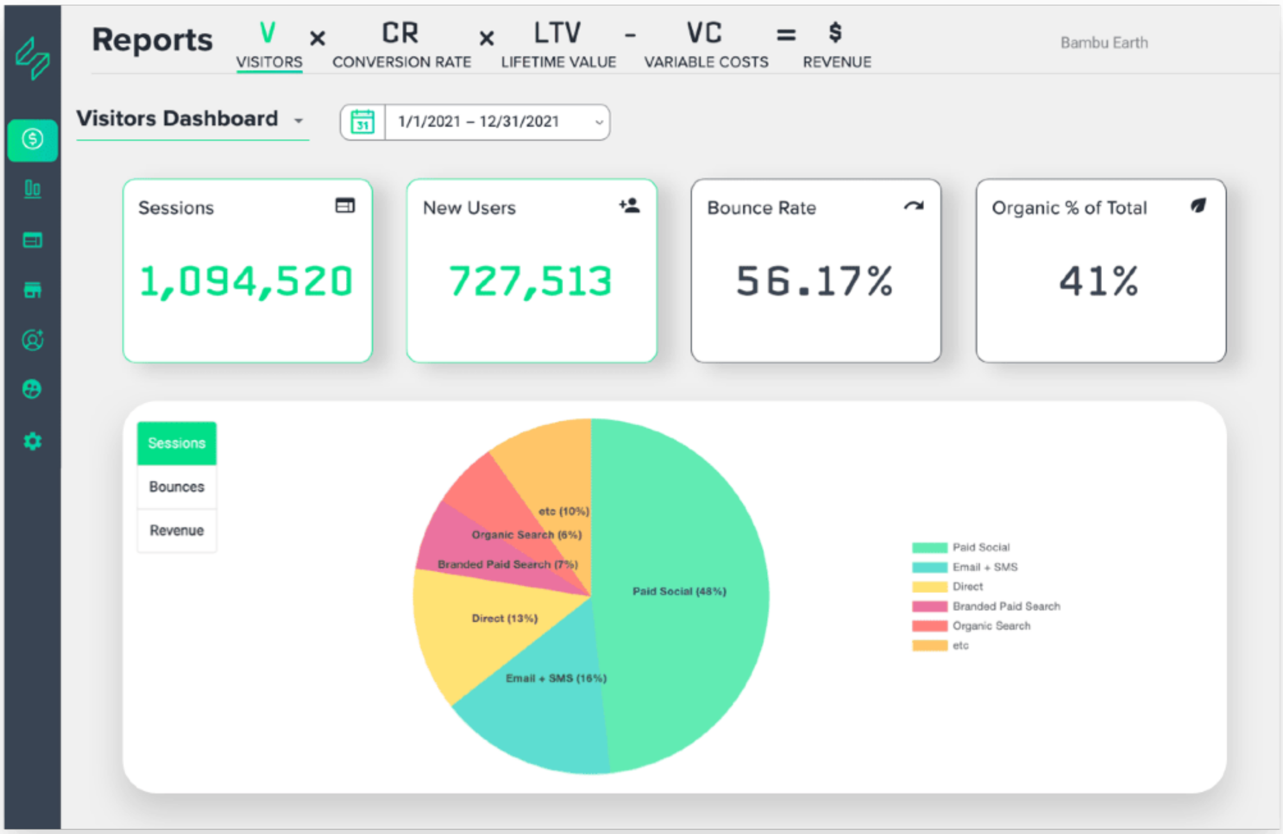
iOS, however, is only a symptom: The more your business depends on any single channel, the higher your risk and fragility become.

Organic — email, SMS, direct, branded paid search, and so forth — is a much more stable form of traffic; it's resilient in the face of updates and algorithmic changes.

Getting traffic is like rice. You can buy it or you can grow it.

Growing either takes time but, when you invest in organic, it becomes a perpetually recurring source of traffic that is more resilient to change.

Going back to our real world example, Bambu Earth's non-paid traffic sat just north of 41% in 2021.



Scoring Your Traffic Mix

Paid traffic vs. organic traffic — all non-paid sources including search, email, social, direct, etc.

- Greater than 50% organic: +2
- 40%–50% organic: +1
- Less than 40% organic: 0

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Antifragile Tactics: How to Improve Organic Traffic

13. AGGRESSIVELY CAPTURE EMAIL ADDRESSES

Think beyond the initial purchase. How can you capture emails from all the traffic you're currently generating (even paid)?

A pop-up with 20% off is better than nothing, but it's not unique.

Quizzes, style guides, contests, look books, workshops, comparison guides: experiment with different offers that directly connect to the product you're promoting.

Reframe your paid strategy from exclusively *ad-click-to-sale* to include *ad-click-to-email-capture*. By creating a flywheel effect around acquisition, you make every visitor worth more.

Lifting your pop-up capture conversion rate from 5% to 6%, feels like nothing because you don't see it reflected immediately in your top or bottom line, but that's 20% more email addresses, and that kind of owned audience growth massively compounds.

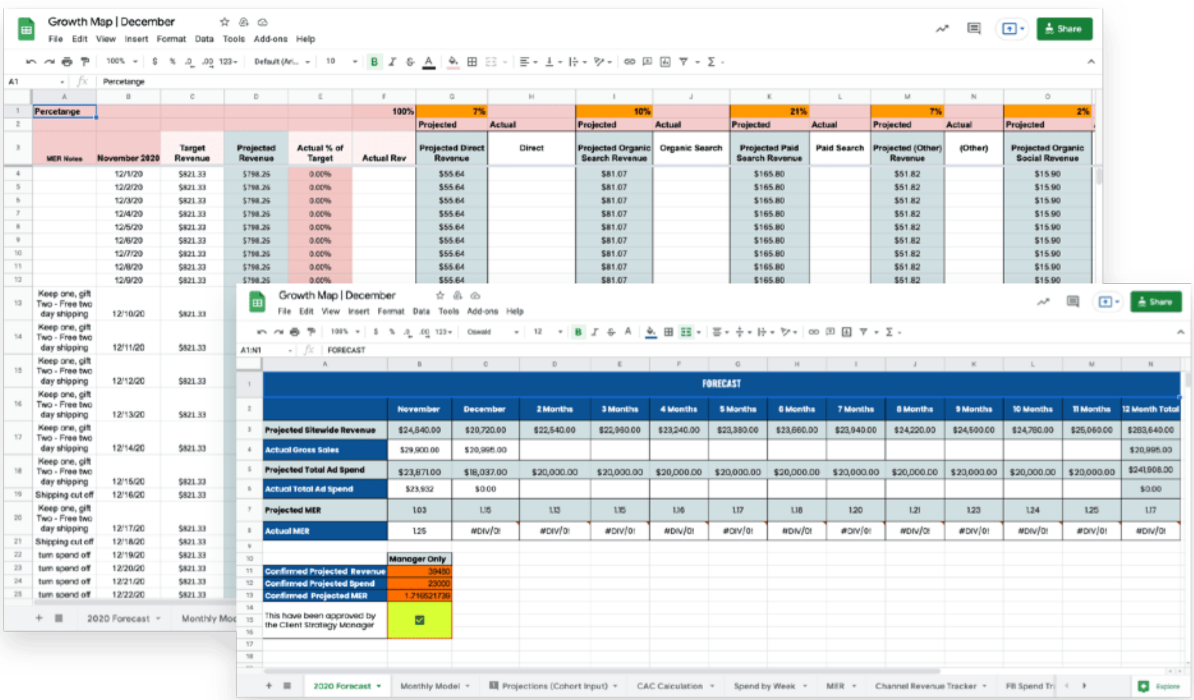
14. CREATE A 'MAP' AROUND REVENUE FOR EVERY EMAIL EVERY MONTH

One of the ways that you help yourself realize latent value is by measuring and creating clear expectations.

Every month, have a revenue goal for your organic channels. Use your historical data and growth rate to forecast, then, create a marketing calendar to hold yourself accountable.

Using email as an example, if email one generates only half of what you expect, you can find ways to compensate later in the month.

This might include adjusting the calendar, changing the offer, or sending another email to reach the goal.



15. IDENTIFY AND INVEST IN EXISTING COMMUNITIES

Online marketers live in a world of trust-the-algorithm, broad-targeting Facebook, spray-and-pray advertising approach.

But don't forget great marketing happens inside communities.

Choose the community that you want to serve and have your brand enter into those conversations.

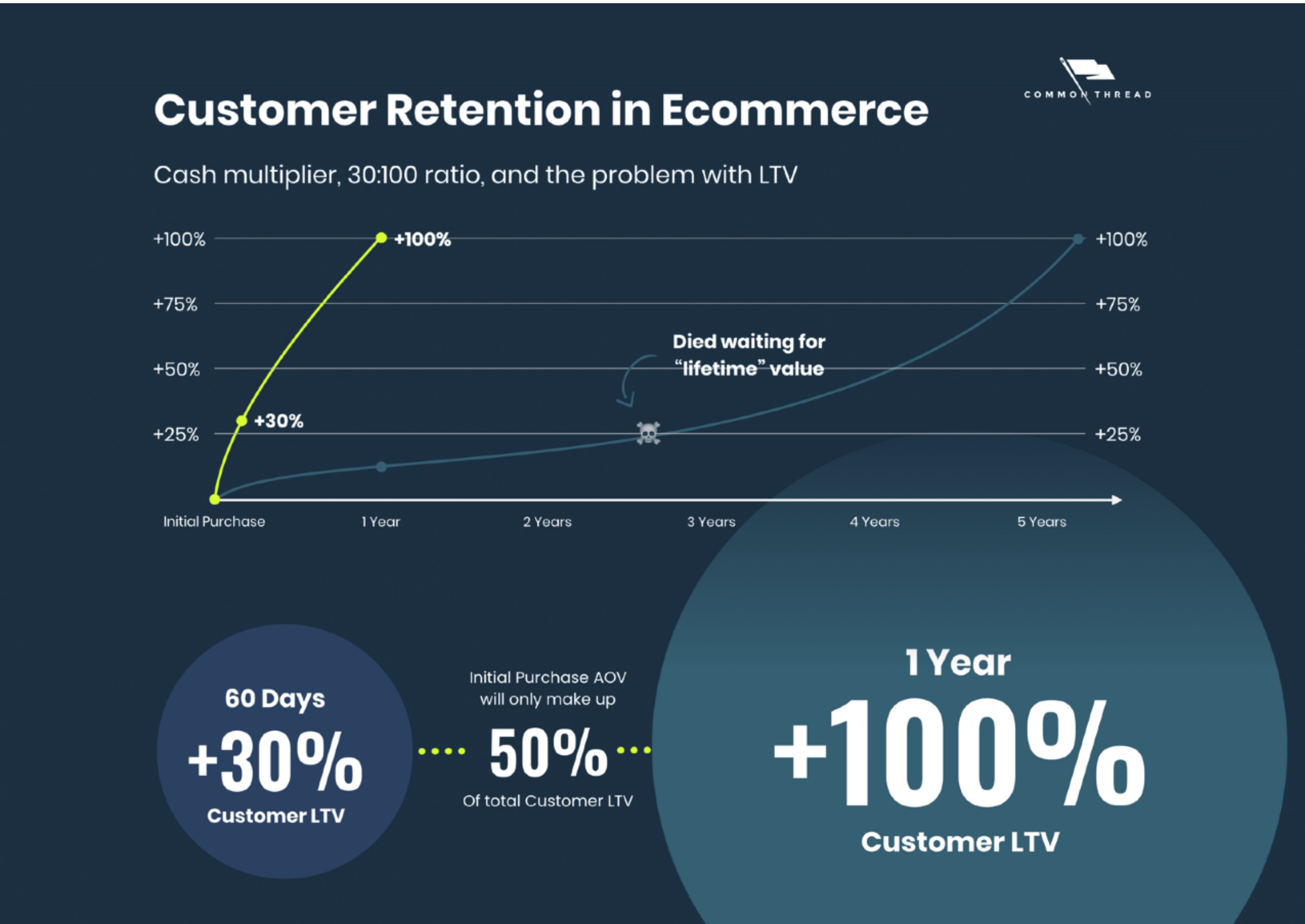
The more you stay relevant inside of those niche communities and the more that you work with excellent influencers, then the more you'll establish yourself and your products as "household" names.

To be clear, this isn't about building a community around your brand. This is about injecting your brand into the existing communities where your target market already exists.

You'll know you're doing it right if you get an increase in brand mentions and branded keyword searches.

6. 60-Day Customer Lifetime Value

Customer lifetime value refers to the additional revenue your business makes from customers over the 60 days after their first purchase. It's expressed as a percentage we call your "cash multiplier."

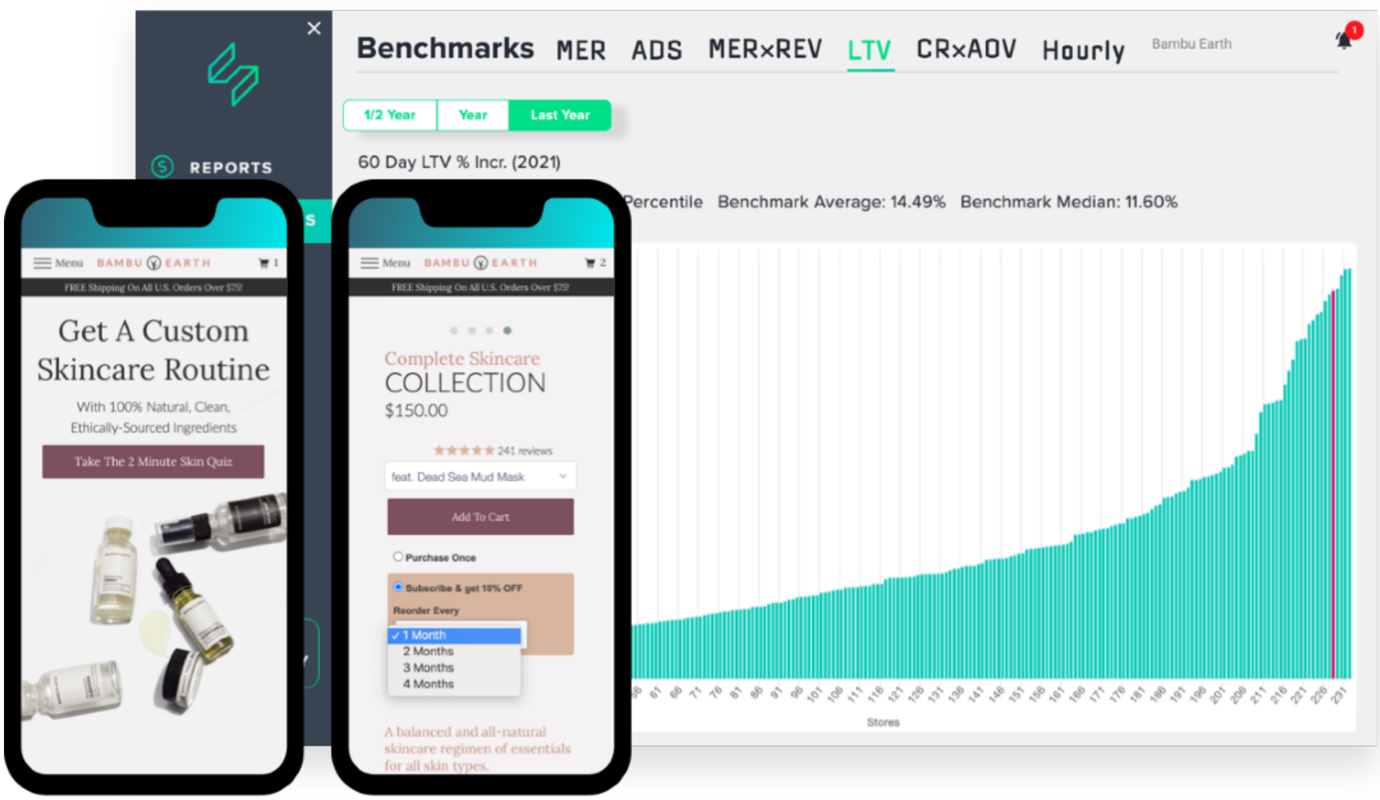


Here's the formula:

> 60-Day LTV % = Average 60-Day Additional Customer Revenue ÷ Average First Order Value

As a general principle, focus on the 30:100 ratio — aim to increase your LTV by 30% in 60 days and by 100% in a year.

At ~47%, Bambu Earth's LTV clocks in at the 98th percentile.



Scoring Your 60-Day LTV

Additional revenue from customers within 60 days, expressed as a percentage increase over first-purchase AOV.

- Greater than 30%
- Between 15%–30%
- Less than 15%

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Antifragile Tactics: How to Improve Your LTV

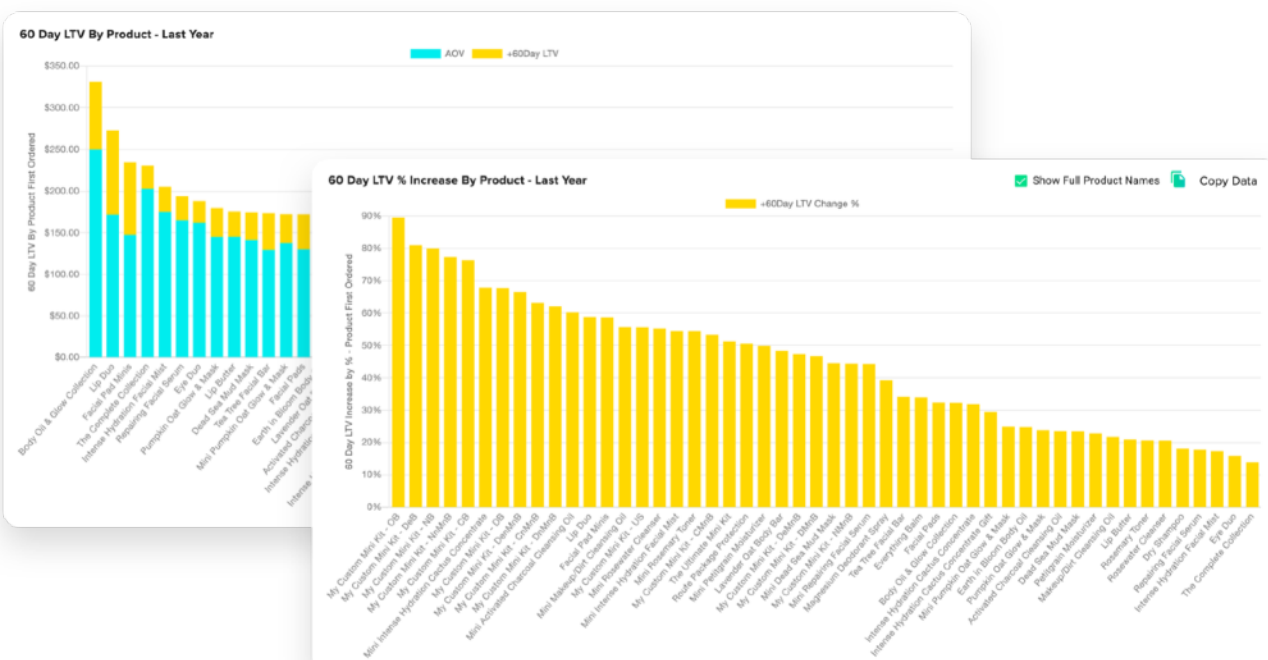
16. OPTIMIZE PAID ACQUISITION BY YOUR FIRST-PRODUCT(S) LTV

You can regard LTV as a genetic attribute of your business (nature, not nurture) because LTV is inherent to the products you sell and the customers who want them.

Face wash has higher LTV than men's workout shorts. It's just the nature of the products. What's more, CPGs — like beauty and cosmetics or food and beverage — come with huge LTV advantages.

However, even within your catalog ... outliers exist.

For instance, one of our fitness-apparel clients consistently sees men's training shorts and women's sports bras outperform its tops, leggings, and joggers. At Bambu Earth, custom mini kits — fueled by a skincare quiz — smash every other standalone SKU.



Regardless of how hard or easy your SKUs lend themselves to recurring orders, you can't have the same CAC expectations for different SKUs. Optimize your paid acquisitions based on the products you're selling and the people you're selling them to.

Some customer cohorts have a better LTV than others — and those are the people you want to target.

17. PRODUCT DEVELOPMENT AND DIVERSIFICATION

A big key to product development and diversification is doing some R&D to create better versions of the same products, and building new products to support your existing products.

Think creatively about what your customer is purchasing and what adjacent CPGs they need every month or every few months to continue.

Nespresso, for instance, sells a coffee machine for several hundreds of dollars; its customers keep coming back to buy the only coffee pods that fit inside of those machines. Dollar Shave Club has done something similar with its razors and its shaving cream.

What can your business sell that would keep people coming back to buy more every month or every few months?

18. RAPID FOLLOW-UPS: CROSS-SELLING, UPSELLING, AND DOWNSELLING

Transactional emails yield open rates of ~80%; don't waste this opportunity.

As Mandi Moshay says in her article on customer retention: "Start with a simple "Thank You" email, introducing them to your community and your brand. Make good on any sign-up incentives promised in your pop-up, and be sure to leverage any data collected in the sign-up process.”

Given the high open-rates, this is the perfect opportunity to leverage your sales data and make an additional offer to cross-merchandise products that compliment the purchase.

7. Number of Distribution Channels

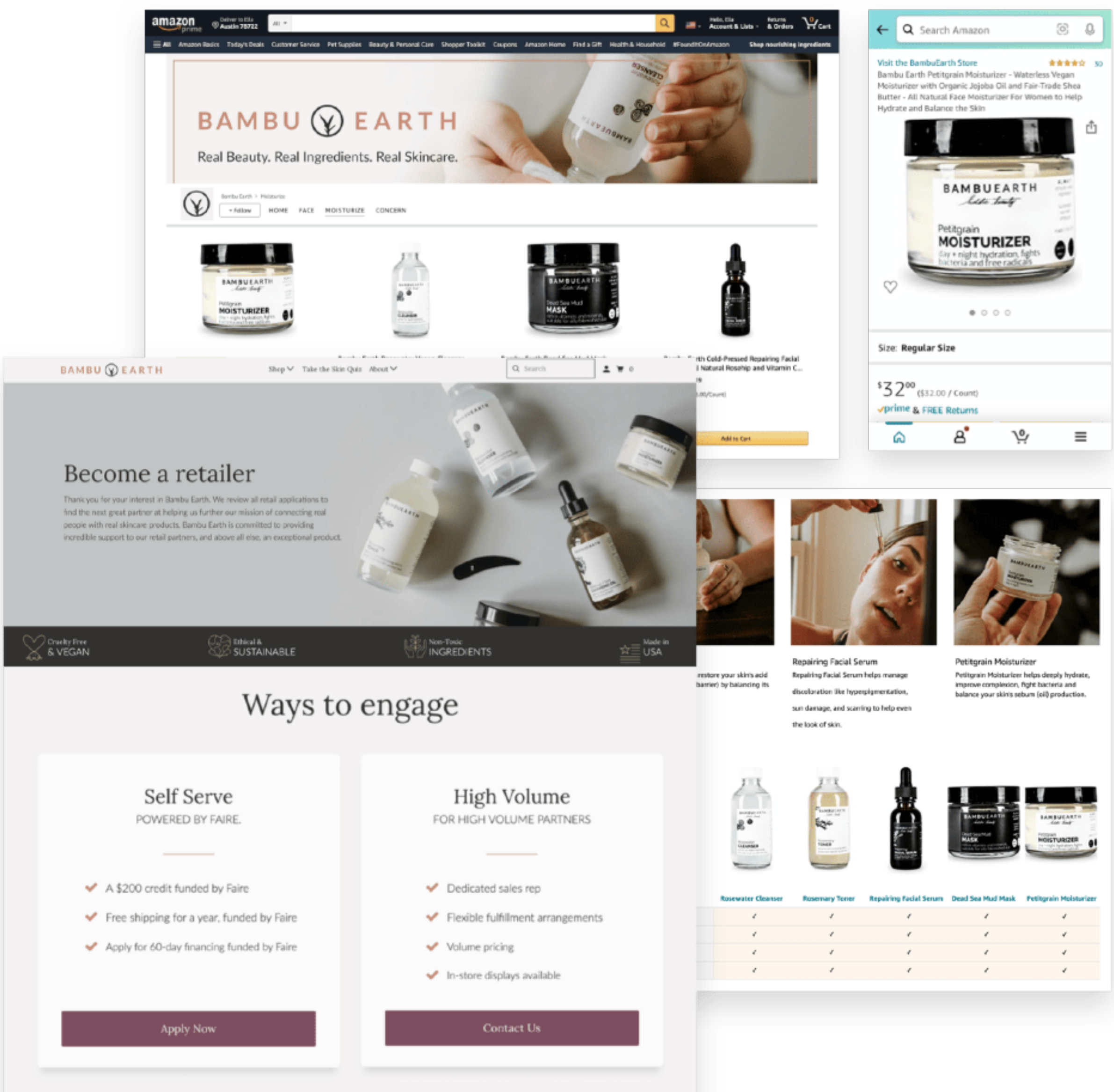
COVID has emphasized the importance of multiple distribution channels. If you were exclusively retail, 2020 was the hardest year of your life. If you were exclusively online, then 2020 was a windfall, followed by hardship.

Omni-channel isn’t a buzzword. It’s how people shop. You decrease risk when you diversify demand and distribution across your business.

If you have your own website, if you're on Amazon or other marketplaces, if you own retail stores or pop-up stands, and if you wholesale, your business is going to be a lot more resilient.

For a long time, distribution was Bambu Earth's greatest weakness.

Over the last few months, we've righted that wrong by aggressively pursuing Amazon and new wholesale partnerships.



Scoring Your Number of Distribution Channels

Separate points of purchase — website, Amazon, wholesale, owned retail, etc.

- More than two channels: +2
- Two channels: +1
- One channel: 0

Antifragile Ecommerce Scorecard

Business Name: ______________________________

Lead Times		Supplier Terms		OPEX % of Rev		Contribution Margin	
(+2)	On demand	(+2)	On delivery	(+2)	<15%	(+2)	>75%
(+1)	<6 weeks	(+1)	0% up front	(+1)	<25%	(+1)	>65%
(+0)	>6 weeks	(+0)	>50% up front	(+0)	>25%	(+0)	<65%

Traffic Mix		60-Day LTV		Distribution		Grand Total
(+2)	>50% organic	(+2)	>30%	(+2)	>2 channels	
(+1)	>40% organic	(+1)	>15%	(+1)	2 channels	
(+0)	<40% organic	(+0)	<15%	(+0)	1 channel	

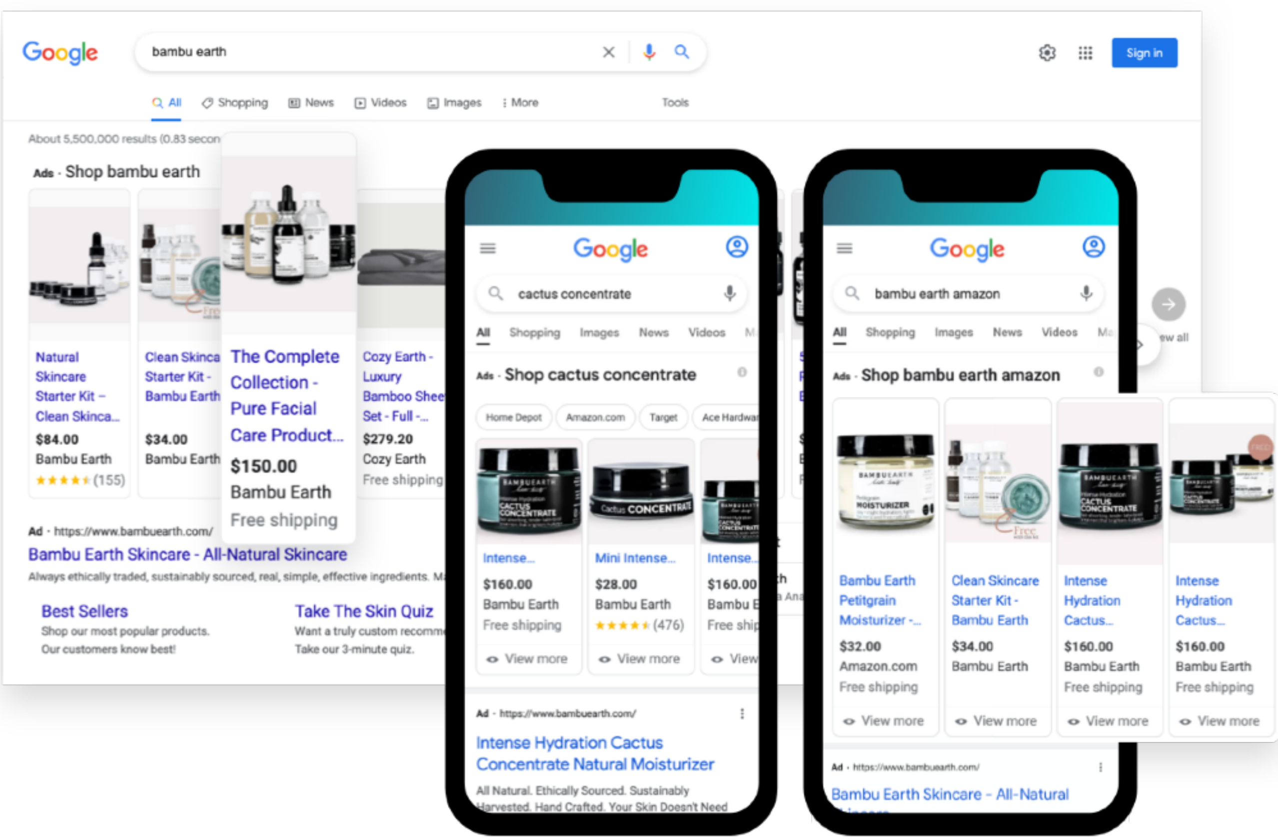
Antifragile Tactics: How to Improve Your Number of Organic Channels

19. DON'T IGNORE, REJECT, OR SLEEP ON AMAZON

You've probably heard the horror stories. But, as of Oct. 2021, Amazon controlled 41% of ecommerce's market share. Whether for discovery or research, online shopping behavior includes Amazon by default. Large swaths of people see your ads or visit your site, then bounce to Amazon to find similar products or purchase the same one.

Consumers trust Amazon. If you're not there, you're losing money.

Don't be afraid to point Google Shopping ads to your Amazon store *when "Amazon" is exactly what someone is looking for*. We've recently started doing with Bambu Earth, and it hasn't cannibalized our onsite revenue.



20. EXPAND INTO WHOLESALE AND RETAIL

New channels need not be "either-or." Rather, they're "yes … and." Of course, there will be trade-offs.

First, you won't have access to real-time customer data like you would with an owned channel. Second, your margins won't be as good when you wholesale. Third, you won't have the same control over retail as you would with DTC.

But larger orders, expanded reach, and brand recognition are really nice ways to place multiple bets and get in front of customers where they are, lowering your CAC in the process.

The fastest way to do this is through the online wholesale marketplace Faire. Or, as Andrew Faris put it in the podcast version of this guide:

"Go get on Faire. It's that simple. Just go get on Faire."

21. PURSUE LARGE ORDERS VIA CORPORATE GIFTING

It's not uncommon for large businesses and government entities to purchase products in bulk, especially around various holidays and other key moments for gifting.

With a dedicated section on the website — like the one found on Lula's Garden - building an acquisition funnel that leads to contacting a sales person about bulk ordering is an easy, low friction test with a massive upside.

Additionally, for businesses with strong customization elements, investing the time to build relationships with corporate buyers can be a lucrative source of recurring revenue.

Scoring the Fragility of Your Ecommerce Business

Here's the grading scale based on your number of points …

A. 12-14

B. 9-11

C. 6-8

D. 3-5

F. 0-2

And here's Bambu Earth's final tally.

To make it more antifragile, our two main focuses will be to improve our traffic mix and continue to increase distribution channels.

Antifragile Ecommerce Scorecard

COMMON THREAD COLLECTIVE

Business Name: ______________________________

Lead Times		Supplier Terms		OPEX % of Rev		Contribution Margin	
(+2)	On demand	(+2)	On delivery	(+2)	<15%	(+2)	>75%
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(+1)	>40% organic	(+1)	>15%	(+1)	2 channels	
(+0)	<40% organic	(+0)	<15%	(+0)	1 channel	

Of course, I chose Bambu Earth on purpose (which you might have already suspected). Among the current brands we own, it's an antifragile standout. Though not our largest, it's resilience and long-term upside are why we've chosen to go all in and consolidate our efforts within it.

Building a Business That Wins Even If Facebook Fails

If you got an A, then you probably thrived last year and this year. You're a unicorn. Give me a call because I want to invest.

If you got a B, you're in a great position. More importantly, you've probably got the resources and systems to improve your score. Take advantage of that.

If you got a C, D, or F — and this might be hard to hear — but you're going to continue to be a victim of circumstance and the environment that you live in.

When times are good, when CPMs are awesome, your brand will thrive. When they're not, you'll struggle.

Your brand needs to be ready. For every time that you gave yourself zero points or one point, I want you to think about what you can improve. Every business is different and so your solution might not be traditional.

No matter how you do it, increasing your score will make your business capable of thriving in both a calm and chaotic world.

Common Thread Collective is an ecommerce growth agency that exists to help entrepreneurs achieve their dreams. We guide brands to scale beyond $2M-$30M in annual revenue profitability.

Being owner-operators of in-house brands — with 400.56% year-over-year growth — gives us a frontline playbook to bring learnings to our clients. The “common thread” we found between successful entrepreneurs is the strength of their dreams.

If you’d like to learn more, connect with us here.