Chapter 4 - First Sale

We ran the site for about 6 months on the $350 investment that seven of us had made. With a $30 hosting account and some minor other expenses, we had gotten by pretty well, but the funds were running out. Our initial investment had paid for the hosting to date, but soon we would need to invest more money or find some other way to meet our expenses.

Six of us had made quite a time investment in coding, converting content, answering forum posts, etc. and the time came for us to decide how to move forward. We had a number of email exchanges in that first six months and at some point the six of us decided to refund the seventh person's investment. He hadn’t contributed any articles or done any work. It felt like he hadn't really participated. I wish I could say it was an amicable parting, but it wasn't. He was upset, and probably more so as we've grown over time, but we really felt he hadn't worked at all for us and it was time to move on.

With the ownership clarified for now, the six of us had a conference call one night trying to decide how to proceed. A friend of Brian's had offered to sell advertising for us through his company. He was selling other web advertising and wanted to bring us onboard as a client. A few of us, myself included, thought this was a good idea. We didn’t want to sell ourselves, and didn’t even know how to get started. We could just cash the checks he sent us, concentrating on what we were good at: producing content. Since none of us had had any luck selling to date, this seemed like a good way to proceed. There was just one catch, however.

The "fee" for selling this advertising was 50% of the revenue.

This was our first big business decision. On one hand, paying someone $500 of $1000 revenue seemed like a huge amount of money. One the other hand, 50% of the $0 we'd sold wasn't too much and $500 would keep things going. We were going to need to get some more money for hosting soon as well as some legal expenses, so this was attractive.

You see we had not as of yet incorporated the company and that was another piece of business that was unresolved. Brian and I were happy to proceed on a gentleman's agreement until we had the money to officially incorporate. I'd worked with him over the Internet for over a year and I trusted him, despite having never met him. But everyone else wanted things officially done with a lawyer and that would cost us some money.

I'm moving between two things here because the discussion had both of these things intertwined. To move forward and incorporate as well as continue the site, we needed funding. Brian and I were pushing for the site to support itself as we didn't want to invest more money in it until we had some revenue coming in. Our argument was that we should tkae the deal for a year, let some revenue come in, support the site, pay for the lawyer, etc.

Andy was dead set against giving away 50% of our revenue and thought we should all be willing to build a business and just invest more money. He was doing what I’ve seen him do many times over the years: make a good long term decision. His argument was $300, the amount we were talking about, wasn't much money and it would protect us all and establish everyone as partners with "skin in the game".

I’m not sure what happened at the end of that call. I think we agreed to think about it, but I knew at the time that I would have had trouble increasing my investment. I’m not sure if my wife would have supported my spending the money, especially as I wasn’t sure this business would ever pay me back anything, or even cover its costs at this point in time.

Fortunately the entire discussion became moot because in the next week or so, Andy made our first sale. He had been using SQL Compare for some time at work, and been in touch with Simon Glabraith at Red gate Software. Simon gambled that we would provide some additional exposure for Red Gate at a low price, and Andy cut a short term deal to test out the market. It was a six month agreement, at a few hundred dollars a month, giving us a little thousand dollars to move forward with. It wasn’t much, but it would fund our hosting for the next six months and allow us to incorporate the company.

When Andy told us we had finally sold some advertising, it was both good and bad news for me. On one hand we had revenue coming in, but on the other, this was harder than we thought. It didn’t look like any of us was likely to be very successful at sales.

This felt like the finger in the dike. This was a short term fix for the problem of providing hosting, and that was good. I already knew that I would not have felt comfortable asking my wife for another $500to invest in the company. Already I had essentially lost a few thousand dollars over the last year. Between what Internet.com hadn’t paid me, the lack of writing for pay, and the time invested in SQLServerCentral, it felt like I had taken a significant pay cut by building SQLServerCentral. It didn’t really feel like a business, more like a hobby, and with young children at the time, this wasn’t the time to add any more investment.

The difficulty that we had in actually getting companies to believe that there was value in our one newsletter, going out to 20-30 thousand people by this point, was a little disheartening. We were DBAs, geeks, not salesman, and it showed. I had thought Brian was our best chance at making sales, being more well known in the industry and having written some books, but he struggled to make sales. I know I hated the idea of selling anything, so it didn’t feel like we were likely to generate significant revenue from advertising.

But we had made a sale. Someone had decided we could provide some value for their company, and this removed some short term pressure about the few expenses we were occurring. At this point it didn’t seem like this would ever be much more than a hobby, but perhaps we could get back to the point where each of us could start to earn that second car payment every month. There was a glimmer of hope that I could earn $200-300 a month from this company.

Over the next few months we continued to work on the site. Andy and I still concentrated on making sure every single question had an answer, even answering many of them ourselves. We slowly added some features to the site, mostly on the administrative side. Tools were needed to manage workflow and process for most of us, and even just to handle simple things like a to-do list of more work. Brian continued to send our one weekly newsletter from his machine, using retail software to assemble an email from a list of subscribers and send it out.

I don’t remember when we made the second sale, but it was before our six month agreement with Red Gate ran out. We closed two or three more sales, mostly small, and Red Gate renewed, and it seemed that we were actually on our way to making this a sustainable enterprise.