



**Dan Kennedy's
INFO-RICHES
SEMINAR**

SEMINAR TRANSCRIPTS



INFO-RICHES SEMINAR

AUDIO CD TRANSCRIPTS

CD #1

Welcome to the Info-Riches Seminar. And now, here's Dan Kennedy.

Dan: A guy walks in the office the other day in Angeles. Well, but one of the beauties of this business is that you can have, if you want, no in-person interaction with your customers. I mean there's absolutely no reason to ever see them face-to-face. And in some cases, you may never even need to talk to them. So we kind of discourage that kind of contact.

But anyway, somehow this guy finds the office. I've now determined how he did it, and I'm going to fix it. But that's neither here nor there. There's an old white pages listing that shouldn't be there. But anyway, in he comes with this little booklet in his hand. Chris Nielson, where are you? There you are. In the guy comes with this little booklet in his hand. This thing is the how-to of well-adjusted advertising. I don't know if you have a copy of this or not. Well, you will now. Chris is my licensee for all of my materials for chiropractic and dentistry. This is a manual that went with a tape set in, I don't know, 1986, '87, somewhere around there. It's a moldy oldie, in other words. And pretty damned ugly, by the way. I think this tape set with this manual sold for \$400. Talk about pissing and moaning. Here's a couple pages it's hard to see the copy and all that.

But anyway, in he comes with this book that he's had and been using since 1987, wanting to know if there's anything new he can buy. But here's what's important about all that. Think about that. That's the power of information products. They don't go away. Most of these consumers remain consumers for their entire lives.

And if you get them, even if you lose them, they'll eventually track you down and insist on giving you more money. Even if you're doing everything wrong, they come back and they give you money. It's a wonderful thing, this information product business; 50 or 60 pages of paper and this guy's back. Between the two of us, we'll probably get \$1,000 out of him in the next couple of weeks. Bless him. Anyway, if you don't have this one, you can pick up this moldy-oldie.

Where's the E-Bay guy? There you are. No, not from E-Bay. Don't misunderstand me. It's just that I'm so bad at names, I've already forgot his name, which is horrible. In case you didn't know it, there's all kinds of old stuff in our business on E-Bay. There's like this little black market trading thing going on of my products and Jay's products and Tony's products. In fact, he told me about an old product of mine that he just bought on E-Bay. What did you pay for "Speak Like A Pm?" \$40. You actually kind of got raped. I think that was only \$89 to start with. But I completely forgotten about the whole prOduct. I didn't even remember that it existed. I'm going to get a copy from him and take out the references to railroad travel and recycle that baby.

Going to give you some pictures of where we're going to go. It will be easier for you to look at the chart that you've got in front of you than it will be at the slide. The basic premise is presumably you have a core expertise. You might have more than one. But presumably, you've got a core expertise, like something you know something about and that you know how to do. The most important thing to know about that in relation to this business is you don't have to know more about it than anybody else on the planet. You only have to know more about it than a cluster of customers know. That doesn't even have to be true. You have to convince a cluster of customers that you know more about it than they think they do. That's it. You just need that much better. You don't need world class expert status. You just need to know something.

And then you take that core expertise, and there's only two ways to make money

with core expertise in the entire world. One is to do manual labor, which everybody gets good at early. Tom and I were just talking about a lot of people stay good at for their entire lives and never figure out the other half of the picture, which is how to leverage the core expertise. And that's really all we're doing with information and the selling of information product is we're replacing manual labor with stuff, so that we can multiply and sell our knowledge without multiplying the number of people required to do it.

Media has replaced people. I spent some time a couple months ago—more time than I cared to spend, but nevertheless—I spent some time a couple months ago talking a Hollywood personality, a Guthy-Renker client, out of starting a multi-level company. Here was one of my arguments. Mary Kay Cosmetics took I don't know. 32, 33 years to get to their current annual sales volume. They got there and they stayed there through an agonizing, complicated process of losing people, recruiting new people, this person on top of this person—not physically—but on top of this person. Well, at some Mary Kay conventions. But on top of this person, on top of this person, on top of this person, each one resuscitating the next every morning, and all of that. Victoria Principle skin care products got to 50% of Mary Kay's annual sales volume in 18 months, with no salespeople. TV.

So media has replaced people. And doing anything with people is like antiquated and will be increasingly antiquated.

McDonald's is the first one in the fast food industry to be experimenting. They now have a prototype facility that they're trying to make work, that has one human being in it. One person, that's it. They're just there to make sure the equipment don't break. Everything else happens by robot. You go in, you press buttons, it takes your money. it shoots your food out of chutes and off you go. The food's made by robots. No people. Given time, they're going to figure this out. So what we do, we've been kind of ahead of the curve.

If you look at this little chart when you go home, hopefully what you're going to go home with are to-do lists. Every single thing on here spawns its own ugly little set of

to-do lists. So for example, a published author. Here's all the to-do lists just for that one little square on the chart.

I low many of you in here have trade-published books? I know there's at least a few of you. Okay. We all share the same pain. So our list is we've got to promote the book tirelessly. It's not in there. I'm sorry. I should have told you that. Should have told you that. Not in your book. Not in your book. I'll get that now.

Where was Kent? I le helped the last time. You need to keep on top of whether it's in the book or not in the book. Right? You're in charge, guy. Oh, I should have done that, too. Where's Dr. John? Where are you? There you are. He's the guy in charge of making sure everybody's back in here on time from breaks. He sells information that teach people how to kill other people with their bare hands in 30 seconds or less. That's what he does. So John, you're in charge. They're back in here on time. or do a demo. Okay?

By the way. I'm not being funny. That's what he does. The gun control lobby should love you. If you teach all the kids how to kill everybody with their bare hands, nobody will be stealing guns and shooting people. It's a solution.

So we've got to promote our book tirelessly. Because if we don't flog it, nobody else does. You may have noticed, if you watch the talk shows at all, who's been on all the talk shows in the last week? Judge Judy. Larry King, every show you can name from the obscure to the big, she's out there. Why? Because if she doesn't go flog the book, nothing happens.

So we've got to sell books. And if we're smart, we buy books, because we keep books on backlist by buying enough books that the publisher says, "Well, screw it, they're buying enough books, so let's keep printing them." We nurture the publisher relationship, we make sure we capture leads from the books. I'm going to show you a little bit about that. We've got to *revise the* editions. We've got to nag them to revise. We've got to recycle. We've got to work on the next book deal. And then we've got to little sub-to-do lists for every one of those things. So this chart has a million things to do

behind every one of the things on its little list.

And ultimately, we want to get to equity. Equity is defined, in our business, as customers. The most important asset. That's what this is all about, is the customer list, by the way. It's more important than anything else you can do, as I'm going to try and convince you of, which is contrary to what most people believe coming into this business. Product is easy. That's not good news to the person who is in love with their product. But product's easy, customers are hard. And all the value is in having the customer, not in having the product. If we've got customers, we can get product.

Renewable income, meaning that we structure our business in a way that there's some semblance of automatic money. We're not waking up every morning starting anew. Reliable marketing systems. Then intellectual properties. And then maybe a brand. That's equity in our business.

We're going to talk a lot... This is in your book. We're going to talk a lot about marketing to niches. We will also talk about marketing to non-niches, because I know some of you are married to the idea. But we're going to talk a lot about marketing to niches.

This is still in the introductory section of your book, so unfortunately It doesn't have a page number. But it's just a few pages back from where you are.

This is a list—I think—of everybody. Memory fails. But i think of every niche in which I have either created a monster or at least assisted with creating a monster. Let's see who's here. Jeff, you're here somewhere, right? Wave your hand. You're a short guy. There you go. In case you want to find him on breaks, that's Jeff Paul. We'll talk to Jeff a little later. Jeff started. if you don't know, Jeff started in financial services. That's his niche.

Pamela's not here, Linda's not here. Greg's not here, Will's probably not here, Dr. Tom in chiropractic. Joe's not here, Jim Fleck is here. Jim, where are you? Jim started in heating and air conditioning. Reed? Is Reed here? That figures. Reed's one of our Platinum members, and he's the only Platinum member that has an enormous

amount of trouble getting to the meetings on time. Let's see. Bill's not here. Marty's not here. Rory's here. Where's Rory? The guy, Restaurant Marketing Systems, *and* his name is Fatt. Can you be *any* better than that? Right? It's too bad your mom didn't name you Get. Wouldn't that be great? A guy's name is Get, maybe M, middle initial, for more. Fatt. Signs all his letters.

Let's see, Craig Forte? Yes? No? No. In real estate. Tim Paulson's probably here somewhere. Timothy, are you here? Incredible. Let's see, John Rubio. I don't know if John's here or not. Since he's not here, I'll tell you something. if you're going to pick a niche, which some of you may be even trying to make that decision, I would highly recommend not following him into marketing to lawyers. You want to pick a miserable existence, he's done it. But he's doing it successfully. He's actually selling information to attorneys and not having it all returned for refunds. Big surprise to me. Big surprise to me.

Pamela Yellen's name appears twice. Pamela started out in financial services insurance, still markets to that niche, and also markets to the niche of dry cleaning owners. What do they have in common? Not one damned thing, which is a real important lesson. It doesn't have to make any sense. It has to make sense in terms of selection of the market, which is what we're going to talk about first this morning. But it doesn't necessarily have to make sense for you.

Property casualty insurance, Michael's not here. Then you have a list of some non-niche businesses. I am more fond of the niche businesses for reasons that will become obvious as we go along this morning. But we can do both.

Skip over my schedule, and you're going to find a page that looks like this. Most commonly made mistakes. Here are the 8 ways we all get ourselves in trouble in this business. This may be a list you want to keep. Stick it up somewhere you see it, because everybody makes the mistakes over and over again.

The first one is product first. Even in a group like this, there's probably 15, 20 people in here who are already having product and are emotionally married to it. They may

have done Hemmingwayesque work, having locked themselves away in the attic with bread and water for years to create it, and they are in love with it and they have spent umpteen amounts of money on it. Maybe they've got 25,000 copies of it in their garage, so their spouse is parking outside. They are extremely reluctant to discover the fact that nobody wants it. This is the wrong order to do things. The right order to do things, which is where we're going to spend most of the time in the morning, is figuring out who wants what and then supplying them. The who is important before the thing. Everybody gets on the thing. The who is much more important.

Second product mistake is, of course. the link to the first, is becoming so obsessed with the product that you won't stop.

Insufficient research can bite you in the butt several different ways. My favorite insufficient research story. Just had lunch the other day. Hadn't talked to her in a long time. So I was painfully reminded of it. Some years ago, a producer in the infomercial business calls me and she says. "I'm doing a show and we want you just to write the call to action, the commercial part. I've got it worked out with the client I can do one of two things: I can pay you your usual fee and your royalty, or I can buy you out at 4 times the fee." I said. "What's the show?" She said, "We're doing an infomercial where this guy—we're going to sell video tapes and audio tapes—this guy teaches people how fish think, so they can catch more fish. I said, "I'll take the buyout."

As near as I can calculate, that was about a \$100,000 mistake. It's because I didn't bother to go... I don't fish, so I knew nothing. And I didn't bother to go learn anything above nothing before I said, "I'll take the buy-out." Turns out if you do even a modicum of research, like if I had just gone and looked in SRDS, which we'll talk about this morning. I would have seen that there are almost as many fisher people—fishermen and fisherwoman. If Rue Paul fishes, then there's fisherits. There are almost as many fisher people as there are golfers, and they are equally rabid. Fishermen will buy any stupid thing that might possibly allow them to catch a fish slightly larger than the guy next to them. Or one more fish than the guy next to them.

And they buy a lot.

In the *Tin Cup* movie, she shows up at the golf instructor deal with all the gadgets, the thing that fits on your head, the thing that fits on your ball. Same deal. They've got 5,000 gadgets and 612 lures. I didn't know any of that. What did I know?

Turns out this guy runs a seminar business, by the way. He takes 20 people at a time for a week, at \$8,500 apiece and takes them out in a boat and teaches them how fish think.

So insufficient research can bite you in the butt one of two ways. It can bite you the way it bit me, overlooking something that could be an enormous opportunity. Or you could make some assumptions about a market that are not at all correct, and be very disappointed and very frustrated. So we're going to talk about doing smart research.

Fourth mistake is ignorant or cafeteria copying. There's two kinds. The first kind is the ignorant kind. That's where you see something and maybe even you see it repeatedly, and you say to yourself, "Shoot, I can copy that." And you copy it. It doesn't work, and you're amazed. And it's because you only saw the first thing on a whole long list of things that that person does in order to make it profitable.

I grew up with the Joe Carbos of the world. Do you remember when Joe Carbo was running his "Lazy man's way to riches" ad, and he inspired a whole bunch of copycats? Joe was in when he actually made money on selling a \$10 book with full-page ads. Pretty much, everybody that followed him, the economics had changed. There's the original Lazy Man's Way To Riches book. I got the revised one they did, which is okay, but that's a classic. Joe made money selling that book.

Then a whole bunch of people, Mark Heraldson and Ad Infinitum came along, and they kind of copied his ad. So there was a slew of them, all selling pretty much \$10, \$15, \$19 books. Fairly early in that process I said, "Well, heck. I can write an ad just as good as those ads," which I did. I've got two of them right here. One looks like that, one looks like this. Neither one of them ever came close to break-even, 1986 and 1987. Cost me about—I don't know—\$50,000, \$60,000, \$70,000, before it dawned on me there must be something I don't know.

There's a scene from some movie—I don't remember the movie—but kids are driving around in a car, a beat-up car, and they're in a rich neighborhood. They're looking at mansions and fancy cars and one of them turns to the other one and says, "There must be something going on that we don't know." Yeah.

For example in Haroldson's case, he was running all his full-page ads and running a slew of them. You may remember the Haroldson ads. If you don't pay a lot of attention to this, but they were everywhere. Mark, at the time, was a fairly chubby fellow and he had on a polo shirt with horizontal stripes that made him chubbier, standing next to a Mercedes, if I'm not mistaken. And it was "Awaken The Financial Genius Within," I think was the headline on the ad. It turns out that to sell a \$10 books was costing Mark about \$35. The good news is my *ads* were working better than that. The bad news is he was making money and I was losing money. Because Mark was in the mailing list business. All of the money was in the rental of the list. None of the money was in the product.

If you ignorantly copy and you don't go through the whole process, so like one research tip. if you see something that interests you, buy the product. Be the prospect. Be the customer and see all the steps that happen after the fact. Pay attention to what's below the surface, not just on the surface.

Now, cafeteria copying can be worse. I have a client who insisted on doing a particular type of infomercial. They did five of them, because they kept redoing the show with different talent, losing money with every single one of them. And I told them from the beginning, they weren't willing to do all the things that you had to do behind that show once the phone rang in order to make money. They weren't willing to have a dedicated phone room. Expertise. They weren't willing to have their own people on the phones. They weren't willing to sell high-priced packages. They weren't willing to do out-bound. They weren't willing to slam-dunk them and load them up with inventory. They weren't willing to do all the things that had to be done. So they copied the part of it they liked. They said, "We'll do that part. And we can even do that part better than those guys are doing. But we don't want to do this part.

We'll do this one, but we don't want to do that part, we don't want to do that part, we don't want to do that part." You can't copy, unless you're willing to copy it all.

Sixth thing on the list. Well, fifth thing we already talked about. Sixth thing on the list: bad economics and delusional projections. If you want something that will save you a lot of money and grief in this business, here it is. This is like wisdom of the ages stuff and you get it within the first hour. Nothing compensates for bad numbers. Nothing. Not having the best product ever invented in its category, not being the best expert in the category, not hiring the world's greatest copywriters. Nothing will compensate for bad economics.

In fact, the flip side is true. A real trick to making money in this business is having the economics tilted in your favor so far that you can screw everything else up and still make money. That's the way you want to play the game. You want to have what I call "forgiving economics." Math built into your business that allows you to pay too much for your advertising, to not have the strongest pitch in the world, to live with an excessive return rate, on and on and on and on and on.

Everybody wants to delude themselves. By the way, I'm not talking about beginners. I'm talking about pros. We all want to delude ourselves. We all want to look at a situation and say, "Well, in this case, I'm going to get 7% response rates. I'm not going to worry about what happens if I get 1%, because blank..." Whatever you put in that "because blank..." stop. There's nothing you can put there that will make up for unforgiving economics. This is business all about margin. This is a business about people expense, but cost of sale is enormous, as I'll show you. So you've got to play the math right. If you don't have the math right, you lose.

Eighth great way to lose money? Be a pioneer. Innovate. That's a great way to lose money. Those of us who lay your copy appreciate you. But the first guys that did magalogs—you all know what a magalog is? A magalog is a sales pitch made to look like a publication. This isn't a great example, but it's called the Wall Street Confidential, and it's kind of in a magazine form. It's got articles and it doesn't look

like a sales letter, but that's what it is. It self-mails as a magazine. Most of them are 8 1/2 by 11, not this size.

But anyway, the very first guys that did magalogs, there's a company that pioneered magalogs. their first 22 attempts failed. They had spent a million dollars on testing before they made it work.

Now, you've got two choices in this business. You can be that guy, or you can be the guy that waits and copies the 23rd. I'd rather be the guy who copies the 23rd. And once you find something, by the way, you get to use is over, because everything stays evergreen in this business. I've got stuff here from 20 years ago that I'm tweaking, rewriting and using today, for me and for clients. I'll show you some. So there's no good reason to pioneer in this business. For the most part, you can't get a patent. For the most part, nothing we do is patentable. It's not like you and I are going to invent a vaccine or some part that goes in a computer that everybody's now going to have to buy that part from us or pay us to use the part. That's not what we're all about. So there's no good argument in favor of inventing. There are many very bad arguments in favor of inventing. When you're going to choose a market, there are 20 chief factors to consider. This identifying what's working, stealing it and using it.

So let's talk about markets. The very first thing we want to talk about and spend our time on this morning is who we sell to. There's basically three types of markets. There's the everybody market. I've got something that everybody needs. I've got information on weight loss or curing cancer or growing hair or raising healthy kids. The market is huge. That's one type of market.

The second type of market is what I call "subculture markets." That's like Harley Davidson owners, Vietnamese pot bellied pet pig breeders, fishermen, hobbyists our world is made up of. Everybody in this room belongs to some kind of little subculture that hardly anybody else in the room even knows exists or doesn't even pay much attention to.

It's like the Star Trek deal. We all know about the Star Trek deal, right? There's people that have costumes and they go to five, six, seven of these events every year, to Star Trek conventions. And *all they* have in common is they don't have a life. What they really have in common is... What they have in common is they're just really into Star Trek. And they buy all kinds of crap. They buy videos and audios and books. There's magazines for them and websites for them. But if you don't happen to pay any attention to Star Trek, you might not even know they exist. There's a million of these little groups. So I call those "subcultures."

The third type of market is the niche market, which predominantly what I'm talking about is business and occupational niches. Although, you could arguably put recreational and hobbyists or some bridging. But predominantly, I'm talking about plumbers, butchers, bakers, candlestick makers.

A definable occupational or business group. list is page two in your manual, and it looks like this.

First thing to consider is do you have any affinity to the market. That means that you came from it, you are one of them, you were one of them, your spouse is one of them, your kid's one of them. That's why, if you go back to the niche list at the front of your book, in many cases—not every case, but in many cases—the person came from the niche they're now selling to. Jeff was a certified financial planner. Got in the information business, turned around and started selling to certified financial planners.

Joe Polish was a carpet cleaner. Got in the information business, turned around, started selling to carpet cleaners. Good business niche example, by the way, because every time I tell that to somebody that doesn't understand our business, their first of them. How many of them are in the coaching program? Jeff, do you know? You're doing a little consulting with him. There's a couple hundred in the coaching program at how much a month? Okay, \$250 a month times 200. There's 3,600 members. There's going to be like 150 at the boot camp this year at \$1,000 apiece. There's two-, three-million dollars a year to get from them carpet cleaners, as there is from any other niche.

Affinity is one thing. Are you one of them, were you one of them, do you have a story to tell to them because of *your* background and/or understanding. You're not one of them, but your brother's a plumber. So for the last 20 years, every time you go to a family picnic or a birthday party or whatever, you have to listen to the brother-in-law talk plumbing. So you've never been one, but unfortunately, you have a whole lot of understanding about them. May I make the point that if you do wind up selling to a market that you don't have a lot of understanding about, you must get it. We're going to talk about how to get it, but it is a mistake to try to sell to people you don't understand. Big mistake.

Number two on the list, knowns versus unknowns. How much do we know? They're kind of linked. Simple thing. The more you know about a market, the more likely you are to be successful there.

Link those two together. I'll tell you a quick story.

There's a company here in town. I'm going to choose not to name them, since we're taping. But a very successful company. They started out years ago purely as an information product marketer to a niche. And gradually, they expanded and became not only information, seminars and workshops, but also supplies. Very successful. Very smart people. For years, we produced their tapes when I had a tape-production company.

They decided to go into chiropractic and they produced a clone of their catalog for chiropractors to send to chiropractors. I saw it when it was about to mail and I said. "I wouldn't mail this if I were you." They said, "Well, we printed 50,000 of them. We're planning on mailing them." I said, "Well, I wouldn't do that if I were you. Because not only are you going to waste the \$50,000, but then you're going to have a recovery period in the marketplace where you're going to be throwing money away just to get back to zero." "What's the matter?"

Well, they changed all the copy where it said "dentist," it now said "chiropractor. Because they also sold to medical doctors, where it said "MD," it now said,

"chiropractor." They changed all the copy. They used the same photographs. So here's a photograph of post-it notes, imprinted post-it notes, and it says, "So-and-so, MD." I said, "Let me tell you something about chiropractors that you don't quite get: 80% of them, if they see an MD crossing the crosswalk, they speed up. They do not like these guys and they will not use anything." "Oh, that's ridiculous. No adult behaves that..., etc., etc." And of course, maybe adults don't, but chiropractors do. They bit it pretty big on this little project.

So how much do you know? The more knowns there are... I get lazy. I write copy for people in a variety of different businesses. The older I get, the lazier I get. I want to do one I've already done, because I already know a lot. So I can skip the learning curve. The more you know.

Size of the market. Yeah, size is important. Don't let anybody tell you different. But some people think biggest market, best market. Ain't necessarily so. A market has to be big enough to be worthwhile, but not so big that you lose specificity—that everybody in it is so fuzzy, their big demographic range, big age range, big changes in the way that they operate and the way they think. In a business niche, for example, in nine out of 10 cases. 15,000 is too small. There is cases where 15,000 is fine.

Tim's not here yet, is he? Did Paulson get here? There you are. You don't even have the East Coast time differential excuse. You drove across town.

You've lived now, in the hair replacement industry, for how many years? Selling information? Five years. And how many people are there to sell to? There's 4,000 people in this niche. And I want you to know he's made a very good living selling information products to people in this industry for five years. Now it's capping out, and he's got to make some changes. But for five years, millions and millions of dollars worth of business. So you can violate the 10,000 to 15,000 rule in certain cases. It causes product adjustments and price point adjustments, and **all** sorts of things that we'll talk about.

On the other hand, let's say you've got a market that's got 300,000, 400,000 in it. That

may be good or that may be bad. For the people that market to realtors, for example, that's a great niche market because that's a great, big, giant market, but it behaves like a tiny, little niche market. But some big markets don't behave like a tiny, little niche market.

So size is important, but small markets can fool you and be very lucrative, and big markets can be disappointing. Under no circumstances is size a total determinant factor. You can't just make your decisions based on size.

Trends, timing. Is the market growing or is the market shrinking? There are some markets, for example, that are aging markets and everybody is dying off in them. In Canada... Do we have any Canadians here? We have a few Canadians here. You guys still have denturists. I spoke two years ago to the Canadian National Association of Professional Denturists. These are not dentists. These are people who make dentures. So they only deal with patients who come in to get dentures made. They deal with the patient. They're not making dentures for other doctors. They're in private practice as denturists. I think, if we have it here, it's only in the south. I'm serious. That's the only place it's left.

You know that deal. The toothbrush was invented in Arkansas. If it had been invented anywhere else, it would have been called a "teethbrush."

So anyway, there's these guys... there's this Association of Denturists. First of all, the whole National Association has like 1,000 people in it, if that. This big national convention *has* like 85 *people at* it. But here's what was glaringly apparent. They're all like 70 years old. There isn't anybody coming in to that niche. So even if there were 20,000 of them, and even if you figured out something great to sell to them, your days are real numbered. They're dying, and nobody's joining up. So you've got to look at what's happening in your marketplace.

Right now—I probably shouldn't say this because Michael would still like to license this—but right now the travel business is a little scary. Look at the travel niche. They desperately need help. But arguably, there's going to be two-thirds less of them in

about 36 months. That's a trend you might not want to buck. What's happening in the marketplace, which brings us to replenishment.

Replenishment is how fast is there new blood. Again, low replenishment doesn't rule out a market. Fast replenishment doesn't make a market. But it's a consideration you have to think about. One of the nice things, for example, about the carpet cleaning niche is very low barrier to entry; \$50, you're in the carpet cleaning business. No certification required. No college degree. No license. So somebody can come home today mad at their boss, quit tomorrow morning, and be in the carpet cleaning business by noon tomorrow, and they're a fresh prospect.

Can't happen with, say, cosmetic surgeons. A guy can't come home from a job at the factor) today, say, "I'm pissed off." wake up tomorrow morning and say, "I think I'm going to get in the breast implant business," hang up a sign. He's a new customer for those of us selling practice-building information. Can't happen. He's got this long, arduous process he's got to go through. So that market replenishes slower.

So how fast does your market replenish? How fast do you get new blood?

Reachability. Big factor. There's absolutely no point in having something great to sell to a certain group of people that is difficult or extraordinarily expensive to get to. I want them to be readily reachable. That means there are magazines just for them that they read. There are clubs or associations just for them that they belong to. There are other people selling stuff to them, and just to them, who have mailing lists can rent. A factor today that we really consider is do they have fax machines. Again, it doesn't rule out a market, doesn't rule in a market. But it's a consideration because broadcast fax works so well and so cheap as a lead generation mechanism, that it's a real plus if they're faxable and it's a negative if they're not faxable.

Geographic factors. Where do they live? Does that matter to you? Are they evenly scattered all over the country? Do they all live in California?

By the way, most mailing lists—just take direct response in general—you're going to find states like California and Texas are infinitely more responsive than states like Rhode Island

and Connecticut. I'm not sure I know why that is. Don't care, but I can tell you that it's true. So if the vast majority of this particular group of folks all live in East Coast states, personally, I'm going to think twice because they're going to be harder to sell.

Demographic factors. Gender. How many of them are men? How many of them are women? How many of them are Rue Paul? Do you care?

Discretionary income. That's a factor, isn't it? How much money do they have to give us? Asked why he robbed banks, Willy Wolman said, "That's where the money is." A lot of people don't get that, by the way. Think about these idiots robbing convenience stores. I've never quite understood that deal. I'm going to risk life, limb and a prison sentence to go in and hold up a place that sells 50 cent items. Rob a casino or something. But a convenience store? Take a step up!

By the way, if you haven't watched this thing, my favorite TV show is America's Dumbest Criminals. I like it better every week I see it. We had another guy here in Phoenix who was on the news today. He robs a bank yesterday. He robs a bank yesterday and he writes the demand note on the back of his deposit slip. So they're waiting liar him when he gets home. There's some guys that really just should have jobs. You know? Self-employment for this person is just not a good option.

Anyway. discretionary income. Do they have money to give us? You're probably better off selling to people that got money than don't have money. Take practice-building. It doesn't mean you shouldn't sell to chiropractors, for example, because there's a whole lot of people making a whole lot of money selling to chiropractors. But cosmetic surgeons. you can sell them the same box and charge twice as much for it. because they've got more discretionary income.

Psychographic factors. How do they think? How do they buy? For example, if you're going to sell to a bunch of analyticals. you're going to have to do things differently than if you sell to a bunch of impulsives.

Kit came today dressed especially for me. He mugged an accountant on his way in the door. I le came in his analytical outfit. He's got on a little button-down shirt, and he's got those shoes on with the pinholes in the toes. The only thing he doesn't have is a pocket protector. But that would complete the picture. That would do it. Any car guy will tell you,

if you've got ups and that guy walks in the showroom, you head for the john and let the next guy have him, because he ain't buying. He's gathering information, this guy. I'd rather sell to guys who buy a car because it's red. "I like that. I'll take two of them." Its personal preference. You've got to decide who do you want to sell to based on how they think and how they buy. Is there a bias in the market?

Seriousness. By that, I mean—if there is such a word—rabidity. Is there such a word as rabidity? Or is it rabidness. Which way do you say it? Anybody know? I think it's rabidity, isn't it? Meaning they're like golfers. Meaning they are passionate to the point of insane about what they are involved in. I'd rather sell to them than sell to somebody who isn't that way. The hurdle is lower.

Where's Chauncey? Is Chauncey here? Chauncey sells to tax preparers. This is more of an uphill battle than, say, selling to salespeople. Salespeople are much better buyers. It doesn't mean he doesn't have a good niche. It doesn't mean on this list he doesn't have the right combination of factors to justify being in that niche, one of which for him was affinity. But there's no doubt he's got a tougher battle than people selling to certain other clusters of people, just because of the personality of who he's selling to.

Now, the seriousness issue, in his case, he may have a bunch of them that are really serious about making their practice better. That helps. How serious are they?

Emotion, logic, personality styles. You want to be able to use stuff like fear. You want to be able to scare them. You want to be able to make them mad at people. You want to be able to arouse their emotions. Is this an audience that that can be done in?

Direct response-buying behavior. There's something that's important. Television infomercials, when infomercials first became big, all of the direct response marketers hastily ran to get the lists of the customers, only to discover that TV infomercial buyers do not buy from direct mail as well as direct mail buyers buy from direct mail. Which, if you think about it, makes sense. So if you have a choice between a market that is already buying... Let's take John's market. I'll show you some magazines.

By the way, on the way home, subcultures, the way you get a handle on subcultures is you buy a bunch of obscure magazines. If you buy Black Belt Magazine... How many of you regularly subscribe to and read Black Belt Magazine? A couple. John, you know who you might be able to get a check out of them before you get out of here. There's one, two, three. Black Belt Magazine. How many of you have never seen it? If you get it, you'll be tempted to figure out a way to get in the market. Because the one thing that is blatantly evident from an issue of Black Belt Magazine is the people who read this magazine have got to be great direct response buyers. There's nothing in there but DR ads. That's it. Chevy ain't buying a page. There's not a wine ad. pantyhose ad. car ad. None of that's to be found. The magazine is being 100% supported by guys like us. selling them information.

Now go pick up Independent Investor Magazine. Anybody in here get that? Ken? How many have never seen it? Okay. If you pick up Independent Investor Magazine, this is a magazine published for, obviously, independent investors, meaning people who don't rely on brokers for advice. They figure it all out themselves and they do it themselves. So you might think, "Hey,, there's 250,000 people subscribing to this **day-trading course**. Go look at a magazine and try and find a DR ad. There's none. You're not going to find anybody in there selling anything.

There's two reactions to that, of course. Two shoe salesmen sent into the jungle and one wires back, "Send more shoes, because nobody wears shoes," and the other guy wires back. "Get me out of here, because nobody wears shoes." There's two reactions to it, but you've got to be really careful when you find a crowd that has not already demonstrated the willingness to buy by direct response. It's a real consideration of how well do they buy by DR. Give or take, my preference is usually I'll live with the competition to sell to a trained group, rather than being the guy trying to train the group to buy the way I sell.

Sophistication. Do you want a real sophisticated group? Do you want an unsophisticated group? It's a factor to consider. How smart do you want them to be? How educated do you want them to be? Just about every mailing list, by the way, tells

you how many of them have college degrees, how many of them have advanced degrees.

Price sensitivity. That's a factor. There's a few people in here, for example, I know that have information products that are aimed at women. Let me tell you something. This is an absolute accurate fact. Be insulted if you want. But in monthly continuity programs for women, where the credit card gets charged every month for X dollars and the stuff gets shipped, there's a profound drop-off when you go above \$19 a month. Male-oriented continuity programs do not have that same fall-off point. There's a real price sensitivity. Almost every female speaker who sells to female audiences will tell you the same thing. Harder to get them to part with their money. Much easier to get them to part with their money for cosmetics than it is for information products. That's just the way it is. I'm not sure why all that is, but I'm going to tell you that's the way it is. So you've got a price sensitivity issue. It doesn't rule out a market, but it's a factor you have to consider.

Seasonality. Is there any seasonality to the market? Does that bother you? Is it good or is it bad? Marty Grunder sells to landscape contractors as his niche. He has absolutely determined that there are certain times of the year you can't sell to them. They're not reading anything. They really are working 14-hour days, they're busy, they're turning away business. I think Jim found seasonality factors in heating and air conditioning. Maybe you want to take four months off and not do anything. And maybe that's a good factor for you. Maybe it's a bad factor for you. But you've got to know it about your market.

Competition. How much competition is there? Again, my preference is always to buck competition rather than have untrained buyers. But there are some niches where there are already so many players that you have to really think, "Do I bring anything dramatically different to this niche than these guys who are already entrenched and already doing a real good job?"

It's one thing if you see competitors who are not very good. That's encouraging. Go look at a group of magazines. Let's say we went to Independent Investor and I saw

some real bad direct response ads. Then I saw that they've been running in there for a year. And then I answered some, and I got real bad direct mail pieces. I would say. "Hey, if these nitwits can survive, think what I can do." But if I see six competitors who are all pretty good, they've all got good ads, they've all got good direct mail campaigns. you've got to think twice about that. Don't you?

Comparables. Comparables mean that they're not direct competitors, but they're selling something comparable to this market, which means you can learn from them. When the explosion of information products to golfers erupted, there were already a lot of guys selling equipment. That's a comparable. So an information marketer can look at everything that somebody was doing successfully to sell a club and say, "I can take the same techniques and apply it to information products." They're comparables.

Regulatory legal. Some markets are more regulatory sensitive than others. You have to consider it. You have to decide how diligent and careful a person you are to function successfully in a highly-regulated environment. You have to determine whether that worries you and causes you to lose sleep at night. The vulnerability of the business because of regulation. Health information, in and of itself, by the way, protected by the constitution. You can say any damned thing you want to say. If you want to publish a book that says, "If you eat shark cartilage, you don't get cancer because sharks don't get cancer," you can do that. And you have no regulatory issues whatsoever.

By the way, just because sharks don't get cancer, it doesn't mean that if you eat shark cartilage you don't get cancer. This is a real leap of logic. However, a million books. But if you're going to sell shark cartilage, that's a whole other ballgame. Because now you are not protected by the constitution and you're regulated not only by the FDC, but the FDA. You've got to think about what kind of regulatory environment you want to live in.

Nineteenth factor: potential for renewable and/or continuity income. This is a biggie. With rare exception, I would say to you, "Don't play in a niche where you can't create one or the other or both, where you can't set up renewable income, where every so

often the same customer's going to give you another amount of money with some degree of predictability. And/or where you can't do continuity, where these customers will let you whack their card every month for X dollars and send them something automatically. If you can't make that happen in a niche, you've got to think long and hard about getting into the niche.

So you kind of make yourself a pro and con list here, and you think through all of these factors when you consider a market. One of the things you want to look for in a market is what I call its "soft underbelly." Where is it vulnerable to you?

I had a client for several years, who was *the* number one marketer of information, and seminars for that matter, to the grocery store and convenience store industry about controlling theft. Vendor and employee theft, not shoplifting. The soft underbelly here was that the owners of the stores, chains or independents, it really aggravated them. It made them mad that their employees and their delivery guys were stealing from them. We had this great true story. I got excited about this guy for two reasons. One reason is when I saw his testimonials. But the other reason is when he told me this story, I said, "There's *a* whole business to be built on this story."

The true story is this and we built all of our marketing around it. The CEO of this big supermarket chain, 20 or 30 supermarkets, has just moved into his brand new umpteen-thousand-square-foot, \$300,000 house. He is standing, admiring his lawn and his neighborhood in front of his new \$300,000 house about 4:30 in the afternoon, when he sees his new neighbor, directly across the street, arrive home from work.

His *new neighbor pulls* into the driveway of his umpteen-thousand-square-foot, \$300,000 house in a Pepsi delivery truck. The guy who lives across the street from him, in the same value house he lives in, is the guy delivering Pepsi to his stores. The only way this guy could afford this house is by stealing from all of the stores that he delivers to. This takes all of the joy and fun out of just having moved into this new \$300,000 house. This guy hates his house, he hates living there. And every day, all he does is glower across the street at the guy who lives over there, mad at him.

That story resonates with every supermarket owner and every convenience store owner and every drugstore owner. So you can get them really mad. That's all the leverage that was needed to dominate this marketplace. By the way, the thieves steal—combined employee and delivery man theft in that industry—equals the net profit of the owners. So the two thieves together make just as much money *as* do the owners, and they do it with no overhead, no employees, and they pretty much don't pay taxes. So who do you think's got the better deal? So that resonates.

Randy's here. Where's Randy? I haven't quite figured it out entirely yet, but Randy's got a point of leverage with certain groups of people. He's got products that all have to do with stopping the roller coaster income syndrome. But more important, with people who have roller coaster income, it instantly resonates. So there's a place to go in there now and really agitate and make people unhappy, etc.

Case management software for lawyers. I had a client in that business for three years. Pretty boring product. And selling to people that you would not ordinarily choose to sell anything to. But the point of leverage is 80% of all malpractice suits occur because of a case management error. Case management means showing up where you're supposed to be on time, filing the document by the deadline date. That's what case management is. And that's how they all screw up. And all the malpractice suits, 80% of them, are based on something as simple as missing a deadline.

For several years, when I had a company that was involved in a lot of litigation, I picked up my attorney and drove him. Because if you didn't, the guy might not be there.

So the way to sell case management software to these guys is to talk about malpractice suits. So the point of leverage is, "What's going to happen when they come and they take your law practice and your desk and all your possessions and your kid's piggy bank away, and you can't go to the country club anymore," etc. It's a point of leverage. So you want to look for does the market have this? If the niche doesn't have it, you've got to think long and hard about even being in it.

Then, I gave you my 10 smart questions list. Some of you already have this, by the way, but it merits review. It is one of those tools you should always have in front of you when

you're analyzing a market and when you're preparing to create product and create offers for a market. This, above all else, is what you need to know about the market. And if you don't know it, you've got to find it out.

Number one is what keeps them awake at night. Where's that point of leverage? What's giving them acid indigestion? What are they scared of? By the way, if you can't get a good answer to these questions about a niche, about a market, you've got to think twice about dealing with the market. If they're not scared of anything, you've got a problem, because you lose a tool. What are they mad about or at? It's good if it's both. Whoever they're mad at, you can now be their ally against. What are their top three daily frustrations? This mandates that you know what their daily experience is like. What's a day in their life like? If you don't, you need to know.

What trends are neenrrino? *We talked ahnnt* trends

What do they secretly desire most? Not what they say when they fill out surveys. Not what they say in focus groups. Not what they tell their spouses. What is it that they really want?

Is there a built-in bias to the way they make decisions? Analytical? Impulsive? Do they use a computer program? Do they have their own vocabulary? Almost every group does. Every subculture has its own language, every niche market has its own language. You need to know the language.

A very common mistake, by the way. one that I'm familiar with. Chris and I talked about it when he started to market. A very common mistake. When people are marketing to medical professionals, they'll say the following in a sentence: "Blah, blah, blah, for doctors, dentists, chiropractors and podiatrists." What'd you just do? You lost everybody but the MD. People don't understand. First of all, they're very sensitive about not being "real doctors." And secondly, they are doctors. So that sentences is just for doctors. Or, if you're going to do it the other way, you've got to say "for medical doctors, doctors of chiropractic." That's the correct language. You've got to know the language of the group.

How do they talk to each other? How do they describe themselves? Who else is selling something similar to them, and how? That's comparables. Who else is selling

something similar, not competitive? Who has tried to sell to them and messed it up, and why didn't it work?

I'm always astounded at how little homework people do. It's quite common for me to sit down with a consulting client and stump them in the first 15 minutes. It doesn't take much effort. Most people jump in without doing their homework.

"We're going to market to this group." "How many years of back issues of their magazines have you gone through?" "Huh? I bought the current copy off the newsstand in the airport. I've got that." "Yeah? What can you tell me about who was selling to them in the 1950's? The 60's? Who was selling to them in the 60's and is still selling to them? Here, let's look at the current copy of the magazine. Tell me which ads work and which ads don't." "How do you know?" "Well, you only know if you've tracked them that they're running repeatedly, over and over and over and over again. You've answered them, and you've determined everything that happens behind them. So you understand how they work. How many people have you talked to in the niche?"

There's this guy at Peter Lowe. I do a bunch of work for Peter Lowe. One of their CEO's. It's about a year ago now. I say one of the CEO's, because they change. One of the CEO's corners me backstage at one of the seminars, and he has decided—think about this—that he wants to get them into the business of putting on giant, multi-day, multi-speaker Peter Lowe-type seminars and expos for riding-horse people. for horse-lovers. I said, "Okay, why?" "Well, my sister owns horses, and she goes to some of these things and buys a lot of stuff." This is the total and sole extent of his research. I just described to you everything he knows. I said, "Have you been to a horse show?" "No." "Besides your sister, have you ever talked to anybody?" "No." "Have you gone to a trade show and walked around and talked to the vendors who sell to these people?" "No." "Gone through back issues of magazines?" "No." "Bought any product from anybody?" "No. No. We're going to jump into the business."

You'd be amazed. It's very, very common.

What's your advantage? Here's a question I ask clients all the time. If you don't have a good answer. don't get in the business. What's the edge you've got that nobody else has got? What justifies you being there at this moment in time? All kinds of possible advantages, but what is yours? If you don't have a good answer to this question...

I told you the theft control story. Created a business in 1983, '84, '85, somewhere in there. The first time I created a business aimed at chiropractors. By the way, I've never been a chiropractor. And prior to then, other than an occasional patient, I didn't know anything. But pretty much by accident, as a guest speaker at a couple of events, here's what I discovered as I began to do my homework.

The first thing I saw was that they were buyers. And then I began to do my homework. Here's what I discovered. At that time, in that market, everybody was selling only one thing to them in terms of information/assistance to build their practices. They were all selling multi-year practice management consulting contracts, average price \$30,000. They were all selling by the same mechanism.

They did direct mail and they ran ads and they brought them into an introductory seminar, like this, sometimes for three hours, sometimes for three days, and they did a seminar and then they closed them and they pitched them their \$30,000 deal. The only other thing being sold to them was like \$10 books, a \$40 set of tapes. There's nothing in between.

So then, I started to look at the numbers. Average guy's introductory seminar in Kansas City, he gets 50 doctors in the room, he works them for three days, he pitches them on his \$30,000 deal, and he sells one of them, two of them at the most; 48 of them had enough interest and excitement to come and spend three days in the room trying to figure out how to do better. He got them all lathered up, but they weren't willing to give him \$30,000. So they went home empty-handed. I said, "There's money in the 48." He can have the two. I'll figure out how to do something with the 48.

Third reason is we had a speaker who needed work. It's not as bad of an idea as it

immediately sounds. There is an entrepreneurial premise that when you find somebody who's really, really good, you find a gold star, triple-A keeper, you create something for them. It's worked for me more often than it has not. So for those reasons, we went into the market. Not knowing what I know today, we copied the primitive sales method. So I used the same method.

We put this guy on the road, and we did hundreds and hundreds and hundreds of introductory seminars over a three-year period. I think we did something like 500 seminars. I forget how many. But virtually every night, he was working. And six, seven, eight, nine nights out of the month, I was out there too. There were 38,000 chiropractors in the profession at that time, and we ultimately sold just shy of 10,000. We almost got a 30% market share. We started out selling them a \$499 box, and eventually we were selling them a \$799 box. And then backend and all the other stuff we're going to talk about. But the reason we were phenomenally successful was because of that 2:48 ratio.

Now, the 50 came to our introductory seminar. They sat there and they got all jazzed up. And about the time that it came to the pitch, they all put one hand on their wallet and gritted their teeth, and waited for someone to talk to them about \$30,000. And when somebody said, "\$499," it was a lay-down, the palpable relief in the room. "Quick, I'll give you the \$499 before you change your mind. Here."

So literally, we sold, in that environment, virtually everybody. Our primary speaker, a guy by the name of Foster Hibbard, it was a rare night when he missed one maybe in the room, two in the room. Get everybody else. It literally was a lay-down. 20/20 hindsight? We should have raised the prices sooner. A lot of stuff I know today I didn't know then.

My point is we had a profound reason for being there at that moment in time. I could answer this question. You need to be able to answer this question.

Inc. Magazine. they have an information product business. They do everything poorly, in my opinion. The products are mediocre, the marketing is mediocre. But

they own media. They've got a great reason for being there. If you've got no advertising cost, that's enough of a reason. You don't need another answer.

Bill Phillips. I get them confused. Muscle Media or Muscleman Fitness, whichever one. Muscle Media. A profound reason for being in the information product business. You own the magazine. It doesn't cost you \$5,000 for the page. You can run eight-page ads. It costs you next to nothing. A profound reason.

Do you have a good answer to this question? If you don't, you really probably don't belong in the market you're in, when you're there.

Let's talk about doing research.

This is like Research 101. It's the starting point. First, Standard Rate and Data Service. For some of you, I know this is tedious. But I'm also always amazed at the number of people who already know it, who haven't gone. Standard Rate and Data Service is the compilation of all the commercially available mailing lists pretty much available in the world. If you're cheap, like me, and you don't use it a lot, you can go to a main city public library and you're going to find last year's editions. If you want to spend \$519 a year, I think, you can sign up and they give you all of the directories in print and you're online, and you can go in there and play around whenever you want to play around.

You want to look at all the lists in a given market for a couple of reasons. Even if you're not ready to rent mailing lists, you go there as Research 101. Because what you **instantly sPe, pink a ninhe, let's sa^y** we're going to do birds. This is Bird Talk Magazine. I'll show you when we get in the sample book. Don't laugh. There's a lot of money selling to these bird folks. They're buying a lot of stuff.

Is that the ugliest damned bird you've ever seen? Isn't that a great picture? What is that thing? But here's a book. She's getting \$170 for a book. Macaws. How to take care of macaws.

There's a guy selling a CD in an ad in here. There's a guy selling a CD for \$99, and guess what's on the CD? He recorded his macaw, which says five things. This isn't even a real

bright macaw. He recorded the macaw saying the five things, and now dubbed them off over and over and over again, six gazillion times on the CD, so you can stick the CD in and leave the house, and his macaw teaches your macaw to *say* the five things.

On top °Everything else, by the way, it probably makes his macaw tax deductible. Think about this. All the food, the vet bills, everything for the macaw become a tax deduction to the business, because the macaw is talent. He's your key guy. Bird dies, you can't make volume two. Right? You kind of need the bird. Right?

So let's say we're going to do birds. We're going to sell to bird owners. We want to go to Standard Rate and Data Service, and let's take a look at all of the lists that exist of bird owner/buyers of stuff. How many are there? What have they bought? What are the price points?

There's all kinds of sophisticated stuff. including software programs for doing price analysis. I'll give you one cheap and dirty way to do this. Go to SRDS and note the prices from all of the mailing lists of what they buy. From this list, they're buying a \$59 item. From this list, they're buying a \$99 item. From this list, they're buying a \$200 item. Add them together, divide them by the number, average them out, you've got the price point for the market. You don't need a software program. You don't need 56 test mailings. You don't need focus groups. All you need is SRDS, a scratch pad. and the ability to do a little math. That's it. Because they've already done all that.

There's a principle. I'm going to give it to you in different ways, over and over and over again today, but here's the principle. There's a guy who got fired. I met him on an airplane. This guy was a franchise site selector for a big franchise company. So when they sell a franchise, they send him into the town, and he spends a week there figuring out where they should put the restaurant.

What he's supposed to be doing is going down to city hall and getting all the traffic analyses of how many cars go through this intersection, in which direction, at which time, and the demographics of the neighborhoods around, and all that stuff. He's

supposed to do this for a week, and then recommend four or five places they might plunk this restaurant. They fired him when they found out he was working for one day and playing golf for four. Because all he did was go in the Yellow Pages, make a list of where the McDonald's were, drive around town, and write down any empty spots that were anywhere near these McDonald's, and that was his recommendation.

They fired him. I think they should have promoted him, because he figured out how to do it in a day. You don't want to pay the guy to play golf all week, but you don't fire him. You say, "Right!" Smarter people than us have already done all this. McDonald's has got the best guy. So the best of the best we've got is the B team. They've already got the A team. So let's just have our B-team guy go follow the A-team guy. We can't hire the A gtiy, but we can follow him.

So the follow-me principle applies to this business magnificently. It applies to product development. This guy's selling a \$99 CD, one macaw on it saying five things. What does that suggest to you? A CD with five macaws on it, each saying five things. Boom, better product. I don't need a new idea. The follow-me principle.

So you go to SRDS and you want to see who's selling to these guys, how big are the lists, what are the price points. Now, what do the lists look like? How many are male? How many are female? What are the age breakouts? What are the geographic biases? How many of them live in California? How many of them live in Rhode Island?

The continuing product, newsletters, magazines, what's their renewal versus expire rate? What's their hotline frequency? How many new customers are coming in, in a 90-day period? You get a picture of the market just by going to SRDS and spending a little time. Most people are too lazy to do it. Media kits. So now were going to go to magazines. We're going to get Bird Talk. And by the way, there's about another six of them. So we're going to get Bird Talk, and we're going to call up Bird Talk and were going to say, "I'm thinking about running ads in Bird Talk. Send me your media kit."

And because they want to sell you ad space, they send you a nice big folder that they paid some ad agency \$50,000 to design. It's got this picture of this ugly bird on it, probably. And in there is all this stuff. If they're an audited circulation magazine, those numbers are pretty good. And there's all the studies of how many of their subscribers own a VCR. If you're going to Nell video tapes, you might want to know that. How many of them have got e-mail addresses? If you want to do e-mail follow-up, you might want to know that. Who else advertises in the magazine? Is it continuing advertising? They're going to tell you all that. All that's going to be in their media kit. So you get a media kit from every magazine in the market that you want to play in.

Back issues. You go to the library and you want years—not months, years. I want to go through three, four years of back issues. And not skim, I mean read. What are the enduring topics? Here's something you might want to know. What did they have three articles about five years ago that they're still having three articles about this year? What did they have three articles about five years ago that they haven't had any articles about in the last year? People aren't interested in that topic. They're interested in the one they keep doing articles about over and over and over again. Who's ads got bigger? Who's ads got smaller? Who's ads disappeared entirely?

Who do we want to study the most? The guys who's ads got bigger. Not only are they still there, but they're spending more. Yeah, some of them might be stupid, but I'm talking about direct response advertisers. I'm talking about people who can count. The 800 number is ringing, the coupon's coming in, they can figure it out. So you've got to do your back issue research.

Historical. Old ads for recycling. Again, we don't want to invent nothing. So I love ads that don't run anymore just because the company is not existent; has been absorbed by somebody. You know what happens in a lot of industries? Somebody in direct response builds a good company, and then some big stupid company buys them. And then they stop doing everything they were doing that works, and they start doing their stupid big company stuff. That's great, because you can take all the stuff that was working, that the big company's not doing anymore, and you can steal it all. You don't

have to invent nothing. It's brilliant. The work's already done. It happens all the time.

What is your name? I'm so bad at this. Okay, Phil. Phil's finding all this stuff on E-bay. He's also a good used book hunter. By the way, I don't have the time or the discipline to do it. But he found me a Harvey Brody course. I'm so excited. I haven't had my Harvey Brody course in years. I'll talk to you about Harvey later.

Time-Life. Time-Life, they understand direct response a little, and they gave him a lot of money for this thing. He signed a non-compete. It only took them a year to put it completely out of business: They stopped doing every single thing he was doing that made any sense. Well, the non-compete's void, the company's out of business. lie started over again, a company called Hemphills. And if you go look at Hemphills' ads, he took the Haverhills' name out and he put the Hemphills' name in. He copied the same type style. They are identical. He built up another big business. And maybe five or six years ago, he sold it to some other big, dumb company, which I don't think they've put it out of business yet but it's close. Which means that some enterprising person can take all the smart stuff and use it. It's in just about every business. If you go through four or five years of back issues of magazines in a particular category, you're going to find it. You're going to see here were these ads running over and over and over again, selling our kind of product, and then they disappeared. Why did they disappear? Well, the guy died, he got out of the business, or maybe some big, dumb company bought them. So historical ads.

Anyway, he just found a Gerardo Joffe course. Gerardo Joffe's course, I'm sure, is out of print. Gerardo Joffe's book is now out of print. The book is How To Make or How I Made, one or the other, At Least A Million Dollars A Year In Mail Order. You should all get it. It's out of print. So you've got to find it on E-bay or in a used bookstore, or borrow it from somebody that's got it. Something like that. Anyway, he's got two hard covers and he's taking bids. Joffe, first name Gerardo. We don't have any, do we? Gone.

Anyway, I've got a hot spot. I don't know if that's good, bad or indifferent. Here's Joffe's story. Joffe built a company called Haverhills. Anybody remember the

Haverhills' ad? He built it up to a big mail order company, and then he sold it to Time-Life. Time-Life, they understand direct response a little, and they gave him a lot of money for this thing. He signed a non-compete. It only took them a year to put it completely out of business: They stopped doing every single thing he was doing that made any sense. Well, the non-compete's void, the company's out of business. He started over again, a company called Hemphills. And if you go look at Hemphills' ads, he took the Haverhills' name out and he put the Hemphills' name in. He copied the same type style. They are identical. He built up another big business. And maybe five or six years ago, he sold it to some other big, dumb company, which I don't think they've put it out of business yet but it's close. Which means that some enterprising person can take all the smart stuff and use it. It's in just about every business. If you go through four or five years of back issues of magazines in a particular category, you're going to find it. You're going to see here were these ads running over and over and over again, selling our kind of product, and then they disappeared. Why did they disappear? Well, the guy died, he got out of the business, or maybe some big, dumb company bought them. So historical ads.

**INFO-RICHES SEMINAR 2000
HIGHLIGHTS PACKAGE**

AUDIO CD TRANSCRIPTS

CD #2

Internet resources. That's all I've got to say about that. I do it, I just have it done for me. Obviously now, you want to get everybody's websites. Right? I have Carl print them, so I can look at them. But you want to get everybody's websites. There's a mountain. We'll talk about it, there's a mountain of places you can go to gather. Every association's got a website, every club's got a website. What was I watching the other night? Oh, the Win Ben Stine's Money Show on the Comedy Channel. There was a contestant on there who says, "Oh, I run a Ben Stine website." It turns out there's like 50 of them. So in every category, there's a bunch of numb-nuts out there running websites just for fun. There's information there, like how many people are coming, etc.

Associations and clubs. National association, regional association, trade or consumer shows. Go to the shows. How many of you said you had trade-published books? Raise your hands. Keep them up if you were at BEA this year. How can you be a published author and not go to BEA? You've got to go. And if you're going to sell to golfers, you've got to go to golf shows and sporting good shows. You've got to go where the action is, and pay attention to what's happening. You don't know what you're going to find, but you're going to find something. You've got to go. And if you're going into a market new, if we're doing birds, the CEO was doing horses, you've got to go.

So somewhere, there's probably a whole list of them in here. I didn't look, but I'll bet you there is, There's probably a whole list of bird shows and bird conventions, bird club meetings. For a brief period of time, anybody in here raise tropical fish? For a brief period of time when I was a kid, I was like the bird guy, but with fish. I had 100 tanks. I forget how many gallons of water, but a lot. I had a guppy that won Best of Show in Ohio. The tail immediately dissolved, by the way. You got Best of Show one second and you've got flush-it-down-the-toilet the next. It's a disturbing business.

But let me tell you something. There's just as many people into guppies as there are into birds. And if you want to sell to them, you kind of have got to go. The fish shows are a big deal, by the way. Just like horse shows and dog shows. They take their fish, they win ribbons, they're judged, they have trick fish that do tricks, they've got all that stuff. I don't think they talk.

So you've got to go. You've got to take a look. Conventions.

Vendors. Get a lot of information from vendors. Who sells to the sellers? Who's selling these guys their tape albums, their blank video albums, their printing, their phone services? Who's selling to them? Guess what? If you go to their trade show, you're going to find all their vendors. They're all there, standing around in exhibit booths. You can find them. And now you can start to pump them for information. And if you think vendors are good at keeping confidential information, I've got another thing coming for you.

Franchisors. It's a more business niche, but if you're in a business, there's a franchisor in just about every business niche. That's my Success Track premise. If you're in a business niche, one of the things you want to do is take a look at how the franchisors are selling the franchisors. If they can sell a \$35,000 deal, isn't there something there you can copy to sell a \$3,500 deal or a \$350 deal? What are they doing? How are they doing it? The pre-qualifying questionnaire strategy that a lot of us niche marketers now use to sell coaching came from the franchise business. That's where we got it when I used it to sell practice management. Some people think they invented this stuff. This goes back to early 1980's. Before they even get to talk to you they've got to fill out a questionnaire and give you information. We use it now to sell coaching programs. It came from the franchise business. So you want to pay attention to what the franchisors are doing.

Competitors and comparables, we talked about that.

Magazine and newspaper articles that are written about the field. We want all of them.

There's an article in USA Today, two days ago. I clipped it. I forgot to bring it. But it also shows you how evergreen this business can be. I think it was two days ago in USA Today. This article's front page, by the way, about the surge in heraldic merchandise. Maybe some of you saw the article. Some company was interviewed that puts family crests on glasses, that they're backed up. They've got more orders than they can handle and people are coming out of the woodwork buying this stuff. A huge boom in this business.

One of the things that first interested me in this business, Gary Halbert, who many of you would know the name, where I went to high school was where Halbert's original business was, Bathe, Ohio. It's also the original home of Jeffrey Dahmer. Well, Cleveland. But Jeffrey was two years ahead of me in high school. Never invited me over for dinner.

Anyway, just about everybody except me, after school, worked at Halbert's, opened envelopes and separating the money from the orders. That was their job. Rows of tables like this, and everybody sat there taking money out. If you don't know the

I lalbert story, the I lalbert business was all based on one sales letter, which everybody gets at some point in time in their life, umpteen times, and it says, "Dear Mr. I lubiar, good news. We have researched your family back to Hungary, to 1818 in Ilungary, when your family was made up of pirates. And we found your long-lost authentic family crest, the Hubiar crest. And for \$9," I don't know what it is now, but I think the original offer was \$9, "we'll send you a little drawing of the crest and information about the crest." It's one of the most-mailed sales letters in the history of all sales letters. Built an enormous business.

And then, of course. people would buy that, and then they would sell them a beautiful, lull-color frameable one. And then they would sell them glasses and shirts and everything with the crest on it. And then the most recent invention was family reunion trips. So they would get all the I lubiar's, who they had sold this other stuff to. who, incidentally. were unrelated to each other. It's a fascinating thing, when you stop to think about it. They would get like 500 Flubiar's on a trip and take them back to Hungary. and take them around on a bus for a week and show them the I lubiar Rock and the I lubiar Pub, the Ilubiar Castle. And everybody would get out and get their picture taken in front of the rock, and get back on the bus. Go the Hubiar Bridge. and get out and get their picture taken.

The same tour, by the way, that you could call any travel agency and buy for about 30% of what they were selling it for because they had proprietized it. It became a big part of their business, selling a piece of information, a little piece of paper.

And here we are USA Today.

By the way. that business is gone. Gary left. Dennis Haslinger, who took it over, has passed away. Ultimately, they sold it to some big, dumb company who has ruined it. and it is gone. Dead, buried, over. And here we are in USA Today, the year 2000, and what do we know? We've got a huge market dying for this now nonexistent business. These things are evergreen. Our business and most of the products that we create are evergreen.

Paid sources of commercial research. There's all sorts of people out there who will sell you Information if you want to go pay for it instead of go dig it up for yourself. For example, there's a company called Find/SVP. And you can get them at Find/SVP.com. They do research on every imaginable. I am sure, on the bird business, If I call Find/SVP, they have got a market research study on bird owners. It's going to be about \$2,000 and it's going to come in a big, thick notebook, and it's going to tell you every imaginable thing they've been able to find. How many bird owners are there? How much money do they spend? The average bird owner owns 1.2 birds and 1.6 cages, and all of that data. So you can go buy it.

There's a company, EPM Communications. A good newsletter, their research alert, which I'll show you, it's in the sample book. We'll get to it. Here's research study on the market for children's entertainment media: \$295. They've done a complete analysis of what parents are buying, how much they're spending, what Time-Warner's sales are for every one of their products, what Scholastic's sales are for every one of their products, which titles are at the top, which titles are at the bottom, who's buying it, what states do they live in, all those biased questions that we ask. This is a company that does nothing but publish information about women consumers. So if you want to know about them, they have done everything you could ever possibly want to know. You can go buy it if you want it.

Government resources. The government spends mountains of money. Pretty much, I am sure, there's a federal agency for birds. There's a federal agency for everything. I guarantee you, bird.gov, probably, and we're there. And they've got a bunch of bureaucrats sitting in a room, tabulating how much bird seed is consumed every year and how much of it's imported and how much of it's exported, the average lifespan of the bird, and all that. We can go to the government.

A shortcut. if you spend money, is consultants with relevant experience. Now that's important. Some of us—and I confess, early on I didn't do it—some of us are both ethical enough and successful enough to say no to things about which we know nothing. mostly because we're too lazy to do the learning curve. But other

consultants will take your money for things about which they know nothing. It is much more useful, obviously, to have somebody in your corner who has some experience in the market to which you want to sell. That's useful.

Focus groups. You can do them formally, you can hire companies to do them for you, or you can do them informally. I like the informal focus group best.

The best one I know is a copywriter who does a lot of work for two or three big companies that sell mostly to blue-collar folks. His focus group research is as follows: he takes his rough draft of his sales letter, and he goes down to the bar. He gathers a hunch of these guys around him, buys them all beer, and reads them the sales letter. He listens to their opinions, but what he really listens for is somebody saying, "I low do I get one of them things?" Because now he knows he's got something. When he quotes a price and they say, "Okay," now he knows he's got a good price point.

The problem with focus groups, and where you ultimately have to get to, is you never really know until you actually ask somebody to truthfully and physically give you money. But still, it's better than not doing anything at all. And every once in a while, you will discover something so universal by talking to groups of people who are in your market, that it has to be true.

Quick and dirty cheap testing. There's a number of things you can do. Some products, you can go out to a swap meet and set up a booth, and pitch them and sell them. That's useful. You can get a list of prospects and telephone sell it. You can go try and sell it face-to-face. That's all pretty cheap and you learn a lot. This is especially true if you already have customers and you are creating something new for them, because they'll talk to you. So get on the phone and call 20 of them, and see if you can make a sale on the phone before you print up 20,000 brochures and 20,000 sales letters, and send out 20,000 pieces. Hey, you might learn something.

Employee interviewing. You go to a town where the big dog in your business is. So let's say we're getting in the bird business, So the big dog is—for the sake of conversation—it's probably not, but let's say it's Rick's Bird Supplies and they're in

Wawatosa, Wisconsin. You go to Wawatosa, Wisconsin, and you put a nice, big help wanted ad in the Sunday newspaper for **copywriters, mail order account managers**.

Guess who's coming? Everybody who works for Rick's Bird Supplies. He's the only mail order guy in Wawatosa, Wisconsin. So the people you're interviewing are his employees. That's who you're interviewing.

So for the price of a help wanted ad and a few days in a hotel, you can find out all sorts of stuff. Because when they put on their application, "currently employed at Rick's Bird Supplies," this is a tip-off to you. You can now ask them probing questions. "Oh, what do you do? What works best for you at Rick's Bird Supplies? What works worst for you? What's the best ad you've ever done?" "Oh, that's this ad here. It's in my portfolio." "What's the worst ad you've ever done?" "Well, I've got that one, too." So you can suck all the information out of Rick's Bird Supply employees if you want to. If you have a problem with that, you have a problem with that. What can I tell you?

Okay, there's some examples in your book of commercial research sources. I'm not going to go through them. They're all there on the next few pages. There's a page that tells you how to subscribe to SRDS. That's page 16. The EPM guys I was talking to you about is on page 17.

It gets us all the way to page 50.

You are getting a little chart in your happy little hands. It looks like this. It is a very simple depiction of everything that we've just talked about. The most important thing about it is the words in the upper left-hand corner, "message to market match." If you want to know the most important thing to success and profit in this business,

It's the match of the two. It's having your information products, your message, your offer so closely and perfectly matched to a particular market. Notice the \$170 book I was talking about in Bird Talk Magazine is not a book about birds. It's a book about Macaws. If it was a book about birds, she probably couldn't get

\$170 for it. And if she did one about macaws with red wings owned by left-handed bird owners who live in Iowa, she could get \$350 for that.

The tighter the match... This is the wrong magazine, but there's a bunch of horse magazines. There's a magazine—I can't remember the exact title, I get so many of them—but it's like Equine Health or Equine Medicine, something like that. It's for riding horse people. But everything in there applies to race horses, too. I can't get anybody around me in race horses. They won't read the magazine. And if you give them an article from it, they will not pay any attention to it because, "That's for them riding horse people. That's not for us."

There's a principle there. So this match is what it's all about. It's finding out a way to perfectly match what it is that you offer to the market. If you switch to your sample book, talking about subcultures, just quickly look at some information products. Then I want to show you some physical examples.

But for starters, this is market as much as product. The very first thing you'll see on page two is this book we've been talking about. A \$170 book about care, breeding and conservation of macaws. Large macaws, yeah. Good point, Paul. Large macaws.

Now, without answering the ad or buying the book, I don't know. But here's what I'm willing to bet she doesn't know. A whole bunch of people willing to pay \$170 for a book, they're willing to pay more for a multimedia product. When we talk about product, here's a rule. Unless you're going to put it in the bookstores, don't do a book. Books are evil. Because for the most part, people have a sense of what they should sell for, which is not good. You want to sell them stuff they don't have a sense of what they could sell it for. So I'm betting that she's got enough information in this book to make four manuals, five manuals, six tapes, a video, a wall poster, and she's got herself a \$400 product, and probably sell just as many of them.

But look at how many. Now here, same magazine, this is Bird Talk Magazine, this little subculture of bird people. We've got a business opportunity for our next ad. For our

folks in the room who sell money-making opportunities, here we go. "Stay home and work with parrots. Raise and sell parrots from your home full or part-time. We've trained over 150 people, blah, blah, blah." They're selling a biz op to this market. You can pretty much niche a bus op to any market.

Then we've got this woman, the next one we've got, all in the same market. She's got a multi-product ad, I think. She's got a handbook and she's got her own newsletter. Sally's an absolute bird expert. Now, Sally doesn't know half of what we know and what you're going to know when you leave, because Sally's making all kinds of mistakes. She's giving out a sample copy, she's requiring \$5 to send it to them. All that's stupid.

But look at what's going on just in this little *subculture*. We've got some more people. These guys have got videos to teach the parrot. This isn't learning to talk, these are tricks. So the bird has to see the trick to get the trick. People are taking the bird, setting them in front of the TV, watch the TV. "Here we are."

Now we've got another one. Here's our guy with the CD's. This is a \$24 CD and it's got 98 phrases on it, and it's searchable. So you can set it up to teach the bird whatever you want it to teach him. Multi-track sequencing.

I don't think we're out of bird stuff yet. Nope. We've got somebody else who's discovered this market. Now, this is really interesting. ICS is in here somewhere. Maybe we'll come to them. Here's another biz op kind of thing. Here's "Fun careers for animal lovers." They should have flipped that to "bird lovers." They're lazy. They're running the same ad in 67 different magazines. We can immediately boost the response on this ad just by taking "animal" out and putting "bird" in. But I'll bet you they're in there every single month.

Here's another bird talk trainer guy. We've got \$40 here for this video tape, and its teaching them to communicate instead of mimic. Now we're going to have them...

Yeah. Okay.

Do you guys know about this deal? As you know, we have a new grandkid. Do you know about this deal where they're teaching babies to use sign language? Do you know this deal? It's a whole new industry now.

Then your next magazine you've got is the World Wrestling Federation. You laugh. Let me tell you something. There's big players. I just did some consulting for Vin Debona Productions. Vin Debona's a pretty good size TV producer. Amongst other things, they've produced and ovvti the America's Funniest Videos deal. Which, in syndication, continues to be a very successful television deal. Guess what they're doing? They're producing and getting ready to market, which is why I went and got this magazine.

And by the way, there's like a dozen magazines. There's not one. You just haven't been to the right newsstand. 7-11 newsstand is where you go for these. K-Mart is where I bought them. K-Mart sells a lot of magazines, by the way. They're the fifth largest magazine retailer in America. There's a newsstand buried at the back of K-Mart. So if you're looking for blue-collar, male-dominant or low-end women's magazines, not Cosmo, but Soap Opera Digest, K-Mart's the place to go. There's like a dozen wrestling magazines.. It's an industry unto its own.

Vin Debona Productions is producing and getting ready to market a continuity program, video-a-month, automatically charge your card, of extreme backyard wrestling. Laugh all you want. Obviously, it's what I call an entertainment product, rather than an information product, but it's still our kind of media. This is somebody with a camcorder in their backyard. It's the America's Funniest Videos model. He shoots the tape for them with their camcorders, sends it in, and they use it to make product they turn around sell. The only production expense they've got is editing. They're not sending film crews or anything, you understand. Everybody's sending them the tape. It's a Mark Twain paint-the-fence principle. I use it a lot.

So they're going to have thousands. All their customers are going to be creating the product that they stitch together and turn around and sell back to them. They hired

one of the female women wrestlers to be the moderator on the tapes. So they'll bring her in once a month and cut all of her segments and then drop them in, and bingo, they're in the video business.

There's a page in there of videos. Every guy, an interview with every one of them. \$29. \$24. Some of them are more valuable than others, which is kind of interesting. \$35. \$35. No bundle offer. Not smart.

Think you can't get big money out of this marketplace? There's five different companies in the boot camp business. \$975. Come down for the week, let us beat the crap out of you. Look, May 22nd, June 1st, July 24th, seven dates this year. There's a new one. This is like \$3,000. They're doing it here. It's combined wrestling-desert survival training. I'm serious. They're charging them \$3,995 and they bring them in here for seven days, and they have wrestling stuff every day in the mornings, and then they schlep them out in the middle of the desert and drop them off with no food or water, and let them find their way back. And they're signing up like mad.

Black Belt Magazine is your next one. Think there's enough copy in that ad?

This guy's doing the free preview video deal. By the way, I'm only showing you a few of the ads in these magazines. I'm not showing you all of them. This is also from Black Belt, and this is somebody who studied our kind of stuff. Ralph, is this your guy? No, this is another guy. There's a lot of them. But he's got the free recorded message. He's figured that out. It looks like a knock-off of your copy. Isn't it? Ralph writes copy for one of these guys.

Here's our friend John, who didn't do a super job on getting everybody back in here on time. Did you kill anybody? Anybody dead? Okay. There's five seats available. Move up. I forgot about the knife deal. That's when all of this stuff doesn't work, whip out the knife.

This is one of John's ads in Black Belt. Is that a one-step ad? Yeah, that's a one-step

ad. You're actually selling something.

And here's another guy in Black Belt, and here's another guy in Black Belt. I like this ad. He looks good, doesn't he? He looks right. "Let's cut the crap." Good.

Another guy in Black Belt, and this is like a four-page ad, I think. Now, here's what's important. I don't want to sell anything to anybody about fighting, but Black Belt Magazine doesn't have to be just for that. Here we've got "Make money as a private investigator." And listen, this is a big company. This is Harcourt Learning. They bought International Correspondence Schools. This is what used to be International Correspondence Schools. These are the same guys that advertise on TV. They had Sally Struthers until they couldn't fit her on the screen. You don't want to produce a TV commercial that only people with big screen TV's can see. So they stopped her doing those kid ads. She was taking the food.

But these are the same guys that do big, mainstream advertising, like TV. But if you pick up every one of these little funny niche magazines, you're going to find Harcourt's in every one of them. They've carved out one of the many courses they've got and matched it up with the right magazine. So they've got their private investigator course in all of these kind of martial arts kill people magazines. They got them in the soldier of fortune-type magazines, and they've got this ad in most of the men's magazines. Then they've got the medical transcriptionist ad in most of the women's magazines. They've sliced and diced their course offerings and they're really a niche/subculture marketer. They're very, very effective at it.

So don't immediately reject. It's a big mistake to look at the newsstand and say to yourself, "Well, here's Private Detective Magazine. That's not a magazine that I could do anything in." You don't know until you really study the magazine, look at the back issues, get the media kits, get an understanding of who's reading it. Because this is not a directly relevant offer, but it's a successful offer.

Let's see, next magazine, Popular Science. Who do we have in Popular Science? We have Harcourt Direct. They're making Popular Science work.

Then we've got a guy selling information on how to drill your own water well. Look at the picture close. If I had to bet without going and doing my research, I think that's an old picture. That means that ad has been around. You know that ad has been around forever. Forever. This guy's been running this ad, selling this information, and then selling pumps. And guess what? There's not anybody who's knocked him off. He's the only one I could find in there.

Here's another ad in the same magazine. "Turn concrete into gold." \$10 for a book. And then I'm sure they're back-ending the molds and everything else to make flower pots. We've got Robin Raymer, who, Randy, you know and I know from doing some work with Robin. He's got a very similar product called "How to turn mud into gold," where he's teaching people how to plaster. Is it plastering? But just doing the research for this seminar, guess what I discovered? He belongs in this magazine. And I wouldn't have thought of it, to be quite honest with you, until I had done a whole bunch of homework and digging, or he had done it. But if this guy can be in here, probably so can Robin.

Who else is in Popular Science? We've got a couple biz op classifieds.

Then we go look at Herbs For Health, and we have a couple of biz op type ads. "You can become an herbalist" and "You can study with the Institute of Chinese Herbology," which we just made up, which is important. A good name.

This next magazine is for conspiracy freaks. That's a great subculture. They buy a lot of stuff. This guy's doing a membership kind of pitch. The World Explorer Club, find Atlantis, Cryptozoological. I don't even know what he's doing, but for \$50 he's in there rocking and rolling.

Neotech. How many of you own a Neotech book? Neotech's been around a long, long time. Very weird stuff. But here they are, in this magazine, putting people in the neotech counseling business.

Here's a horse guy. This is the big guy in the riding horse business. Page 34 and 35. This guy is doing it all. He's selling instructional stuff, he's selling pens, fencing, boot

camps. He's running our kind of business aimed at riding horse people. There's about a dozen riding horse magazines, and he's in every single one of them, most issues, four to five pages of different ads. Here's his one-week clinic ad. Here's a two-page ad. You can go to Disney World, where they're sponsoring his week-long deal. He's got an elephant sitting on a horse, this guy, and a bear he talks to.

Later in the magazine, he's got another ad. I've bought all the videos, and I haven't gotten one single follow-up mailing trying to sell me anything else in six weeks. So here's my conclusion, because the guy's doing a lot of advertising and he's been around a while. He's in the position, and it's a good object lesson, he's doing real well right now on his front end but he's neglecting his backend, which we're going to get to on day three. He's neglecting his backend, and some day he'll wish he hadn't.

Now, talk about tiny little niches. Here's Private Investigator Magazine. One of our guys, by the way. This is the Inc. Magazine deal. He owns the media. Therefore ads cost him nothing. So here's his marketing program for private investigators. There's four or five others in the same magazine, by the way. He's not alone. The magazine's about 50 pages, and five of them are information product-type ads.

Next one he's got is Magic Magazine. This is for magicians and would-be magicians. I'm pretty sure this is Dave Dee's ad.

By the way, those of you who are copywriting students will recognize the headline. Didn't have to invent anything. If it's Dave's ad, and I'm pretty sure it is, I believe he's selling a \$500 package and a \$900 package, a marketing and advertising course for magicians. I don't know how big the niche is, either. My suspicion is it's not all that big. But he's been at it for three years and tells me that he's doing well.

Let's see. I'm going to skip a few of these for the sake of time. You can look at them at your leisure.

Jump back to page 47. I'll show you an oldie but a goodie. 1982. First thing I did attacking the speaker market. It was 1982. Last year, we had our speaking business boot camp here, had 225 people. What did we charge? Kit, do you remember? I don't even

remember. A couple thousand bucks. With discounts and stuff, we probably took \$300,000 or so out of that market after however many years had elapsed between 1982 and 2000, because I'm no good at math. But a bunch. That market, at that time, had 1,500 or so people in 1982. Wouldn't you say? Because basically, then it's A-list. About 1,200 people in it in '82, probably 5,000 now, give or take. A tiny niche market. But I've got such a perfect message-to-market-match, such affinity, such understanding, all the things on that 20-point checklist. Probably 15 of the 20 are working for me. So year after year after year, ever since this entree, I'm able to continue to go back into that tiny little niche and extract \$200,000, \$300,000. Probably there hasn't been a year since '82 that I've taken less than \$100,000 out of there.

Now this piece, if you look at it—I gave you all the pages by the way—nothing very sophisticated. It's done on a copier. By the way, there was a lot of dry testing. How many of you know the story of the *guy* with the little blue books? Okay. The rest of you that don't, this is homework you should do. Big information marketer in the 1950's, I think. Saturday Evening Post, tabloids, newspapers, and he sold what they called "Little Blue Books," for tiny amounts of money, \$2, \$3, \$5. They had hundreds and hundreds and hundreds of titles on every imaginable topic. And mostly, he was a dry tester. There are some laws about that we can talk about, but there weren't then. So he advertised 300 books and none of them *were* done. All he wanted to do was find out which 10 or 15 of the 300 everybody wanted. Then you scrap the ad with the 300, actually produce the 15 books.

Where's the Val-Pak guy we were just talking to on the break? Same strategy. So what I did *here*, I don't know how *many reports* there are in this thing, but there's a bunch, and they're all cheap. It's a cheap market. Most of them are cheap, \$5, \$10, something in here for \$45. Absolutely none of these were done when I sent out this mail piece.

I *did* two things. Number one, if we got like 10 orders for something, I wrote it. But beyond that, this told me what they would buy and what they wouldn't, and then told me what to emphasize in products, to create products, what to put in the first big \$300 box, what to emphasize in a seminar offer, everything. Lived in this niche, still,

continuously.

Let's take time for some questions. You guys got some pent-up questions? .

Attendee: You were talking some time ago about...

Dan: Some time ago, meaning today?

Attendee: An hour ago, maybe, about markets that have a lot of direct response in their magazines and markets that don't, and markets that are taught to respond to it and markets that aren't. That seems like a whole big subject.

Dan: It's just this simple. It's why no media will ever replace another means of doing business. Anybody that thinks there aren't going to be any bookstores because of Amazon.com has their head right up their hind end. Because there's a significant segment of the marketplace that will only buy it when they touch it and they feel it and they smell it. It's why in the infomercial business, in consumable products, fitness devices, that kind of thing, the old logic used to be what everybody devoutly believed about direct response in the 60's was you didn't dare put a product in retail.

If you had a direct response product... Let's take the Chia Pet. Originally, the Chia Pet was a pure DR product. TV spots with 800 numbers. They thought put that on a retail shelf, we were dead because we can't sell it DR. What we now know today is you do it all. If you've got a product that works on TV, you put it in catalogs, you put it in magazine ads, and you put it on the shelf. Because the buyers don't meet.

If you just do one, there's a certain number of people who, I don't care how many times they watch the Susanne Sommers Turbo-Track show, they're not buying that sucker unless they can go physically look at it and move the bar up and down before they buy it. So you put the thing in the store.

What that means is people buy the way they buy. And it's hard to retrain them. That's why e-commerce is predominantly a young buyer's game. People buy the way they're trained to buy. But we discovered at Success Track. Remember I told you we did that

primitively. I went out on the road, Foster went out on the road, we put everybody in a room in a three-hour seminar, we sold them, we drove them to the back of the room, and they walked out with their pile of stuff. We set up the business badly to start with. We didn't build in automatic renewal.

So now its 12 months later. We've doled out their tapes to them every month for 12 months. It's time to renew them. Everybody's sending great testimonial letters, they're all in love with us, everybody's great. We do the renewal mailing, nothing happens. Guess what we had to do? Put them back in the room, invite all the members in to a free seminar and sell them the renewal. The way they bought is the way they bought.

So if you want path of least resistance and you're going to sell by direct mail, path of least resistance is people known to buy by direct mail. That's why if you get list information from SRDS, source is a real important issue. If they came from space, that's probably not as good. And you'll probably discover when you test the list it may still be okay, but it's probably not as good *a* source as if they came from direct mail.

Take our bird friend. Let's say I can rent Sally's list. Some of these are probably so small they're not in the list marketplace. But let's say I can rent John Lyon's list, the horse guy. Everybody John's got came from space. I've almost got to know what percentage of those people is he turning around and mailing to and being able to sell by direct mail. And since I haven't gotten a mailing from him in six weeks, I'm not optimistic. So its questionable, if you rent that list and send a cold mail piece to them, even if its relevant and everything else is right, we've got space buyers. We don't have direct mail buyers. What John Lyon's success to date tells *us*, it tells us more "go in the magazine" than "use John's list."

Now, you'd still test, because you don't know until you test. But did you get the thinking process?

So you've got buyers who buy certain ways. Ideally, you want to be selling to them the way you know they buy, and you want to be going to people you know buy the

way you sell.

Riches 2000 Seminar highlights.

I went to look because I was doing some consulting for a company called 1-800-Mutuals. or Mutuals.com. Dreyfus is in there, and yeah, they've got an 800 number. But we all know they don't know what the hell they're doing. Right? So just because they've got an 800 number in the ad, you can't say, "Oh, they're a DR advertiser," because they're not tracking. I need somebody that's selling a \$49 book or generating a free lead and following up and selling something. I need to find Ken Roberts in there, who's selling his commodity course. That's what I need to find to feel good about that magazine. Dreyfus. I need to know there's somebody in there who knows what they're doing, who I know is counting. And I know Ken's counting. I don't know Dreyfus is counting. Maybe they are, but my experience says they're not.

What I would conclude is, first of all, this is a magazine we don't want to advertise in. Second of all, it's a magazine we probably don't want to rent their list and mail to. And if we are going to do those things and we're creating a priority list of every place we're going to go test, we'll put them low on the list and we'll get to them later. Then we're going to test them as cheap and small and conservative as we possibly can.

If I go over to, say Kiplingers, and like Humes and Kiplinger but they're not an independent investor. Hume sells a continuity "learn to manage your own money" home study course. I know they're counting. I'm more interested in Kiplinger's magazine than I am in Independent Investor, even though less of the mutual fund guys are in there. But I know what they're doing. They're all following each other, but they're all following dummies. None of them are counting.

So some guy starts a new mutual fund, which is what this guy did. He looks and says, "Okay, I'm going to go where Dreyfus and Fidelity, and I'm going to go where they are. But we know they don't count. So let's find somebody who counts and try following him, even if none of the others are following him. In fact, that may be

better.

But I'm really concerned with how they buy. What is their buying behavior? If we got a Lexus dealership and we're going to rent mailing lists, ideally we want buyers of luxury something, who went to a place to buy it, not that had a salesperson come into their home and sell it to them. Because we've got to get them to come to the showroom. I don't know if such a list exists, but that's what I'd be looking for, my druthers would be.

On the other hand, if I have a client that sells \$3,000, \$4,000, \$5,000 coffee makers. Stupid, elaborate. That's the Rob Report customer. That's somebody that's got more money than brains. But a Lexus buyer list, to me, not very good. Yeah, they're the right demographic and we know they buy overpriced stuff, but how do they buy? They go to a showroom and a salesman closes them. I want somebody who bought some stupid, overpriced luxury item by mail, because that's how I've got to sell it.

So I may get around to testing a Lexus list. But long before I get there, I'm going to test William-Sonoma multi-buyers who spent \$500 or more, or I'm going to take William-Sonoma multi-buyers and merge-purge them with gold AMX card, and I'm going to test that list. But I want them to have bought the way I sell.

Golfers. If we're going to sell a \$500 set of clubs. a list of people who bought \$500 sets of clubs but went to a club maker to get it done and the guy measured them and all of that. and we're going to sell by mail, that list isn't as good to me as somebody who maybe bought a \$100 worth of instructional videos, but he bought them by mail. That's how I'm going to sell him.

Attendee: Dan, when you do your dry testing where you're offering an article, you haven't written the article, you said if you get 10 or more requests for it you actually write the article. How do you handle it if you get one or two in your dry test, but you don't want to write the article?

Dan: You send back the money. Now, in some environments, if you dry test, you go to jail. So that's undesirable.

Attendee: That's a bad thing?

Dan: Yeah. There's an absolute inviolate rule. No amount of money is worth even one evening spent in a small gray room with a roommate named Brutus.

But in a niche business market like that, speakers, the FTC isn't paying any attention to that. I didn't run an ad. I didn't go on TV. I did a mailing to 1,500 speakers. So I don't want to fill the order, I send the check back and say, "Sorry, that product's out of stock. We'll keep you on the list." I've done myself no harm.

Now, the other thing to keep in mind, paper and ink. Let's leave tapes out of it. But if we're just doing paper and ink, publishing on demand is nothing, and much easier than it was in '82. If I want to fill one order, as long as I want to write it, I can now print it out of my printer. Then, I had to make the thing, then I had to go over to the copy place and make the copies, and then staple them, and then put them in the envelope. It gets easier and easier. Depending on the market, you can sell it and give it to them by e-mail now and they're happy.

Attendee: I'm probably opening a can of worms, but would you care to comment about this current situation with E-Toys and this business of confidentiality statements and all this other stuff? To me, it seems like a ridiculous case. But anyway, I'd just like to hear what you have to say.

Dan: Confidentiality statements?

Attendee: What this has to do with, if you're not familiar, is that E-Toys basically has gone bankrupt. It's a dot-corn.

Dan: That's synonymous. That would be a hell of a domain site; bankrupt.com.

Attendee: Anyway, what happens is E-Toys made representation to their customers that they would not disclose their information to anybody. But now, basically they're liquidating the company. And they're saying the only thing really that has much value is the customer list.

Dan: That's right. Let me tell you exactly how the law is on that, because I happen to

know. If a company goes through bankruptcy and its assets are subsequently sold by the trustee, all bets are off in terms of all contractual limitations. Royalty obligations to authors, forget it. Confidentiality agreements, forget it. All bets are off. They're now dead, isolated assets. And try and enforce any of that stuff.

I think that it's not smart to say never, anytime you make a pledge to your customers. It's like our list. I don't rent our list, but I would never say, "I'm never going to rent our list." Because I don't know. Somebody comes along with the right story and the right deal, and it's something I don't think is going to hurt anybody, everybody's got their price. Me. I wear it on my head. I've got a price. I'm buyable. I would never say never.

But there's ways to say it and still play fair, like if that's an issue with people. As you know, we're very careful. It's the way I do say it to our customers. I'm very selective, I'm very careful. Even when we publicize somebody in the newsletter or do a joint venture with them, they absolutely have to put an unconditional satisfaction guaranteed on what they sell or I won't do it. Whether they do it elsewhere, they've got to do it if they want to come through my porthole. And on and on.

But I think anytime you get in the position of saying never about anything, you're asking for it later. Nor do I think it's necessary.

Attendee: I'm trying to select which niche that I want to focus on, and I heard the message loud and clear about all the research necessary. I'm more than eager to do it. My only concern of my own pattern is sometimes it's a lot easier to study and study and study and study something, instead of actually going out and selling something. So how do you balance between doing all the research that you think is necessary and getting in the game, so you don't wait forever for the perfect product and the perfect match?

Dan: Well, the last thing you said is the biggest part of the question. No matter how hard you try, t'aint no perfect product. Every one you build, you're not going to like a few years from now if it takes that long. There's a lot of my early stuff that I'll

buy back every time I see it, not because I want it, it's just because I don't want it out there. So that's going to be the nature of your existence as long as you're in the business. So trying to wait until you've got the product just so and exactly the way you want it, there's no point in that because even if you wait forever, a year after forever you're going to be unhappy with what you did that you waited for forever to do.

The same thing's true with sales pitches. You can revise sales letters. There's always something to tweak. That's why every control continues to be tested. We never get it perfect. For the most part, if it's profitable, we leave it alone and we move on to something else.

It's very rare that a successful control can't be beat by somebody. Sometimes it's hard to beat your own. But a good copywriter can come in and beat mine. I can go in and beat somebody else's.

The original Gary Halbert letter, that I talked to you about for the family crest thing. nobody's ever beat it. A bunch of us have tried. Nobody's ever been able to beat that letter. But it's very rare not to be able to beat somebody's control. That's why the big guys in this business, the Rodale Press and the Boardroom Reports and those guys, they continually have copywriters doing beat-the-control tests. Because it can generally be done. So if you wait until you've got the perfect sales letter, and you've done 5,000 rewrites and you've had 22 experts look at it and all of that, I can still come in and beat the damned thing after you've done all of that. Eventually, you put it in the mail.

The beauty of this business is that there's a lot of ways to get in the game cheap and to start testing the water. Broadcast fax, I talked on the break with this guy about Val-Pak. Val-Pak's a wonderful media to test stuff in. Even at retail, forget your rate. You're buying 10,000 homes for \$400 and they'll usually let you split. For \$200, you can test an offer to 5,000 homes. You make it a free offer, low barrier to entry. You just want to see if people will raise their hands. That's a starting point. For \$200, you get to find out something.

I think, ultimately, the answer to your question is you make your list of the information you want to gather. You put a deadline on yourself. You gather up everything you can gather. And then you make some decisions and you do some stuff.

Attendee: You mentioned Ken Roberts. Does his format work and what do you know about it?

Dan: Well, first of all. I know what you and I can observe just by good observation. That is he's got three basic control ads. He rotates them, so they all work. You take one given magazine and go look at 24 months, you're going to see he runs one ad for a few months, the cowboy hat ad, and then he runs another one for a few months, and then he runs another one. So he's got three controls, and he rotates them. And they all work. And they probably all work about the same, would be my observation guess.

We also know that we can find probably three dozen magazines that he's in every month, and has been there for years. And we know he counts. So we know he knows what he's doing. We know those ads are working. Now, what the definition of working is, what he's paying per lead, I don't know. What his cost per sale is, I don't know. We know he constantly tries about three or four new direct mail formats every year. He's tried the book deal, he's got a big one of these kind of magalogs that he mails. One of his competitors, Larry Williams, has got a new one he's just testing, like this. I'll bring it in tomorrow. I just got it. It's quite good. It's done all in interview style with one of his successful students interviewing him. It's very clever. It's a very good piece.

So we know he's got a going business. Beyond that, what I know, they've—on a number of occasions—tried to hire me to write copy. We've not been simpatico about how I get paid and the fact that they want to be able to call up and talk to you

But I've had detailed conversations with them and I've had very detailed conversations with an ex-employee. So yeah, his deal works. He's making a lot of money. His refund rate is up there, but economics are economics. You get what they

are, and then you adjust for it. But yeah, it is a model that makes all the sense in the world to closely study. Yes.

Attendee: Broadcast faxes: annoyance versus effectiveness, and aren't they illegal?

Dan: I'm going to talk a lot about broadcast fax at some point in time as we go, so I'm going to defer. Okay? We'll get back to it.

Attendee: You mentioned that you sell to the speaker market every year. Do you offer the same product every year or do you jazz it up?

Dan: No. With that small of a market... That's a pretty good question, actually. With that small of a market, there is replenishment, by the way. If there's 5,000 members now, there's probably 1,500 churn every year. But still, you're around for 18 years. You've got to reinvent. For a handful of early years, yeah. Like Michael has in the catalog, the mega-system for speakers, that's a three- or four-year-old product. It's fine. It still sells. The newbies come along and buy it. One recommends it to another. But no, pretty much each year, I've invented one or more things to go into that market with, leveraging essentially brand identity and story. One year, it might be a big seminar, like it was last year. We'll go back to that market with a test of the highlight tape product that gets built out of this. I'll lead generate to that market with a postcard, get leads, send them a package and see if we can. There's probably \$50,000 there with this product. But no, you have to invent. I invent.

Attendee: Dan, looking at all those ads in the Bird Talk Magazine, one thing that occurs to me is these ads have been in there, and a lot of these people...

Dan: I don't know that, by the way, because I didn't do the research. I didn't go get two years. because I'm not particularly interested in selling to bird owners. So you'd have to do that. But for the sake of your question, let's make the assumption.

Attendee: Make the assumption that you've seen all the ads. Something that occurs to me is the fact that these people have been in business and been successful, a lot of them probably have their own house lists that are probably under-marketed to.

Dan: Absolutely.

Attendee: So approaching these people for an endorsed mailing or a joint venture seems to me would be a very good idea and a great place to start if you're just getting into this business.

Dan: Well, yes and no. We'll talk about both joint ventures and endorsed mailings. Conceptually, you're right. You can do it. My advice is not to go to an established player with an untested campaign, and induce them to play guinea pig. Yeah, it's cheap. But you may scorch somebody that could be of long-term use to you. Or if you are going to do that, you ought to disclose it.

But you're right. Like I'm getting ready to test—have been for a year, but that's the shoemaker's kids have holes in the bottom of their shoes--I'm getting ready to test a pitch for a "how to win money at the track" product. I've got a *unique* point of leverage, reason you're there, the question to the advantage question. I'll be the only guy showing IRS forms that actually won any money.

So Halbert referred me to a guy he's done some work for who's got a big house list and sells a lot of gambling systems. But I was straight with him. I said, "Look, if you test, you're going to be testing an untested campaign. So yeah, I'd love to test your list, but if you want to wait until we know what we're doing." "No, let me see the campaign when you've got it done, and we'll probably run a test." So you play fair.

But yeah, under those circumstances, I'd rather test with his names than just about any other way you can test. Sure.

Okay, between now and lunch, let's look at some product. show you some physical stuff. And then after lunch, we'll start talking about development of product.

Here's a piece of history. This is how self-improvement products, success education product used to be packaged. This is a product called a "Footsteps Program," and this is Napoleon Hill's attorney and first business partner, pre-W. Clemenstone. I just noticed the case is broke. These were real good cases. This thing sold for \$800 originally, and there's 12 audio tapes. The "Dare To Be Great" product was

packaged this way, too. This is was made when they didn't have vinyl slide-in albums. Where's a vinyl slide-in album? Like this, which you are all familiar with now, with a little plastic thing on the front and you put the thing in. Well, nobody had those yet. So these are all hard-shell albums and a sticker has to be decaled onto it.

So there's 12 audio tapes, there's a set of books, hardbound books. There's some Styrofoam, which is important. There are—which is very smart—transcripts of all the tapes. It's a great way to add bulk. Transcripts of the tapes. There's a couple of paperback books. We'll talk about that book in a second, because it's a particular type of product. And then there's what I call "bells and whistles." This is portraits of people that are in the program. portraits of greatness that you can stick up on your wall. What's in here? Here's a couple charts and graphs that you fill out. I forgot everything that's in here. Here's a personality development quiz. We don't invent anything. I actually forgot about this even being in here. This is a certificate for one coaching call. Nothing new under the sun. Assignments.

Let's see. what's in here? These are some more goodies. Quotes out of the program that you could frame and put up on your wall. This particular product, you'd pretty much do the same thing *if* you were going to sell from the front of the room or you were going to sell it on TV. This was built to be sold in the home, like an encyclopedia, by a salesperson. It subsequently became—which I'll show you in your sample book when we get to it—a mail order product that was quite successful.

You would never, of course, do this kind of packaging for a pure mail order product that they weren't going to see before they got it, because look at the cost. Unless you were delivering a real expensive product, \$3,000, \$4,000, this kind of packaging could have a significant impact on your stick rate, just because they're thrilled with the package. It's a really neat briefcase.

All of the SMI programs. Who in here owns an SMI program? All of the SMI programs were packaged very much like this in the early days. They were nice padded briefcase, a smaller padded briefcase, and all the tapes were in individual hard boxes

and they fit in slits on the lid. It came with a tape player in it, because nobody had tape players. So all of those products came with a tape player, big, old, bulky, ugly thing, and transcripts of the tapes and a notebook. Those were like \$700. \$800 products.

This is also history. I'll show you the evolution of Psycho-Cybernetics. This was one of the early Psycho-Cybernetics products. Each tape is in a package like this, one tape in a box, a little mirror, a little grease pencil to write on the mirror. A grease pencil, quotes to remember, the questions to answer. You know what? I've been looking for that. Son of a gun. I've been looking for that. Tracy, take this back to Carla and have her put it away where it ain't going to get crumpled up or ruined. This is the painting that Salvador Dali did for Max Maltz, and I've been trying to find a good copy of it to make copies of. I didn't know it existed. So this whole product is packaged like this.

The next evolution that it came back to life, this will look more familiar to you. This is Guthy-Renker, Nightingale-Conant type packaging. By the way, packaging tip: don't let them do this to you. When you have audio product made, this is the Nightingale-Conant model. It's a standard blackboard album. The tapes are all on

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the wrong side. So they all fall out—this one hasn't been used much, but *as* soon as you use this two or three times—every time you close the damned thing.

So what the customer does, of course, is they take the workbook out, and now they close the lid and all the tapes fall loose into the package, and they're all mad. So you want the tapes over here, guys. And you want the paper over here. I never have been able to convince Nightingale-Conant. And in the General Cassette days, I found out I had to pay Blackborne mold costs to make new molds to put them on the right side, which they still use today. So if you get Blackborne albums, it's my mold.

So this thing's got a notch for the book, it's got a little grease pencil, and it's got a workbook. This product probably originally sold around the \$1,000 range. This product \$89. television and Nightingale-Conant.

The new Nightingale-Conant product. of course, looks like this, and undoubtedly has the tapes on the wrong side. Do they? Yep. See? All the tapes fall out. So it's got audio, its got video, workbook, what I call "bells and whistles," a little set of queue cards. They finally fixed that. The first incarnation of this thing, they had these things on paper and they shrink-wrapped them, so they all rolled up like this. Idiots. So that's the current Nightingale-Conant version.

And then the home study course which we sell is more akin to a niche industry product.

This is kind of important. What does this sell for? \$69? \$89? Carla, what does it sell for? \$69.95. It would be \$49 if it didn't have a video. This one I'm about to show you. which is less elegantly packaged, has a few more things. It's got six more tapes and it's got a little more paper. But fundamentally, a course is a course. It sells for \$399. There's a reason for that. Everybody knows what this is supposed to sell for. As soon as you see it, you know. And if I tell you \$400 for this, I'm in trouble just because of the way it's packaged.

So when you build your product, beware of packaging that conveys a known value. One of the reasons we're in the information business, in case you didn't know it, is because we can sell product with pricing that has no relationship to manufactured cost. It doesn't matter. It has no relationship to how it's made, to what you spent to make it made. You can sell a single piece of paper for \$50 or \$500, \$1,000. Theft control, we had a single tape we sold for \$500. One audio tape in a box. We're selling the value of the information.

So don't take your information and put it into a format that gets you out of that game. That's why books are evil. The book, we know how much it should sell for. \$10, \$12, \$9. And I don't care what's in it, what I tell you is in it, you're not giving me \$500 for it without a hell of a fight. Right? But I could take all the same stuff and I could put it in a format that doesn't immediately telegraph a price point to you. and I can charge whatever I want.

So don't take your advantage away from yourself. Don't take your content and put it

into a format that ruins price point.

So here's more of a typical package product, very much like we would do a carpet cleaning course or a chiropractor course, a niche product. A big, thick notebook, fast-start guide. We'll talk about that, that's pretty important. These are actually transcripts of the tapes with some added notes and worksheets. So 80% of all this content is nothing more than transcripts of the audio, 20%'s different. It adds a hell of a lot of bulk though.

important to you because you're not inventorying. I'll show you a big difference. Nightingale-Conant produces—which is okay because they produce 25,000 at a lap—this album, which can't be used for anything else. it's a sealed trap. You can't get this out of there. It's done at the factory. So once you've made 500 of these babies, you've got 500 of these babies. If it takes you a month to sell them, a year to sell them or a decade to sell them, you've got 500 of these suckers.

You do it this way, you've got one. Because you can take it apart. I can take this out and I can use this album. I can take this thing apart, and I can use it to do anything I want to. And depending upon how you produce product, it's important.

Then there's bells and whistles. A video tape, an extra book, servo-mechanism programming cards, a bunch of little colored cards with quotes and sayings on them. I didn't know we were putting them all on different colors. That's kind of nice. It probably costs more. A little booklet. transcript of a lecture, a couple extra key point revim audio tapes. interchangeable trap, \$400. Much more elementary packaging.

This is not in your manual, but it's pretty good. A Dilbert cartoon. Peter sent it in. "I'm writing a comprehensive how-to book," the little dog says. "In chapter one, I teach people how to pick winning lottery numbers. Chapter two, how to find free real estate in very nice neighborhoods. Chapter three, how to lose weight by eating huge tubs of ice cream. Chapter four, how to build strong abs by joining a gym and Over going. And finally, how to see angels by giving yourself a near-death experience. That last one is just to get rid of all the witnesses."

Anyway. you'll find a list in there, on page 56, of all the different types of information products. I really should have put that list up before I got started. book Words That Sell. This is a thesaurus for copywriters. It's a shortcut to a thesaurus. So if you want 46 ways to say "popular," here they are. If you want a page of ways to say "unusual." There's a bunch of guarantee terminology in here. Here's "Opening With a Question," and here's a bunch of opening questions for sales letters. It's a marvelous product. It's absolutely criminal it's \$14. Now, he wants to be in the bookstores, so that's where he's got to be. But if this isn't the basis for a \$100 product, I've never seen one.

Attendee: What's his name?

Dan: Richard Bayan. Any one of us, if we'd pay \$15 to get this, we'd pay \$100 in a heartbeat. All he's got to do is rip it apart, put it in a notebook, put some of it on cards you can stick up on the wall, maybe put a couple tapes with it. Bingo. There's not a soul who would use this who wouldn't give him \$100 just as easy as they'd give him \$14. That's about as basic as you can get. A basic manual-type product.

This is fund-raising. Ernie is somebody *I* did some work *for*. They *sell* it to *fund-raising* groups on how to earn more funds. Spiral bound, publish on demand, make it as you need it.

Same thing here. This is a guide book for a tape program. Wire-bind, make it as you need it.

This is Bill Childs, who's here. Talk to Bill later. Very simple video, "Stone Masonry For The Beginning." One video in a video box. "That's as basic as you can get.

Then there are—if you have a reason to do them—there are products where really you're selling them... I'll show you a book product that really shouldn't be a book product. You talk about somebody that has no idea what they've got. This is the

2-35

United States Trotting Association's official book. You've got to have it to pass the test, by the way. So you've got to go buy it. It's \$50, I think, is what it is. "Care And

Training Of The Trotter And Pacer." All the bits are in here, because you've got to memorize all the bits. Here's what's important about the book. Every chapter, except the technical stuff like here's the 100 bits you've got to memorize, but all the other chapters on how to take care of a horse, how to train it and drive it, whatever, each one is like an interview with a famous guy in the business. So the top driver, the top trainer, the top conditioner, etc.

The association publishes this book and they do a new editiOn every year. A certain number of pct plc have got to buy it every year. because you've got to have it to pass the test. I'retty much everybody else buys it anyway. But this is it. This is the product. This thing begs for an audio cassette interview with every one of those people that matches the chapter. a video that shows you how to examine the horse to find the lameness spots that they're talking about on the chapter on lameness. Learn to diagnose lameness. Well, you've kind of got to look, don't you? Perfect video. Big box product. \$500. got to have it anyway to pass the test. So \$50, \$500, doesn't make any difference. Just as easy to get \$500 as \$50. They have not a clue of what they are sitting on.

Second type of product, illustrated-type products. This is all illustrations. This is Clinical Equine Anatomy. Volume two, by the way. Smart. The first one says "Volume one." Well, you always put "Volume one," because if you sell enough volume ones, you want to do volume two. That's all this is, is charts. That's it. It's a fairly expensive book to do. obviously. Cheap price; \$80. They're selling this thing for \$80. Too cheap. But those kinds of products.

American Back Schools was a client of mine for years. We had a lot of illustrated products because you've got to show people how to do the back exercises and all of that.

What's number three on the list? Number three is tool kits to use or sell with. That's my product. Probably everybody owns it. A tool kit product. Real important. Probably made a million dollar difference to me once I figured this out. So it's a

lesson worth repeating. You all own it, right? Is there anybody in here that doesn't own this thing? Good. Nobody to sell to, but just thought I'd check.

Attendee: There's one guy back there.

Dan: Who? One, two, three, four... Really? Six or seven people don't own one? What is with you people? Okay, here's the premise of a tool kit product, and it's a very important premise. The truth of the matter is nobody wants to learn squat.

Even you. Even you, who have paid all this money to come to this seminar, the truth of the matter is you would infinitely rather just be handed a fill-in-the-blank ad and a fill-in-the-blank sales letter and a fill-in-the-blank product and told, "Here. Done. Let's go play golf." They're worse than you are. You're like the best. And we're all that way. So imagine what they are. They're lazy.

John Carlton, a great copywriter said, "You have to picture your customers a giant somnambulant sloth." Well, bubba, that's what they are.

Here's where you don't want to be on the spectrum. It's selling them stuff to learn; particularly if it takes a lot of work. There's a time and place for that, and sometimes it's unavoidable. But what they really want is it done for them. You may not be able to do that, but you can move in that direction. So when you move in that direction, you do the kinds of things—and it's obviously easier for me with marketing than with some other stuff—you give them things where part of the work has been done For them, and the rest of it is 1111-in-the-blank, color-inside-the-lines, ready-to-use things or as close to ready-to-use as you can get.

From a philosophical standpoint, I resisted it for years under the Earl Nightingale premise, "Give a man a fish, feed him for a day; teach a man to fish, feed him for life." From a philosophical standpoint, Earl was right. From a money-making standpoint, dead wrong. Sell them the fish, guys. I'm serious.

So you try and build into your product things that are ready-to-use, brain-dead easy to use, color-in-the-lines, fill-in-the-blank, "Take this, go do this, and

something happens." That's what they want. The more of that you build into your product, generally speaking, the higher the price point you can get for it and the easier it is to sell it. The more your product is perceived as something that requires a learning curve or requires work, the harder it is to sell, and generally speaking, the lower the price point.

Fundamentally, that product is six tapes and a workbook. That's fundamentally what it is. I would never describe it as that, but that's what it is. It's six tapes and a thick workbook. That's what it is. But it's perceived and presented very differently.

Now, if we buy a product from Nightingale-Conant that's got six tapes and a thick workbook in it, what does it sell for? \$69.95. Right. The lowest that thing sells for is \$278. In some environments, \$399. In a few environments, with a supplement added to it, which is a trick I'll teach you, \$499 or \$599. It's six tapes and a workbook, and it ain't packaged as nice as their stuff. But because it's perceived and presented as fill-in-the-blank, color-inside-the-lines tools that you can take and use just as they're handed to you, no creativity required, in fact it would be better in the pitch, but it sells very well.

My numbers went up—not just selling from the front of the room, print, direct mail, everything—as soon as I did the tool trick. I have never walked away from it again. Had we known the trick in Success Track, I believe we would have done \$15- to \$20-million worth of business instead of \$5-million. So it's a real important point about these kinds of products. I don't know if I have any others over here or not.

Then we're looking for a number four, which are tools for people to use. Here's tools for people to use. This is the first information product I ever created. Learned a valuable lesson about royalties.

This little booklet, and there's 14 pages in it, I got paid \$750 to write it. I was 17 years old. I thought I had just discovered how to steal without a gun. It took me half a day, \$750! Holy cripe! I haven't checked in a while. The last time I checked, they've sold

five-plus million copies of this thing.

This is what's called a "payroll stuffer." Companies buy these, 1,000 in a lack, 5,000 in a lack. They sign up on continuity with this particular company for years. General Motors signs up to get a new one of these every two weeks, to get 50,000 of them. They pay a few cents apiece, and they stuff them in everybody's paycheck. They're supposed to motivate them and make them better workers. So one of them will be about time management. It's real elementary stuff. it's like, "Here's 12 reasons to show up." That's what they sell. This is... what the hell is the title of this? I don't even know. This is "It's Your Future, Make The Most Of It." "You're A Member Of A Team." "Setting Goals," and there's a little goal story. "Make Time Count." It's nothing.

But there's a huge industry built around payroll check stuffers. So these are tools that the client buys to use in quantity. In the multi-level industry, audio tapes, recruiting tapes, a huge business. Many leaders in MLM make more money from their recruiting tapes sold in bulk than they do from the core business. I wrote two of them. two years ago, and the combined distribution has been over a million and a half copies. I did get a royalty. You only have to run me over with a truck once.

In chimpractic and Success Track, toward the end, we had a tape called "How To Get Well Faster.- which was a generic tape. customized at the end for the doctor. They bought them from us in packs of 48, 96—the quantity went down the more they bought-40 give one to every patient. That's an information product designed to be bought from you in bulk.

AUDIO CD TRANSCRIPTS

CD #3

Healthy, Wealthy and Wise, which when we go through the sample book, you'll find their mail piece. A lot of what we're talking about now, I'm going to go through the sample book, I've given you the ads, I've given you the direct mail pieces. You'll see the Footsteps program ad, you'll see the Healthy, Wealthy and Wise letter. I'll take you through all those. I just didn't want to bounce back and forth. I don't know if that'd be better or not.

Anyway, that's a newsletter sold to dentists to send to their patients. So they sign up for 500 copies a month or 700 copies a month, or whatever they want, and they pay so much. And it happens for them. Those are information products to be bought in bulk for reuse or resale.

When you build that into your business, think about it. We talked about renewable income and continuity income. Think about this business. So on a small scale, if we had 1,000 dentists who each bought 500 copies a month of the new handout booklet for dental patients that they're going to hand out to their patients this month, we've got 500,000 copies. If we can make a nickel apiece, that's \$25,000 on the bottom line, charging their credit card once a month, and coming up with one crumby little booklet. That's a good business. It can be a part of just about any information business.

Attendee: I'm an author. And if I wanted to approach a publisher of those payroll stuffer booklets and try to get some of my material condensed and published, are there publishers who do that specifically? And who are they?

Dan: Well, here's the bad news. They don't pay. There's about five major players in the business. This was Kirkly Press. They've since been bought by somebody. Four or five of them are listed in Writer's Market, as a matter of fact, in terms of finding them. Dartnell's kind of in this business. But what they discovered is that proprietary branded product doesn't help them. Like one of them did a deal with Blanchard. One of them did a deal with Blanchard. It didn't help them. They didn't sell any more of

that than one they paid somebody \$700 to write. I talked to these guys at Kirkly five years ago, when they were up to paying a whopping \$1,000. So there's no money there for us as authors. There is money there as publishers.

So as an information product, somehow, to your customer base, what will they buy to turn around and give away or sell, and buy it in quantity? And to your own customers, your branding can have great value. But in terms of going and licensing your material, there's no money. They've all figured out they can hire kids to sit down and condense, just like me. You need to be the guy. You need to be the entity.

Here's another. I'll show you an oldie, but a goodie. Products built to use. Back to tool kits. Boy, how much more sophisticated this business has gotten today. This was a time management product. I'm not going to bust this open because it's an antique, and I think it's the last one we've got. I think \$199, if I'm not mistaken. It's like a Daytimer. It's got a little wallet, the cheapest one we could buy. It's got 12 little monthly books in it. And we figured out if you're going to be in the calendar business, bad idea to put dates on them, because the inventory gets old. So all of these are blank. You go through at the beginning of the month and set up the thing yourself. That's why you've got the black pen.

So it's got 12 monthly booklets. There's a particular system to use. And then it's got the colored pens to mark off the stuff, the A items, the B items and the C items. You can kind of see these little orange cards back here. There's little cards to use in a certain way, little bells and whistles. And then there was a three-tape audio program that taught you how to use this puppy. Pretty primitive by today's standards, but we did very well with this product. Again, it's a tool kit product, not just books to read or tapes to listen to.

What's next on our list? We've got scripts and script books. I don't know if I have one. For example, Selling Power Magazine sells a book of scripts. You'll see their ad in every issue of Selling Power, I think. They get a pretty hefty price. I think they get \$199 for it, if I'm not mistaken. And it's like sales scripts for every conceivable

purpose. Talking to a new prospect, trying to get an appointment, business-to-business, consumer, trying to save a lost client, it's word-for-word scripts. It's just scripts.

Sales flip books. Very common in cosmetic dentistry. A product is a flip book with before and after pictures. That's this kind of a product. And on the back, it's got what the dentist should say as he shows the pictures. If any of you have been in direct sales, fire alarms, burglar alarms, you all remember flip books. Right? You turn the page and it tells you what to read on the back. There was one to sell this. I lost it. I don't have it, but I used it. Flip the page, show them the page, read the back. It's the way we used to sell. The product's still viable today. It's still a live product. So script books. A lot of companies are in that business.

Subliminals. As you probably know, it was a very hot category for a little while, and then it went away. I'm going to show you, in your sample book, an ad for subliminals that has been running continuously for 20 years. Hadn't stopped. The same ad runs in Psychology Today, runs in some of the women's magazines. A very successful ad. The business is still there.

The other place that the business is very viable is the way we use it in Psycho-Cybernetics, where you have a product and there are parts of it—affirmations in this case—that it is useful for people to totally internalize. So you're giving them the same stuff you taught them consciously, in a format that they can absorb it subconsciously. The best thing about the subliminal tapes is you never have anybody complain about the audio quality, "I couldn't hear this sentence," because there's nothing to hear. There's bird noise or background noise. The bad news is there's only a few companies that can make them for you.

This will interest a couple of you in the room. I just did some work for a new client in chiropractic, that essentially is selling a script product. It's the complete closing script to do prepay. How many of you have been to a chiropractor? Okay, you guys all know. You do the exam, and then the report of findings, which they show you the x-rays and

they show you how your spine is shaped like a pretzel, and if you don't do something, in five years you're going to be wheeled around on a little wood thing with wheels on it. They do a good job. And then they tell you you've got to come in six times a week for the first 12 weeks and four times a week, and all of that.

The presentation is the same. It's just that when you do prepay now, they prepay. The treatment program is \$13,680 and you can take care of that in one of two ways. You can write a check or you can use a credit card, and they get prepaid. You've got to be a little better to get prepay than to get them to come and pay by the visit.

Well, there's a script for that. The script, we taught it for 15 years, about one out of three times they'll close if they follow the script. So prepay is coming back. It was dead for a while in chiropractic, now it's coming back. So for \$499, this client's selling the script. That's it. The script, the video tape shows role-play of the script, here it is. You need the script. A script type product.

Searchable CD's for the right market. The nice features, the searchable deal, of course. Let me tell you something in general about CD's. We're still a ways away from it becoming a main staple in the information product business. Here's the way I would judge. I have two benchmarks. One is what we can sell on TV. The last two Personal Power shows have had the option of CD in them. They didn't do it before that. The last two, you can get it on audio cassette or you can get it on CD. It's less than 15% of the buyers are taking CD's.

Nigel Conant, regardless of what we think of their marketing effectiveness, they're the largest seller of spoken word audio product in the world. When they have a product that has a CD option, it's chosen by very few. And when they've tried CD-only product, they've not been successful.

Someday, it's going to replace the audio tape, maybe. Or something else is. But not right now. So you don't want to build CD-only. If anything, you want to do CD option. I don't have one to show you.

Software, gadgets, supply kits. Supply kits are different than tool kits. I tried to find my Vance one to bring, and I couldn't find it. But it's a story I'll tell you, so you quickly understand what the product is.

This tool kit is ready-to-use sales letters, but you've still got to go get them printed. The supply kit would have 50 copies of every one of them in it, and there would be a roll of stamps, and there would be 50 envelopes, and 50 names to mail them to. It would all be in a box. That would be a supply kit. The best one I've seen, I'll tell it quickly because some of you know it. Mike Vance, who spoke at a super-conference a couple of years ago, he didn't sell it there but Mike doesn't like to sell product. Mike teaches storyboarding as one of the things he teaches as a planning, creative-thinking mechanism. There's a certain way you do the wall, and you put cork up, etc.

So for years, they sold the storyboard kit. The storyboard kit, big box with a plastic tray in it, like the tray you've got in your sink to keep silverware and stuff in but made out of cheap plastic. And in there was a box of push pins and a bunch of different colored three-by-five cards and three-by-live cards cut in half, because you need two different sized cards, with rubber bands around them; and four different color pieces of yarn, because you put the yarn up as vertical dividers; five different color markers, because you need markers to write on the three-by-five cards. Half of three-by-live cards. Oh, and the push pins are different colors. There are a bunch of different colors, because you use red push pins for this and yellow push pins for that and blue push pins for that. Four squares of cork, like you buy at the Home Depot. Four squares of cork. a little thing of glue, so you can put the cork up on the wall.

The only proprietary thing in the entire kit was one paper sheet, which had been printed with header cards. It was a little thicker than paper. So it had a card that said, "Do. Doing, Done, Challenge," whatever the headers were. It wasn't perforated. You had to cut it out with scissors. So the proprietary thing in the kit was an 8 1/2 by 11 piece of card stock. Everything else you could buy at the office supply store. Today, you'd go to Staples. But you'd buy it at the office supply store or K-Mart or anywhere. It's all generic stuff. In 1973, this thing sold for \$399. To the best of my knowledge, you probably could have bought everything in it for \$20, would be my guess, at retail.

The seminar that I was in at the Creative Thinking Center, there was mostly CEOs, some entrepreneurs. There were about 50 of us, I think. Most of them owned pretty sizeable companies. So they didn't just buy one. They bought like 50. "I need 50 of these, because I've got 50 managers. I'll take 50 kits." Not even buy one and then send somebody to Staples to get all... No, no, no. Ordered 50 of them. I'm sitting there thinking, "I'll be damned!" Then I bought mine. Well, you don't want to go to Staples. You don't want to have to find the five different... Fine, I'll take it. And I'm happy to have it. That's a supply kit. In many information businesses, you have an opportunity to do a supply kit. Some type of thing where the stuff you're teaching them to use, you've gone and gathered it all up and socked it together for them.

Products bought for the staff. This is a very good category. When we go in the sample book, I'll show you this particular product. But here's why this is a good category.

If you're selling to business owners, you want to come up with product that they buy from you not for them to use, but for the staff. It's a good category for two primary reasons. The business owner devoutly believes his problem is the staff. That is painless for him to cop to. To say the problem is him is painful. The hurdle is much lower for me to get you to say, "I'm okay, my staff's screwed up," than to say, "The staff's probably alright, I'm an idiot." So the barrier to the sale is much lower. You're selling them what they want, what they believe. The staff is all screwed up. If we could just fix the staff.

Secondly, they want to fix the staff without any work. It ain't like they want to fix the staff. Like selling them a program that teaches them how to be a better manager and coach, and even tool kits that give them 12 meetings to do with the staff every week, they don't want to do that. They want "shove this in staff, pull out, staff fixed." That's what they want. They want this so bad, that my latest reinvention of Greg Stanley's business in chiropractic and dental was boot camps that the docs don't even come to. We call it the "staff-driven practice." The doctor pays the multi-thousand dollar fee and stays home. He sends the staff in on Thursday, and he gets them back on Monday, fixed. This is what he wanted. He'll pay any amount for that.

Then you have to do what's called "the switch," by the way. You get the staff in the room and you tell them, "The problem here ain't you. It's the doc. And the proof he's the problem is that he fell for this and sent you here without coming. So the whole boot camp is about how to manage the doctor and keep him from being an idiot." See, the doctor doesn't have to know. He doesn't have to hear. He buys what he wants. This is a great product category. And if you sell information to an owner, you can always turn around and sell him stuff to fix his staff. The more brain-dead it is for him, just stuff to give him, the happier he will be.

Checklist type products. Well, I don't have a checklist type product. There is a book, though. Boardroom Reports, for example, has a product called "The Book of Checklists." which they've used as a newsletter premium for years. It's hard-bound, a nice little book. All it is, is checklists. Here's a packing checklist for if you're going to go on a trip. Here's a babysitter checklist, the 12 things to make sure the babysitter has before you go out at night. There's like 100 checklists. It's been a very successful premium for them for years. It's a product I don't think I've ever done. Some of my products have some checklists in them. It's like the 10-questions list. You could do a book of that. Here's a checklist of 20 things to make sure you do.

Jeff built one for sales letters, mostly out of my stuff and your stuff. Do you still have that thing? It's like 150 things to make sure, when you do a sales letter, you haven't forgot anything. We all screw up, you know? We do it, but we forgot to put the guarantee at the top of the order form, or we forgot to do this. It's a checklist. Checklist type products. Easy products to create. Probably everybody that sells any kind of information could have some kind of a checklist product. It's another way to do a product.

Okay, reference books and directories. Again, easy products. This is part of a product that I built for Joe Costman. Some of you know Joe. It's mail order, of course. This is the list; 1,100 catalogue companies that you can submit your product to. It's a list. You compile a list out of other directories. Not hard to do.

Here's Dotty Walder's "International Directory Of Agents And Bureaus." I think she

sells this, if I'm not mistaken. Kit, do you know the price?

Attendee: It comes with the membership if you subscribe to her magazine.

Dan: Okay, so it's bundled. But it ain't a hard product to do. Does it have value? Yeah. If you want to get to bureaus and agents, it has enormous value. And if you had to buy it freestanding, by itself, you probably would. Boardroom does a lot of them. This is their tax loophole book. It's a reference book, it's not a directory. But this is compiled, by the way, all out of old newsletter information. So go back through three years of newsletters, take everything.

Same thing with this. "Uncommon Cures For Everyday Ailments." All this book is, is a reference book of all of the items that they've talked about in previous years of newsletters. Reference books, brain-dead simple, don't take a lot of work. But every information marketer probably should have one or two of them that are relevant to his market.

Annuals. That's a good business. There's two kinds of annuals. Jerry Buchanan used to take all of his newsletters every year, bind them together, and then sell them to all the new subscribers. So if you joined in 1995, you could buy 1994 as a book, you could buy 1993 as a book, you could buy 1992 as a book. Why wouldn't you do that? Why don't I do that? I don't know. Dumb, actually.

This is Jordan Whitney's. These guys do the monthly or biweekly—I forget—report on direct response TV. Infomercials, short form, and home shopping. They tell you what the hot products are, whose infomercial is number one, number two, number three, number four, etc. So this is their annual review. All they do is it's a compilation of everything they've told everybody all year long. This is very clever. It includes their own annual awards for infomercial and short form excellence. They're an information marketer to direct response TV people, and they made up their own awards program. And then every year, here's Infomercial of the Year, Best Automotive Infomercial, Best Personal Care Infomercial, Best Beauty Infomercial, Best Business Opportunity Infomercial. You've got enough categories you're locked to sell at least that number of directories, because everybody who got an award is buying

a copy.

Think about that. This is the branded who's who. This is the who's who directory of everybody who produced successful spots. Well, if you're a producer, and you're selling your services as a producer, how many of these are you going to buy to put in with your packets that you give out to your prospects? A bunch, right? And you ain't going to copy it, because John prints it on this god-awful green paper. Go try and make a Xerox. Good luck.

This thing, I think, is \$200, \$300.

Attendee: \$199.

Dan: \$199? Okay, \$200. It's I don't know how many pages, but it ain't many. Let's see, 100 pages. It probably cost them a couple bucks. Spiral bound, no big deal, \$3 or \$4, \$199. If I had to guess, do you know what John's circ is—I haven't talked to John in a while—since you knew the price? If I had to guess, I'd say he probably sells between 500 and 1,000 of them. And 90% of those are bought by people who are subscribers to the monthly thing anyway. Cost of sale is low.

So is there a place for you to have an annual product that is some kind of a compilation of what you have dished out all year long in smaller pieces? Yes, there probably is.

Attendee: What's John's Company?

Dan: Jordan Whitney. They're in your Million Dollar Rolodex. Five after 12:00. Here's the deal on lunch. Those of you that want to play Q&A, you march down there, you get your tood, you come Ma Here, you put it on top of your paper, and you eat it here. You guys go first. Soon as they've moved, we'll start doing Q&A.

Well, it's a big, broad topic. But here's the first thing to know about response percentages. They're simultaneously important and irrelevant. Here's why they're irrelevant. Because we don't bank them. We don't put our kids through college with

response percentages, we do it with dollars.

So when we sit around a marketing conference and we talk about, "I got a 4%," and "I got a 2%," and "I got a 7%," it's all fun, but we're really measuring the wrong numbers. The numbers that count are cost per lead, cost per sale. Those are the only two numbers that count in our business.

Having said that, are there norms? Sure, there are norms. For main, big circulation newsletter subscribers, for example, they're living on an eighth of a percent, a fourth of a percent. If you want a real big thumb rule in our business, we're going to have a big economic discussion before this is over with. But if you want a real, big thumb rule and you're doing direct mail to your house list, you ought to think 2% to 3% to 5% max; and to cold lists, you ought to be satisfied with 1%. Can you do better? Maybe. But you ought to be satisfied with 1%. And we'll have a big economics conversation before this is over with.

Attendee: Two questions. One, my wife didn't give me any grief about spending money to come here, so this question's for her. On your list, you have cookbooks and recipe products. Hang on, it's a good one. My wife just loves to make jelly. She sells it at farmers markets. She actually sat down and wrote a cookbook. It's got 50, 100 recipes, whatever. She even got published in somebody else's cookbook. But she's sort of like stuck. How do I help her move that into an information product?

Dan: It's got to be more than a cookbook: What is it, all jellies?

Attendee: Jams, jellies.

Dan: There's a market, by the way. There's one company that publishes nothing but chocolate cookbooks and recipes and recipe cards. It's a whole business. It's called PMS, Inc. What was Leno's joke last night? Mital bought MSNBC and it's now the meanest network. It's PMSNBC. If you're going to turn it into information products that you direct market, you can go down the route of recipes as part of a "how to make money getting into the jelly business," and you can be in a business opportunity marketplace. You can be real high end, and you can try and turn her into the Martha

Stewart of jelly, and target the gourmet magazine reader. You can play high end, and make them exotic recipes.

The grape jelly deal, it came from France, from a wine-making family dating back to the... The jalapeno jelly deal, she went and found from a dying guy at the Alamo.

Attendee: Her biggest seller, by the way.

Dan: Go ahead.

Attendee: My other question is just sort of like his response question. I have a couple of consulting...

Dan: Oh, let me finish. The hottest category, of course, is what to eat in recipes that are niched to health conditions or weight loss. So for example, cookbooks, recipes, products for diabetics. Cookbooks, recipes, products for carbohydrate addicts. All that spawns, for people that are on high-protein diets, etc., to chunk it.

Attendee: I've put together some 8% by 11 full-page inserts for some clients, and those are pulling about six to eight to one. We spend \$1.00, we make \$7.00 or \$8.00. Is that a good return?

Dan: You're serious? How much more would you want? You spend \$1.00, you get \$6.00. What's your cost of product?

Attendee: She provides a service.

Dan: So cost of delivery is what, half?

Attendee: Just whatever her total overhead is, I guess.

Dan: Somebody ought to know the answer to that question. But let's assume it's okay. If you're at six or eight to one, you're stealing, if that's front-end. Yeah, you're stealing.

Attendee: She's got a very high price-point product.

Dan: Good.

Attendee: My question is if it pulls to that level, we're doing it in general

circulation-type publications because she's a local business, would it make sense to take that exact same piece, convert it into a full-sized postcard of that same size? We converted it to a five by seven, and it did terrible. We spent like \$2,500 to mail 5,000 and it made like \$4,000.

Dan: Tells you something. I still wouldn't cry at \$4,000 for \$2,500. If the question is *can we take what works for a local service business, create a product that delivers the service, and turn it into a national marketing campaign*, the answer is yes in almost every case.

appointment for the service." Would an info product, say a report on the technology behind the service...?

Dan: Yeah. What she does at the appointment has to be duplicated in the tool.

Attendee: I'm just talking about for building response to that piece. Would an info product, a secondary offer, a backup response offer be worth putting into that piece?

Dan: Oh, testing locally, yeah, sure. I'd test an option. Absolutely. You'll know real quick whether you cannibalize or whether you plus.

Attendee: That was our concern; it would knock down immediate response.

Dan: You'll know in one test. In all probability, it will not.

Attendee: I have a product that I would like to market, an information market, but I can't find a niche for it. It's specific to children with disabilities. We've researched in the library and there's no magazine specific to that, and we're having a hard time.

Dan: Presumably, I would do the same research you have done. Reachability is such a big issue, that if I faced a situation where I could not have reachability, there's no magazine, there's no list, there's no associations they belong to that will give me lists, I'd walk away. That's my answer to you, because you're in an economic game you can't win. Here's what you're reduced to. You're reduced to buying mainstream advertising just to find them, and you're throwing away the majority of your money.

So let's say, for the sake of conversation, it's parents of children with what kind of disabilities? Physical?

Attendee: No.

Dan: Learning disabilities?

Attendee: Autism, let's say specifically.

Dan: Fine. So what you're reduced to doing is running an ad in USA Today, saying "Attention parents of children with autism. We have critically important information you should have before your next doctor visit. Call 1-800-autism." But here's the problem. You just paid for a \$1,000 block of space in USA Today to reach, for the most part, people who can't say yes to you. So \$998 of your \$1,000 is flushed down the toilet before the ad even hits. So you're pioneering. You're creating the list from scratch, and that's an expensive proposition.

Now, if you've got a big enough slack adjuster, if you're selling some kind of massive margin thing or you know there's 500 other companies that—once you've got the list—they're all going to want to buy it from you, there are ways to play the game. But it's a deep pockets game, because we've got to go out and find them from scratch.

So essentially, we're spending money to put a bunch of people on the street to go knock on doors in a neighborhood and say, "Do you have a kid with autism?" And we're going to pay \$5 for every door knock. Ultimately, we're going to have a phenomenal list, if nobody else has the list. But note the word "ultimately." So my advice to people is if you can't conquer the reachability issue, you've got big problems.

Now, logic tells me there are lists. So I question your research to date. Logic tells me there must be lists. So dig deeper. There have to be state and local groups. I have a client that markets information to children of parents developing Alzheimer's. He's a lawyer. There's all kinds of lists. They have to be pieced. This state has a foundation, this hospital has a big operation, this place here, this place here. You've got to do deals, you've got to put inserts in their newsletters to get people to raise

their hands. But there's reachability. It's not as easy as getting a list of 40-year-old women who are 20 pounds overweight. That's a lay-down. But still, its doable. But if you run up against it where it's really not doable, and you really are the creator of the market, you probably don't have the resources to play that game. Does that make sense to you?

It's an ugly answer. Take anxiety. David and Lucinda Bassett were able to do TV. It turned out that anxiety and depression is a big enough, broad enough category they were able to do infomercials. is autism that big? I don't know. And it's a big crap shoot to find out. But if you have to create the market from scratch, you've got to use big. broad, brush advertising and marketing. You've got to go on TV. You've got to go on radio. You've got to be in Good Housekeeping and Parents magazine. You've got to swing a big bat now.

Attendee: So lists would be the way to go, for example, from the National Autism Society, see if they would sell us their list?

Dan: Yeah. There's got to be a way to play with that. They're either going to rent their list, they've got a publication you can advertise in. Worst case scenario, you can write free reports that they give away that have your contact information. Maybe they do a free listing directory on their website of all the other websites that people can go to. But you've got to be a parasite. It's too expensive to be a market maker. That's a game for big players. Does that make sense to you?

Attendee: If you are willing to take a specialized question, I hate to fess up to this in public, but I'm an attorney.

Dan: Carla! An attorney snuck in here. Man, the screening process has gone to hell in a hand basket.

Attendee: To add insult to injury, I do literally injury work. So I've kind of got an ugly problem in that I need to mass market to the public, so that when they finally do get injured, my name will come up at the top of the list. So help.

Dan: It's a common marketing problem. Okay, the question was really a local marketing problem, but we'll take it. Specifically, the guy is a PI attorney. So his problem is we can't get a list of people who are going to have an accident tomorrow. Lists don't exist. There's no magazine for people who will have car accidents next month. The problem is they don't need you until they need you. So if you're talking to them on Tuesday, you're wasting your money. But if you talk to them on Thursday, you'd win. It's the old thing I talk about, the difference between salad and garbage is timing.

But it's not a unique problem. Chiropractor, to a degree, has that problem with injury-driven business. Plumber has that problem. Burglar alarm guy has that problem. What has felt unique to you is not unique at all. Many professions and many trades suffer with that very same problem. You're in the right place, because the solution to it is, fundamentally, to become—whether for profit or PR—a marketer and promoter of information rather than a direct promoter of services, so that you can cast a broader, fuzzier net and create relationships with people so that when they do have a need for your service, you're the guy who gets them. Does that make sense to you the way I said it? It's the way you wind up having to play the game.

Attendee: "We wrote the book on worker's comp, send for a free copy." That type of thing?

Dan: Yeah, sure. "We're the experts." We're now going down the road to being a full-blown information product business, but here's a guy, the Alzheimer's legal survival guide. This should be a \$500 box. But for what he used it for initially, it was fine. This is a book, "Everything you need to know if somebody in your family is diagnosed or you suspect they're going to be diagnosed with Alzheimer's." How to protect the assets, Medicare, all those questions.

So instead of advertising his services as an Alzheimer's attorney, he advertises the book. He puts the book in the bookstores. He puts the book in the libraries, etc., etc. So it's a bigger net. I don't have to have dad already having Alzheimer's. I just have to be thinking, "Dad's losing it a little. Maybe there's some stuff we ought to know."

So he's getting to them early. Now, it's patient marketing, but he gets more in the pipeline. And over time, he's better off. Does that make sense to you? Okay.

Attendee: Possible solution for him as an attorney for personal injury, emergency room database. Some of the hospitals sell their databases, who's come through the emergency room, and you can capture that information.

Dan: Yeah. All kinds of lists. Unfortunately, forget privilege. Probably. I don't disagree with you, but understand conceptually you're chasing. What I'm trying to do is be there early.

Attendee: You said, I wrote it down, that if you had known the tool kit trick earlier, you would have done \$15- to \$20-million versus \$5-million in that one business. Can you expand a little bit like what you would have done differently, exactly?

Dan: Yeah. We were selling to chiropractors, and then to dentists. So just substitute any business owner, profession, any niche. It doesn't make any difference. What we were selling was a box, books, tapes, mostly audio tapes, manuals, newsletter, all teaching. So we're selling education. What I would have done is not only would my front-end product have had toolkit aspects to it, but my big-priced upsell product would have been all toolkit. So for example, one of the things we taught them was how to set up a referral system in the office. So we taught them how to do a different kind of spinal care class that people would actually bring their friends and their relatives to, how to capture the names, how to use a testimonial questionnaire, how to do the follow-up mailings, etc.

I would have kitted all that. "Here's the script for the spinal care class. Here's the overheads. Here's the slides. Here's the video to show. Here's the letter to send out. And it's \$1,500 in a box." Like Jeff in financial services, they sell seminar kits. So when the Medicare thing all changed and Jeff invented--I think Jeff's out of the mom—he invented the "Grandma's going to jail" ads for all the financial planners, then they immediately created the Grandma's going to jail seminar, and they sell them the slides, the handouts, the tape, everything is done for you. All you've got to do now is

use it.

Well, there's so much more money there. We sold close to 10,000 dots a box. At least 10%, 1,000 of them, would easily have anteed up \$1,000 to \$2,000 for a toolkit, and probably more than one. Do the math. I left all that money on the table, just because I didn't know to get it. It didn't occur to me. 13 that responsive? Okay, who's got the mic?

Attendee: What is your favorite sales letter format?

Dan: Well, one that works. The question was what's my favorite sales letter format? The one that works.

Attendee: Which is?

Dan: Which is important. It's a joke answer, but it's not a joke answer in that I have no emotional attachment to anything I do. None. And as soon as I find something that works better, it's gone. So my answer to you today might be different tomorrow. But more importantly, it's probably going to be different for different markets, different products, different adaptations. Like I told you, Larry's new piece is one big Q&A interview in a magalog. That's real interesting to me. I'm going to try to pay attention to see if he sticks with it. If I'm still getting it in the mail three months from now, it's a format I've not used, but I ain't married to anything I am using. And if that's working better...

I'll show you an example. Here's one I loved. Let me find this thing. I was absolutely in love with this. This was in—what year was this—this was 1994. This was our catalog. I took all of our products and I organized it in a book. Pretty, too. Full-color. You don't often see me spend this kind of dough. Full-color *cover*, professionally-taken picture, chapters with jazzy titles. And each chapter is, essentially, the two or three pages catalog pitch for the product. So it's a catalog in a book. I loved this thing. Worst year we had in catalog sales. I mean awful.

Now, a lot of people have still got it. A lot of people sent us a thank you for sending the book. They didn't get it. They didn't know it was a catalog. "Nice book!" Looked at it a little bit, put it on the bookshelf, which is good, because on the spine it says what it is, put it up there, and that was the end of that.

Next year, take all the same stuff, put it back in a crappy, junky-looking catalog with a yellow cover on it, boom, we're right back to the sales numbers we should have been at. So I loved it, but it didn't work.

If you want structure, the structure I lean on the most is problem, agitate, solve. If you were going to limit me in life to only one, and say, "This is all you can use," that's the one I would choose.

Where you start to have problems when you limit yourself like that, is selling to the same people over and over again. Because eventually, they get bored with it. But if you said to me, "You're going to do fresh lists for the rest of your life, not house lists, and you can only use one sales structure," that's the structure I'd go with.

Here's why and here's why it works so well. It bridges the logical buyer and the emotional buyer. It is inherently a very logical argument. "You've got this problem. Here's why this problem is really bad. If you don't solve this problem, these horrible things will happen." Now we'll invalidate all the other options. "Here's the five ways you could solve the problem, and here's what's wrong with one, here's what's wrong with two, here's what's wrong with three, here's what's wrong with

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four, here's my solution." It's very logical. But it gives you opportunity to be very emotional. So it's a great structure. Is that helpful? Who else has a mic? Who's got the mic? There you go.

Attendee: When you're compiling information for directories, or even stuff for your newsletter, do you have to get permission from everybody who you copy stuff from?

Dan: Well, for directory-type products, most of the time, no. Because you are

compiling public information. Secondly, you are very seldom going to have anybody aggravated with you for putting them in a directory that promotes them. You may want to get money from them. That's a whole other issue. You may want to get money from them to put into a product that you, in turn, sell. The magazine business, the trade journal business understands that well. Why more of us don't copy it, I don't know. But if you belong to an association and you get the annual directory of resources, they *sold* ad space in that thing and then they charge you \$50 to get it. Why we don't do that, I don't know.

In terms of other kinds of stuff, not that but like for newsletters, technically you should get permission. There is the easier to apologize than to ask for permission issue. Who's got the mic?

Attendee: What's your opinion of print advertisements that are extremely word-intensive, as opposed to image ads?

Dan: Who let you in? There's dessert, too. Oh, my god! You overspent! Dessert's over here. We could have got away without dessert. Man, they were happy with the meats.

Okay, here's the answer to your question, wherever he went. I said dessert, and he's gone. Ask a question and he's out of here for the dessert. Seriously, did he leave to go get dessert? Oh, there you are. Okay. I really thought you actually had gone to get dessert. I was going to get grumpy.

Let me first of all rephrase your question a little, and that is because my opinion doesn't count much. What counts is what works. So it's the opinion of the marketplace. Admittedly, in certain markets, there are market biases where one works better than the other. Sometimes, even-Stephen. But more often than not, the old axiom "the more you tell, the more you sell" is true. So if I'm testing from scratch, the first stuff I'm going to start with is copy-intensive. I'm going to use every single inch of space I've got, and make them squint to read it.

Now, where that's not true, ever, is if you load it up with copy but had nothing to

say. The ultimate sin is being boring. They won't read five, they won't read 50, they won't read 500. But there is some research, for example in full-page print ads, that indicates there's significant drop-off early; 300 words, 400 words. Next significant drop-off not until 3,000 to 5,000. So once they're past threshold one, "Okay, I've decided I'm interested in this, now I'll read a lot." Who's got the mic?

So repackaging the one-on-one consulting into a group boot camp is how far you've got?

Attendee: Yes. So the notion of taking an off-site and then a bunch of follow-up actions, having the group for a longer period of time and forcing them all the way to detailed checklists strikes me as a really powerful way to do this.

Dan: Well, yeah and no. Let me tell you, it's economically powerful. If you're looking for implementation, there's not much implementation no matter how you deliver it. It doesn't matter whether we give it to them in a box, whether we put them in a room and teach it to them, or whether we go to them one-on-one. The truth of the matter is they snap back. Rubber band. You leave, 10 days later, they're right back doing what they were doing before anyway. It doesn't matter what we do.

So you really can't drive yourself nuts over the effectiveness issue. You take what you can get, you're happy with the ones who get results, and you don't worry about the ones who don't. Otherwise, you become a very neurotic individual in any aspect of this business.

The weight loss industry. Like Weight Watcher's was a client of mine for a number of years, and the regulatory guys get all pissy and moany that 97% of the people who go on a diet gain all the weight back within X number of months. And therefore, you guys are bad guys. I'm going to tell you something. You could send a counselor to live with them. They'll put the weight back on. It ain't the fault of the program. If you eat four pizzas a day and wash it down with a diet Pepsi on your way to the Weight Watchers meeting, you're putting the weight on, Charlie.

Fortunately, there's no regulatory agency holding you and I to the same standards of

accountability, so we shouldn't hold ourselves to it either. It's witless.

Now, as a business model, yeah. I'd rather, if you can, put them in a room and make a ton of money in four days, instead of going onesy-twosy and doing it. And if anything, you make the onesy-twosy stuff the upsell out of the room at the even higher rates. And you can do it at any level. Pamela Yellen and I did magnetic recruiting for the insurance industry. We did three boot camps. You had to be a CEO or a national sales manager to be there. This was not rank and file, this was corporate leadership. And we had them. We had the top dogs from Mass Mutual, we had the top dogs from Northwestern. We had pretty much every top dog of every insurance company in the room. They all wanted to go play golf more than they wanted to do anything else, but nevertheless we had them. So you can do it at any level.

Attendee: Dan, a packaging question. In putting together a manual, if you've got three related topics, is it better to have three separate manuals or one big one?

Dan: Okay, there's two answers to every question. One, it depends, and two, test. It depends on economic issues. Because you're obviously increasing your costs a little. Two, it depends on how you're going to sell it. Certainly, if they're going to see it before they buy it, then it behooves bulk. Then it behooves pieces. I'd rather show you three albums than one big album with all the tapes in it. It behooves pieces. If they're going to see it, whether spread out in a picture, on video, or from the front of the room, you're almost always better off with pieces.

And you package differently. Like this is video, but it's the same principle. If you buy Personal Power, it comes to you like this. Three units in a little slip case. These are the same three units. The reason they're stretched out like this is because I sell them like this. I want to hold something up which looks like more. See? This looks like more. So instead of the slip case, a piece of cardboard on the back to shrink wrap them to side by side.

If was doing TV, it wouldn't make any difference, because I'd bust this package up, spread it out, it's irrelevant. One's as good as the other.

Then the third issue is does it affect your *return rate*. How are they happier when they get it? Is that going to make a difference.

So you have to think about all three of those issues. They're all important.

Attendee: Could you expand on that last thing?

Dan: Well, we're going to talk about refund and *return* control. He just asked about it. We're going to spend some time on it, because it's as important as selling it. You don't want to sell stuff and buy it back. Because not only do you have all the economic issues, but you've lost a customer that has enormous value after the fact. So refund control is a real important part of this business. I've got to go where the mic is. I'm going to get them to get you a mic. Next person is this guy up here.

Attendee: Based upon your talk earlier about Success Track with the seminars, the seminars that you were having as the front-end, where those free or were those paid?

Dan: The Success Track seminars were the classic free introductory seminar. We eliminated the no-show issue by doing deposits.

Attendee: That was my next question.

Dan: In the customer appreciation seminar that some of you came to, and the letters in your sample book we'll hit it at some point in time as we go through the sample book, the same gambit is there that we used to use in Success Track. It's a free seminar, but you've got to pay X dollars of deposit to guarantee *you're* going to be in the seat, and you lose the deposit if you're not there. It solves the no-show rate. But it was free.

Now, had I known then what I know now, I wouldn't even have been doing seminars.

Attendee: Based upon that, how long did you find was the optimal amount of time to have one of those meetings?

Dan: Three hours.

Attendee: And was it better to have them during the day or the *evening*?

Dan: Evening and three hours is absolute optimum, because you need three to have two breaks. You only want to sell on the second break, so they get relieved that you didn't try and pitch them on the first break. And then you have another opportunity to pitch them at the end. You've got to have three to do it.

But, had I known then what I know now, other than creating work for Foster, I wouldn't have been doing seminars. I would have been sending them the seminar on tape with a 16-page sales letter, and I'd have been selling them with no manual labor. If anything, with a telemarketer. But I sure as heck wouldn't have been schlepping around the countryside doing meetings in Holiday Inn's. It's primitive. It's like doing a Mary Kay business instead of a direct response business. It's primitive, and it's only justifiable for big-ticket stuff. To sell the \$30,000 deal? Justified. To sell a \$1,000 deal? Nah.

Attendee: But you would have never had the market share if you had done it with a letter, would you?

Dan: Sure. Sure. It might have taken me a few more years, but that would have been okay. We burned out the market anyway. The manual labor costs is phenomenal. Think of the cost of travel. We had to drop a guy in a city, rent a car, put him up in hotels, rent meeting rooms every night, coffee.

Attendee: A nephew, a 19-year-old, has been making money on the Internet for six years, about \$40,000 a year. They sell what they call domain names. He's developed a proprietary software. He's dealing with a guy out of Russia. It's a bizarre story. It's my brother's kid. He was talking to me, because they just wanted to do their domain name little deal, and I said, "Why don't you sell the software to the domain people?"

Dan: 'The guy to talk to is two down behind you. We'll get to internet tomorrow, but I'm not the guy to talk to. He's the guy to talk to. See him right there? He's got his mouth full, blue shirt. You lost me at "software."

Attendee: Dan, I got started in doing training seminars for people on the subject of telephone courtesy and effectiveness. Great market, big demand.

Dan: Terrific market.

Attendee: But I can only do 268 seminars in a year, because that's all the working days

there are for people to hire me. So we're looking at going into the information product end of the business. My problem is, as I see it, my niche is everybody with a phone. That's not a niche. How do we kick that thing off?

Dan: You niche the product over and over and over again. By the way, I'm going to show you that product. We were selling that product very successfully in the 1970's. You take your generic product, and you either tweak it or you supplement it so you can niche your pitch. So it's effective telephone techniques for dental offices. Its effective telephone techniques for car dealerships. And what you want to do is test 50 markets and see which is the most responsive, if you don't already know. And you may already know from your own stats. Which niche sends the most people to the seminars? That's the niche you want to take your product to. And it can be as simple as, see this? Magnetic Marketing Supplement for Dentists and Chiropractors. This plus this is a chiropractic product. This plus this is an auto dealership product. Got it? Okay. One more, then I'm going to take a ten-minute bathroom break. You guys may or may not want to do the same. We're going to start at five after.

Attendee: My area's inner leadership, and I'm looking to do a book, cassette six-pack, like going toward a big box, a speech, and paid newsletters on the whole thing. And probably there's going to be some direct mail in there somewhere. I'm curious about front-end/backend. Any thought about order of things or how to pace that in terms of front-end/backend?

Dan: Wow. We're going to do marketing models soon. I'm going to defer your question until we do marketing models. But I will not forget you.

Attendee: The question I have is if you were to take the classified ads out of a newspaper and print them in another medium, would that be a violation of copyright law?

Dan: Yeah. I'm not a lawyer, but yeah. If you want them, it's pretty painless to do a mailing or something to all those advertisers and offer them free advertising.

Attendee: There's phone numbers in them.

Dan: Oh, okay. Here's a cheap way you can do it, if you want to. You're going to republish the ads, right? Broadcast voice them all. Broadcast voice them all, so they all get a phone call by robot with one push of a button. Reed, are you in here? What does it cost us to do voice broadcast these days? In big numbers, what does it cost, three or four cents?

Attendee: Nothing.

Dan: Not even that. More? A nickel? Give me a number. What is this, E-Bay? For Christ sake, I've got to go to the bathroom. Short. Quick.

Attendee: One minute costs about 15 cents.

Dan: Okay, so you voice broadcast them all. It says, "Hi, this is so-and-so from such-and-such. We're going to publish your ad unless you tell us not to."

Let's talk about continuity product for just a second. Continuity product means, in most cases, a `til-forbid sale. There are variations, which we'll talk about when we get to it the third day. But basically, continuity is a version of book of the month, tape of the month, fruit of the month, candy of the month, cheese of the month, etc. Let's see, there's panty of the month. There's an endless list of applications.

Let me tell you one of the best things about continuity product. This is a continuity product. This is one I bought. This comes every month for 36 months. This is continuity term-specific. Little do they know, they should have just kept going. This is one day I decide it would be a neat idea if I took up photography. Wouldn't that be cool? Need me a hobby.

So I sign up. This is the Seattle Film Works Photography School. Every shipment comes just like this, in this box, sealed, just like this. This has the invoice on the outside. but they're charging my card every month. You'll notice this hasn't been opened. Neither have the other 35. They're all still just like this, sealed up nice, fresh hen I get to them, piled up in a cupboard. I had to actually hunt a little bit to find it. to bring it in as a

sample. I couldn't remember where I had them, but I paid for all 36 of them. Little do they know. I'd probably still be paying for them if they were shipping me the 236th one. That's one of the beauties of continuity.

Not only don't the users cancel, but a whole bunch of the non-users don't cancel. Without continuity, it's very hard to get money from people who are not using what you are giving them at all. And it is difficult to sell to them month after month after month if they haven't even touched what they bought from you five months ago. But with continuity, you can do it. They will keep paying you and you can keep shipping to them, whether they use it or not.

We taped the Nancy Quan beauty secrets infomercial. There's a little old lady, I believe from Arkansas, some southern state, who we flew in as one of the testimonials, because she used the stuff, her daughters use the stuff, and now the granddaughters. So three generations are using the Nancy Quan Pearl Cream. She'd been on the continuity program for 15-some odd years. And I'll bet this woman was 90 if she was a day. There isn't a place she didn't have a wrinkle, this woman. I assure you, not a place this woman didn't have a wrinkle. She said, "You know, I use less and less of it, and I've got a closet full of it stacked up. I give it away every year at Christmas. If somebody comes over, I give them a few jars. Every month, it keeps arriving and I add it to the pile." This woman probably had more in inventory than we had in inventory. I said to the client, "Make a note. Because if you ever run out of stock, if you ever get in a jam, you know where we can go get some in a hurry." This woman's not going to cancel that continuity, though, \$19.95 a month, 15 years, ship the stuff. God knows how many unopened bottles. That's the way continuity works.

So one good reason to be in continuity is you get to get paid for selling, although there's really no selling, for shipping product to people who would not buy it from you under any other circumstance. You keep them around, they come to life sometimes. Seven, eight, nine, ten months, two years, whatever, who knows. I may eventually actually decide to take a picture, and then they might sell me something else.

The other good reason, of course, is stable, predictable, reliable income. You know on the first of the month, how many credit cards you're going to whack for how many dollars, without having to sell anything. Making money without selling anything is desirable. So it's important to build this into your business.

Let me just open one, for the heck of it. Let's just see what their continuity product looks like. I could tell you a joke about that. Oh, I've got a big notebook to put this stuff in. In answer to your question, \$19.94 is the answer to your question.

Okay, their continuity product is the supplement with all the pictures and notes and stuff, and it's got two little audio tapes, got me a package stuffer I didn't respond to, and free rolls of film I didn't get. \$36 every month for 36 months. I don't know what that adds up to, but it's a bunch. And it's a very typical continuity product.

Here's Joe's. Joe's tape of the month buyers, carpet cleaners, here's what they get. That's a different product. We're going to talk about that.

They get an envelope. I should have brought the envelope. A plain-Jane paper envelope. This is a typical month. It's got the transcript of the interview, and it's got a comment form. That's probably a bad idea. It's got an order form for back issues, for all the ones they might not have got, depending on when they joined. It's a memo to the ones that are coaching club members of an upcoming call, saying to the ones that aren't coaching club members, again, "Hey nitwit, you're missing something." The notes for that month's coaching call. Some little deal to fill out, a couple questions, a little checklist deal, and an audio tape. That's the continuity program. There's a regular paper envelope. Do you want to call it \$3 apiece? It's about \$1.21 to send it. I remember the postage from the envelope last night. So it's \$1.21 to send it, 70 cents for the tape takes it to \$1.90 and maybe a buck for the printed material. So \$3 tops.

Does everybody who gets it listen to every tape? What do you think? No. Do you think there's a bunch of people getting it who stopped listening six months ago? There's a bunch of people getting it who ain't never going **to listen. You bet.** Absolutely. But there's all sorts of reasons why they don't quit. It flies under radar.

They have to act to quit instead of act to buy. They know they should be listening to it, so guilt says, "Keep it coming. I'll get around to it eventually. I'm going to do it." And it keeps coming.

Attendee: They'd have to admit they made a bad buying decision.

Dan: Yeah, there's even that. They've got to admit they're not using it. But I'm going to tell you something. Like in his business, there are guys that are not only not members anymore, they're not in the carpet cleaning business anymore and they're still getting it every month. And maybe they'll come back to life and maybe they won't, but give me 10,000 of them.

It's like you and I were talking about the woman in the consulting business. I don't care if they listen. It would be nice. The ones who do, obviously, are better customers. But give me 10,000 who will give me \$19 a month and none of them listen. It's okay by me.

Attendee: We've got a health product that's \$90 a month.

Dan: \$90 a month health. Are they eating it all? No. Any more, and that woman is glooping it all. But they're going to stay in the continuity. This is an extremely important part of this business.

Again, had I known it 20 years ago, I wouldn't be talking to you. It would have been over before this. By the way, if you like this seminar, it's a real important point that, at the end of the day, send a thank you note to the IRS because I'm working for them today. I get to start working for me tomorrow. But today is for them. Had I started doing continuity 15 years ago, I'd be gone. All the money that was left on the table. What we didn't know.

I was talking to Zig about it. Think about Zig. I saw Zig speak when I was 14 years old. Zig's been at this a long time. How many customers do you think have gone through those fingers? If 2% of them converted to continuity, the money! You've got to do it. It's just a real important part of this business.

Attendee: Does Zig do continuity now?

Dan: No.

Attendee: What does Joe's thing cost?

Dan: Joe's monthly deal. I've lost track. Is Jeff in the room? What's the monthly hit on the basic tape of the month? It's \$18 or \$19. And then coaching is \$247. But \$19 a month is okay. Remember, we've got 53 in costs. You've really got to get it. There's no cost of sale. None. No sales letter, no brochure, no phone call, nobody taking a phone call, no order form, no nothing. This is a sale with no cost of sale. We just whack the card every month.

My down sell, most of you don't see it because you're better customers than that, but every once in a while there's somebody in the room who's on the \$12.38 a month program. My newsletter, you guys are all members. If they don't respond and they don't respond and they don't respond, they eventually get the \$12.38 a month deal. "Okay, we'll still give you all the same bonuses, you still get all the same benefits, and you make no commitment up front, no commitment at all. We just whack your card \$12.38 every month until you say stop."

Guess what? They don't say stop. Now, they're not as good a customer, so there's trade-offs. In terms of backend revenue, they're not as valuable. But we have gold continuity, too. We have some gold members who are on continuity, as well. We're at about 1,000, 1,100 at \$12.38 a month. There's worse things in the world than the first of the month putting \$12,000 in the bank with no cost of sale. They get sent a receipt. "Here. Congratulations." It goes with their tape.

I didn't quit, and I wouldn't quit now, probably. The \$12.38'ers, you can ask Carla, it's a rarity when we lose one. And some of them are going on their fourth and their fifth year. Whereas the renewal rate the other way, believe me, it's nowhere near 100%. I wish. Not even close. Like skin care and cosmetics, the average is over a year before there's any significant fall-off. These things go on a long time.

And then once you have stable numbers, then you start to work at what can I do to

keep them for one more month. Now you have a control. Let's say your average is 16 months. If you're playing with big numbers, even if you're playing with small numbers, 500, 1,000, you start to see if you can stretch one more month out. Look at what that's worth. So you can start to play the, "Let's see, the first major fall-off point is at the 13th month. That means I'm going to gift the crap out of them the 12th month. So now I guilt them. They're not going to quit for another couple months. Spend \$2 on gifts, get another 19." You start to get scientific about this. The guys that are running big numbers, believe me, they're very scientific about this until they reach such big numbers that they don't pay any attention anymore.

Attendee: Then put them on continuity right from the beginning?

Dan: Well, there are continuity plans where there's an entry fee. Like my gold is that way. There are continuity plans where there's a one-time entry fee, and then there's a monthly charge. There's continuity that are renewable by the year. But the smoothest continuity is monthly plans with dollar amounts that fly under radar.

Attendee: Why don't you do that yourself?

Dan: Well, I do. I've got 1,000 or them at \$12.38. And hopefully, we'll have 3,000 before it's over with. Okay, what's next on the list, because we're going to spend more time on backend later. Digest-type products.

Oh, you know what I wanted to show you before, reference books. This is one of the most successful reference products. Matt Lesco. You guys know who Matt is? Matt even is on TV selling a mundane reference product. Here's Info Power. This is the product. How many of you own it? It's okay. It's a giant directory, and that's all it is. It's listings of every imaginable government agency and resource. Here's everything you would ever want to know forest and land conservation. Here's everybody you can go get information from about that. Here's all the federal government offices. Here's all the congressional committees. Here's all the federal government databases that you can tap into on the internet, on and on and on and on.

There's no creative talent required to build this product. A college intern can build

this product. There's no brain power, there's no nothing. It's a basic directory. It works on television. It's important to pay attention to the pitch, of course. The pitch is "Free money from the government." But still, it's a directory product.

Okay, digest product. Do I have a digest product? I thought I had one of them, and I don't. Well, such is life.

What's next on the list? Compilations, back issues, we talked about that. Opinion-type products, that's like the Limbaugh Letter. You've got to have a customer list to drive it. Memberships, clubs and associations. I think you have in your bag, if I'm not mistaken, a CEO Club brochure. It's as good of an example as any. They are literally front-ending a membership. When we talk about backend, I think for most of us in the information business, you want your customers to become members.

You want to create levels of membership. It literally gives you another product. You see it more and more.

Entertainment-type products. That's like the Extreme Backyard Wrestling product.

Boot camp in a box product. Important. Any of you that do boot camps, it naturally suggests a boot camp in a box product. When we get to sales letters, I'm giving you a few of them for those type of products in your sample manual.

Every time Joe does a boot camp, we create a boot camp in a box. We sell it to everybody who is not registered. We usually do a mailing before the event, real close to it, saying, "Okay, registration is closed. You missed it. You're missing out on it, but we're going to have it in a box. And if you do it now, instead of later, you can get it for less." And then we do a mailing after the boot camp to sell the boot camp in a box for a higher price.

We took the speaking business boot camp and created a highlights product, and I think we had 225 people at the boot camp and I think we sold another 200, 240, 250 boxes. Same thing will probably happen here.

You can build a complete boot camp, you can do highlights, you can do pieces. I won't

do a complete boot camp, but I'll do highlights. So if you do live training, every live training should beget a product. And then when you sell the product to the people who didn't come to the live training, if you're going to do the live training again, the product sets up a loop-up back to the live training.

A couple of things not on your list you may want to add.

There are interpretation-type products. I'll show you one. It should have been a course instead of a book, but the guy wanted to be in bookstores.

Attendee: Could you repeat that boot camp product?

Dan: Yeah. Yeah. It's real simple. If you're doing live training repetitively. Like it doesn't apply to this, because I ain't doing this again. But if you're doing it repetitively. So now, everybody that didn't come to boot camp in May gets a boot camp in a box, which they buy. That immediately sets up the loop back up to the boot camp in October.

So let's say the boot camp's \$2,000 and you bought the boot camp in a box for \$1,000. We give you full credit for the money you paid for the boot camp in a box to sign up for the boot camp, as long as you do it by X day. So now you've got \$1,000 burning a hole in your pocket, and the stuff becomes free as long as you come to the next boot camp. And if you carefully do a highlights-type product, really what it does is it sells the boot camp. It delivers some content, but it's loaded with testimonials and it shows exciting shots of the crowd. So they want to be there. So they're giving you \$1,000 to deliver an elaborate sales pitch to get them to come to the next boot camp. That's the deal.

Okay, this is an interpretation-type product. This is how to think like a Leonardo Da Vinci. This is like Patton's lessons of leadership. Those are what I call interpretation products. They went and got something they don't have to pay any royalties on. because this guy's dead last I looked. But he wrote a lot of stuff. So there's a lot of material. Patton had lectures and speeches. So you go through all his stuff, you pull out the high points, and then you write about it and you write around it. It gives you an interpretation-type product.

Okay, what else have I got over here that we didn't talk about? This is a calendar-type product that's on your list. This book, which is also in the Bremmer product, I call this a calendar-type product, this is 365 little essays. One for every day of the year. So the idea is every morning, you open it up, you read your essay for the day. So what do you teach that you couldn't do this with? 365 fitness tips. 365 parenting answers. 365 effective telephone tips every day. Boom. Easy product. All you need is 365 ideas and be able to do about 8 paragraphs on each one and find a quote, and you've got yourself a product.

What else have I got over here that we didn't talk about real quick?

Oh, this is a good object lesson. Here's a book screaming to be a product. This is in the cookbook category or food category. Here's American Diabetes Association's Guide To Fast Food Restaurants. And in here is what you can eat at every fast food place. So here's Arby's. Here's two things you can eat at Arby's without killing yourself. And then here's the whole Arby's menu broken out into fat grams and calories and exchange points and all that stuff. And then it's for McDonald's and Subway and Pizza Hut, and on and on.

What the hell good is this? I go schlep around with this in my pocket? I've got it, but it ain't like a book you read. I kind of want this with me if I'm at Arby's. It begs for a deal-a-meal type product. It begs for cards, little pocket cards. Arby's on brown, this one on blue, so they're easy to find. A bundle of little cards. You could put the book with it, if you wanted to. But personally, I'd rather pay \$99 for that and have something I can use, than pay \$14 for this and now it's going to sit on the bookshelf. And the next time at Arby's, I'm going to eat the same crap I ate the last time I was at Arby's. I folded down corners. I go to Subway once in a while. What am I going to do? Tear the Subway page out, put it in my glove compartment. It's a book begging to be a product.

Entertainment-type product. You've been watching Kawasaki's deal with the cash game? Very successful. This product is ahead of its time, probably. This was a umber of years ago. This is the "You just became a millionaire" product. It's an educational game. Not very expensive. Two decks of cards and a bunch of money and

instructions. That's it. In a box. An educational-type product. A toy. Can you be in that business? Yeah, you can be in that business.

Talk about packaging, this is the classic information product approach.

This guy, who happens to have a lot of money, fortunately, goes and makes three videos. One on living longer, one on diet and disease, and one on alternative medicine. He spends a bunch of money. These are very well produced, by the way. If you watched them, they're like Hollywood. Has this packaging done, which you can't make like one of these. So there's 25,000, 50,000 of these babies on a shelf somewhere. You know the product. You guys go to Blockbuster. You get catalogs. What does this sell for?

Attendee: \$79.

Dan: \$79 bucks? I've got \$79. I've got \$79. Anybody want to go higher than \$79?

Attendee: \$39.

Dan: \$39 Alan says. \$40, \$50. Here's five video tapes. Each one is in a little white carton, which you get for free when you buy the blank tape. Shrink-wrapped, got a label on it. And these are shot just like this, but not this good. One camera in a seminar room. What do you suppose the five sell for? \$995.

Attendee: Is that the Jimmy John show?

Dan: Nope. This is Profitable Dentist Presents. Todd Vogel on the care and feeding of associates. Harry Heebler on financing your retirement. William Dickerson on 21st century practice. Walter Halley, unlocking the door to the unlimited profitable dental practice dental tapes. It tells you two things. Number one, niche. Here's a mainstream product. Costs 10 times, 100 times what that costs to produce, sell it for a dime on the dollar. Secondly, packaging. Irrelevant. The tighter the niche, the better the message to market match, the more you sell value, the less you have to worry about what it looks.

We were talking about compilation products. This is another Boardroom Reports

product. They use this as a premium. "How to live like a millionaire." All this is, is all the stuff out of their newsletters. And they didn't even re-typeset this one. They just took it right out of the newsletters and cut it and pasted it. Put a jazzy title on it, they've got themselves a product.

This is one of Halbert's originals. Cover's missing. But how many of you have got Halbert's, "How to make maximum money in minimum time?" You know what that

even works for him as a front-end product off and on over the years. Anthologies. I don't think we had those on the list. This is where people get together and make a product. Most of you got the Platinum tape's letter. I put it in your sample book. All we do with all our Platinum members—and there's eight or nine of us here—we all stayed for an extra day at a Platinum meeting, Steve came in and set up a recorder, and we did roundtable discussion of marketing topics. Boom. Tape product's done, everybody's got a product to sell.

INFO-RICHES SEMINAR 2000 HIGHLIGHTS PACKAGE

AUDIO CD TRANSCRIPTS

CD #4

This is a Don Dible project. No, this is a Dotty did it, too. 1980. Each chapter's by a different author. Here's a list. Everybody contributed a chapter. Everybody had to buy X number of books in order to be in the book. The anthology organizer makes a couple of bucks a book. There's 15 here, so everybody buys 1,000 books, that's a decent print run. You get a better looking product than you could do on your own. No reason why a group of people couldn't go together in a niche and do that. It becomes a front end or a premium for everybody, generates leads, etc., etc.

Dan: That's not bad. That's not bad.

Okay, in your book, 57. Are you sure it was the first? You know, Joe, there's still people around who are waiting for that to come out in paper. This should be page 57 in your manual.

I believe there's 21 things to think about here when you build yourself an information product. First, we kind of talked about it with one of the gentleman's questions and answers. You've all got this in front of you. I'll turn off this light. It's bulk pieces or concise consolidated. You put it all in one book, you put it in five books. Do you put all the tapes in one do-hickey, do you put them in six different do-hickeys? Do you copy it all on one side in order to get more pages? Do you copy it on two sides in order to reduce the costs and have less pages? Do you put a notes column down the side or not? Do you triple-space, double-space, quadruple-space, single-space? Do you want bulk? Do you not want bulk? Those decisions have to be made by price margin cost, what they see before they buy and how the market is going to respond to that, and how they feel about it when they get it and how they're going to respond to that.

Next consideration, perceived specialization. Actual specialization doesn't matter much, but perception matters a lot. As I said, the most important thing on the last chart I gave you was message to market match. There's more money the more specialized they perceive it to be. Response rates go up, and generally speaking, price goes up. People want what is for them, and they are very reluctant to be adaptive.

Like in Success Track, we put the chiropractors and the dentists in the same room at the seminars and sold them the same product. We were the first ones ever to do it. But we didn't tell them until they got there. The dentists all believed we were marketing only to dentists, because the piece that went to them said, "Dentist, dentist, dentist, dentist:" The chiropractors believed we were only marketing to chiropractors, because the piece said, "Chiropractor, chiropractor, chiropractor."

In fact, *when* people were gathered in the room and sitting down and talking to each other before the seminar started, that was entertaining. Because they don't talk business, like they should. They talk technique. They all get into the thing they do, instead of marketing and selling and all that. So one's talking to the other saying, "I use the hoopie-doopie technique," and the other guy's going, "30 years, I've never heard of that. How does that work?" It takes them a few minutes before they realize one guy's talking about teeth and the other guy's talking about the fifth vertebrae.

And they would come out puzzled to the registration table, "That guy in there, he's not a dentist." "Yeah, we know, Jack." And every once in a while, we'd have a veterinarian in there. That was even more confusing.

But look, there just wasn't enough of them to bust them out separately to put in the rooms. Were I not doing seminars and were I marketing to them direct, I would carry the illusion all the way through. The dentists would think we were only publishing, servicing, taking care of dentists. They would never know about the other business. There's no reason for them to know about it, and vice versa. People want what is for them. So the responsiveness goes up with the perception of specialization.

In most things that you would teach, everything I teach and in most things that you would teach, the truth of the matter is it's virtually universal. But everybody thinks their thing, their problem is unique, their business is unique, their hobby is unique, their animal is unique.

We noticed with the book "Large Macaw," the person with the small macaw thinks they're different. They think their deal is different than the guy with a big macaw. A bird is a bird is a bird is a bird. But don't tell them that. They don't want to hear that. I'm not making fun of anybody.

We talked about his problem as a PI attorney. See, he'd never really given it much thought before that he's not the only guy on the planet that has this timing problem. A lot of other businesses have the same problem. Plumbers have the same problem. He just never thought about it before. Nor could you sell him a plumber solution. Say, "Hey, plumbers solved this. I'll give you their kit. Go adapt it." "No, I don't want that. I want for PI attorneys."

You don't want to fight that. You want to use that to your advantage. Like with product, there's lots of ways to skin the cat. You can have a generic product like I do, in this case, and then just do a supplement for each niche that you go to. Boom, it customizes the whole product. You can do first tape, last tape, leave the tapes in the middle the same. But it makes a difference. If you saw from the front of the room,

what it looks like makes a difference. If you sell by mail, how you describe it makes a difference, and that the examples match them when they get it and so forth. So this perceived specialization is extremely important.

Perceived ease of use. One of the reasons for returns, one of the reasons for customer dissatisfaction—and we'll go through a whole list of those—one is that they get it and it feels too difficult to use.

We've tested. They insist on doing it, but most fitness devices that are sold on TV come with a free instructional video. You get better numbers without the free instructional video. Because logic says, "If I've got to watch a 30-minute video to know how to use it, I don't want it. I just want to use it." That's why I'm so computer deficient. I'm serious. It's not that I've got anything against computers. I've got something against the manual. I don't want to work that hard. It would take a lot of motivation to get me to go through that thing. It has to appear easy to use.

Now, if you've got to give them a bunch of stuff, the best thing we've found to do with information products is to give them a road map to the bunch of stuff. Some variation of a fast-start guide. And I'm discovering, kind of late in the game, that it also helps a lot to give them visuals. Charts, like I gave you. Little diagrams. Little squares. "Here's square number one, here's square number two, here's square number three." Not new. Costman did it. How many of you have Joe Costman's original program? It used to come like Bremmer's product; a big suitcase, tapes in the deal. Joe discovered that by putting five flowcharts in there, it cut his return rate. Because people could get a visual picture of what they were going to do with all this stuff.

So if you can't have ease of use, you at least want perceived ease of use. Otherwise, they'll be unhappy.

Speed of use. We talked about tools. We're all guilty. We're standing in front of the microwave, mad that it takes two minutes to make dinner. Stomping. Two damned minutes. "You think by now they'd speed this up." People have got to have a *speed* thing at the gas station, so they don't have to *run the card*. I'm not sure how the gas gets

in, but the concept is you speed through the deal. And somehow your credit cards is charged. I don't understand it, but people want fast. And they want to be able to implement. So there's got to be things in there that they immediately use.

Perceived value. Well, sometimes that's a lot of stuff. Sometimes that's bulk. But a lot of perception of value is how much is done for them versus how much they have to *An*

Let's talk about the switch. The switch is where you now have to break the news of the truth to them. There's a difference between what we sell and what we teach. A big difference. And by the way, it's a big mistake to do much teaching when you're selling.

So the greatest example of the switch is weight loss. A weight loss pitch is "Move the blue card to the green slot, listen to some rock music, jump up and down five minutes a day. This person was 400 pounds, and now they've got a waist this big." That's the pitch. Then when you deliver the blue cards, the green slot and the little video with the rock music on it, you've got to, at some point in, time, break the news to somebody, "Oh, by the way, in addition to doing this, you've got to push your fat butt away from the table three times a day before you consume everything in sight. And, you've got to walk around the block when you come home from work." You can't tell them that when you sell them, but you've got to tell them that when you deliver. That's called the switch.

So every product, virtually every information product, has within it the switch. So how difficult the switch is will have an enormous effect on customer satisfaction and returns, and *it's* a real important consideration when you build the product. When are going to do the switch? Where are you going to do the switch? How *are you* going to do the switch? Is it going to take place on the tapes? Is it going to take place in the shtick letter? Is it going to take place in the fast-start guide? How, when and where are going to do it? But it has to be there.

It's nice if the product has something unique. It ain't mandatory, but it's nice.

Eight, consideration. Claims that can be made. Some businesses are more regulatory-

sensitive than others, and there's some claims that can't be made unless you want to risk jail. There are some claims that can't be made. You can make them legally, but making them sets up so much consumer dissatisfaction that it sets up such a high refund and customer service rate that it's not worth having made the sale by making the claims in the first place.

So you have to think through, for this product, what am I going to be able to say. Some products, you can say so little about that you can't sell them.

One of the reasons why so much nutrition—this is not information product now—but so much nutrition and so much herbal nutrition is sold by multi-level is for this very reason. It's because the company can't say anything. So they turn the troops loose, look the other way, and blink. And they say nothing. And Har^y and Mary go out and say the most incredible things. And they hope, if Har^y and Mary get in trouble, they can say, "Hey, we gave them a sheet that says you can't say this." That's why products are sold that way.

And there are some products that you just can't make enough claims about to sell. You've got to make claims.

What can be guaranteed? What are you going to be able to and willing to guarantee? Because information products, it's not like you can taste it. There's nothing to play with. You can't go to the Sharper Image store and sit in the chair and try the five positions, and have the massage rollers go up and down your back. That's not this kind of product. That product doesn't need a guarantee. Demonstration sells it. You get it.

But this stuff, you need strong guarantees. I see you. Give me a sec. You need strong guarantees. So you've got to think through what am I going to be able to guarantee. This goes all the way back to choosing a market. Remember what I said about lawyers. No offense intended. Well, offense intended, but not to you personally. Seriously, it's not a big problem for John, but it's a problem. There's a market you say to yourself, "The stronger I make the guarantee, they're going to hold me to these literally." Most

markets aren't that literal. So it even gets into choice of market what kind of guarantees can I make.

Attendee: As far as the claims you can make and not make, can you use them synonymously with testimonials?

Dan: Oh yeah. Let me tell you the law. The law is what they say you said. No difference. Same old, same old. So thinking that you can squinchy it that way, technically, no.

Of course, if you're in a niche, if you're selling to plumbers, there's no regulatory agency really paying attention to guys who are selling business improvement information to plumbers. Nobody cares. But if you're selling weight loss to America, they care. If you're selling "You can become a millionaire," they care a lot.

So different sensitivities. But technically, anything a testimonial says, you say. At the very end of our time together, we're going to talk about staying out of trouble. So we'll talk about some legal stuff.

Ease of understanding. Is it mini-pitchable? By that, I mean in like no more than three to five minutes, preferably less, can you pitch the product and have it be understood? Is there a shorthand story that everybody gets? Because really, that's what you're going to hang your hat on, that's what you're going to repeat over and over again in your sales literature. Can they get it?

Now, I take 22 minutes on stage. I can pitch this, though, in five. I can have you understand it in five minutes. You get it. Can you pitch it in five in a way that they'll understand?

Next steps up. Does the product set up subsequent purchases? The last thing you want is a product that impedes subsequent purchases, by the way. And preferably, you want products that make sales for you. Like we talked about the boot camp in a box product, that's a great product from this standpoint because it sets up another sale. Volume one, volume two. It sets up another sale.

We did three volumes of Power Points.. Power Points, for those of you that don't know, is a compilation of everything Dan ever said, in little nuggets, in three volumes, by category. I did volume one, volume two, volume three. The response was so good that you don't have to hit me in the head with a brick to say, "They'll buy more of these."

But we now have literally used everything I said. So how do we do more? We go get what everybody else has said. And then I comment on what everybody else has said, which gave us the next three volumes. Same three categories, three volumes; my favorite quotes from everybody else and my comments. I'd used up what I said, but there's like an endless supply of what everybody else has said, because there's a whole lot of people saying stuff. I could go do another three volumes. The first set setup the second set. If you liked it the first time, you can buy more. Does it set up the next sale?

Upsell, down-sell. Is there an immediate upsell? I'm going to give you a phone script in your sample manual where the upsell takes place even before they get the other product. They ordered it. It hadn't even been shipped. The guy calls them and sells them the better product. Is there an upsell to this thing? Is there an immediate upsell?

Is there a down-sell opportunity. If they don't buy X, does it naturally lead to selling a smaller Y? I'll show you good examples and bad examples when we do models.

Continuity. Does it set up continuity? Another factor is price, which links to cost. We're going to spend a lot of time on economics, but here's what you don't want to do. You don't want to sacrifice margin to build the superior product, so that what you wind up with is the very best product on the planet that you can't sell. It does no good to have the best product if you can't afford to market it. A lot of people make this mistake. They build a Rolls Royce for a market that will only give them Chevrolet prices. And they sacrifice margin to such an extent that even if they could sell the Rolls, they'd make a buck. It does you no good.

So you've got to play price against cost and you've got to protect your margins. I'll give

you a shorthand formula now.

Front-end information products, you should be striving for no less than eight to one. A buck to make it, eight to sell it. Backend no less than half that. Four to one. You'd be amazed how many people want to do three to one on the front end. I'm here to tell you, you can't do it. The argument will be, "Yeah, but it's so much better!" Whatever the argument is, throw the argument out. Nothing will overcome bad economics. Front-end costs what front-end costs what front-end costs.

Attendee: Are you talking about the entire cost, including sales cost?

Dan: No. I'm talking cost of goods. It costs you a buck, it better have an \$8 price tag on it. It costs you \$100 to make, you've got to sell it for \$800. If you can't sell that box for \$800, then you've got to bring down the cost of the box.

I just spent a day consulting with somebody, and they were frustrated and I was frustrated. I think they finally got it. But they kept wanting to talk about marketing stuff. And I kept saying. "There's no point in talking about 56 different ways to market this. The damned thing costs too much to make, and you've got to find a way." "But we don't want to compromise the integrity." This wasn't an information product. It's got Spirolina in it that you only get from one volcano in East India. It costs five times more than... I said, "But you can't. Because when you apply math, a 30-day supply is \$412. I'm going to tell you, I don't care what it does. It just doesn't matter how much better it is than everything else that's out there. Nobody's giving you \$412 a month on a continuity program for green gunk you mix up in water and drink. Not going to happen."

"Oh, let's do an infomercial." I said, "You don't understand. Infomercial, print ad, Christ arriving on their front yard beamed down from the sky, it don't matter. The math doesn't work." "Well, let's get a celebrity endorsement." "No!" **But I'm** telling you, that's how the whole day went. Eight hours of this. At the end of the day, oh, god.

But that's the deal. The math has to work. Can you run, Tracy?

Attendee: I'll be loud.

Dan: Okay, go ahead.

Attendee: Can you help me understand the front-end/backend?

Dan: Yeah, it's real simple. Front-end is what you sell to somebody before they're a customer. Your front-end business is customer acquisition, first transaction, beginning of a relationship. Backend is everything that happens after you get them as a customer. Somewhere, did I miss one? Because you shouldn't have asked that question. No, we've done two charts.

I've got a chart for you, eventually, that shows it to you pictorially. Everything that's on the backend, everything that's on the front-end. Above the line, below the line. But we'll get to it.

Production logistics. That means don't build a product that is so complicated or impossible to produce that you're going to have so many problems it's going to suck up your profits or you're going to want to blow your brains out. The whole idea, being in the information product business, is so manufacturing is as close to painless as it can be. So if it's not absolutely mandated, like there's no reason to have each tape in its own... there's no reason to build that Maxwell Maltz product I showed you from the 1960's, with the mirror. Give them one mirror if you want to give them a mirror. You don't have to put a mirror in every one and have a custom fabricated vinyl deal that fits them. Simple.

Let me tell you something. I used to be in this business of manufacturing this stuff. Stephen knows all too well. I took over this company. It took me a day to do the deal, 10 days to know I made a mistake. and four years to get out. A lot easier to get in than it is to get out. It's a real good entrepreneurial principle. It's pretty much true of everything.

Now, we made product for probably a third of the speakers in the country, and most of the product was pretty basic product. It was more like Nightingale-Conant product than anything. It's six tapes, an album and a workbook. You would think there aren't a lot of ways to screw that up. Trust me. You could do a matrix of 1.000 ways to

get this screwed up. It's incredible how many ways they can find to foul this up.

I took over this company, we had an 80% quality control deficiency. 80% of everything that went out the door was wrong one way or the other, and there were a lot of ways. Tapes stopped short, not quite recorded right; side turns over on the wrong place; %%Tong label on the wrong tape; wrong tape in the box; box shipped to the wrong place; thing put in upside down; right front trap, wrong back trap. I could do days. and this is the simple product.

We're now building notebooks and bells. That product over there. You know how many ways there are to foul that product up? Don't make it any more complicated than it absolutely has to be. It ain't worth being in the business if you have to blow your brains out over every sale. And believe me, they can muck it up.

Refund likelihood and percentages. It's a consideration, both about your market and about your product. The refund likelihood is A) how happy are they going to be when they get it, whether they use it or not. How happy are they going to be when they get it? Are they going to feel happy? They have something to stick on the wall.

We'll talk about refund control. If they use it, how happy are they going to be with the results? What's the likelihood of this thing coming back? And if the likelihood is very high, maybe I shouldn't be in this market, in this business, or selling this thing, regardless of how good it is.

Take a look at all the fitness devices that are sold on TV. The joke about the handles, you all know that joke. But here's another truth about these devices. Have you noticed they all fold up? There's good reason for that. The sucker's got to fit under the bed. I'm telling you, it's got to fit under the bed. If that thing sits out there and makes them feel bad because they're not using it, you're buying that sucker back. They've got to be able to hide it, because they ain't going to use it.

You watch them. That Bo-Flex thing, that thing's the size of a house. It's incredible. You pull like three pins out, and the thing folds up like a tent.

I

Distribution opportunities in addition to your own efforts. Are you building a product that other people can and will sell, or are you building a product that only you can and will sell? We're going to talk about all sorts of other distribution; catalogs, joint ventures, endorsed mailings. Ideally, you want to build a product that other people can sell.

Potential longevity without additional investment. There's a biggie. How long will the product live without you having to spend a lot of money redoing it? A real issue.

This product, God bless it, 11 years. For five of those years, the only thing I've done is put a sticker on it, like this. I didn't really put an update in. What do they know? Look, there's nothing wrong with the stuff in it. I made too many covers that say '98, so everybody's immediately thinking, "That's old." So a sticker solves the problem. The product's perfectly good. It's all useful in '99, just like it was in '98.

It's perception. In a few years, we actually did do supplements. We went through and put supplements in it and so forth. But pretty much with no work, 11 years. Five or six days of work, 11 years ago, 11 years, umpteen millions of dollars, that's a winner.

This is a real consideration.

Directory products. Think about directory products. They outdate themselves. Every product's got its yin and yangs. Dotty's got to redo that whole thing every year. Somebody's got to fact check it, because they all move, their e-mail addresses are bad. The Million Dollar Rolodex, we're now having to update that twice a year instead of once a year, because they move, they change their phone numbers, area codes. Think of the area code problem. So that product doesn't have much life at all.

Calendar product. That's why we did that time effectiveness success kit with no

and it gets worse from there on out. The thing's got no life. That thing had eternal life. Don't matter. leap year, no leap year, it don't matter.

So you've got to think about the longevity of how much life you're going to get before you've got to fix it.

Okay. let me tell you four sort of advanced secrets making money with these kinds of products. Here they are.

One has to do with the bump from basic to deluxe. You'll see when we go through sales letters. I'm cockeyed today. I've been on a boat or something. You'll see when we go through the sales letters, almost client I work with ultimately has... I wish I could have gotten Nightingale-Conant to do it, but that's a whole other story. Almost every product has basic and deluxe. So it has a product package at what you consider to be the right price point for the bulk of the market. And then it has a higher-priced package, some change in dollars for the better, and only a few extras.

In the sample book, one of the things I'll show you is a series of letters we did for Greg Stanley, where he had been selling a basic product that was renewable year after year after year. We added a deluxe. So these are the same customers who have renewed year after year after year. With my work, we didn't get any higher—somebody asked response percentages earlier. I was unsuccessful at changing the response percentage at all. My campaign got the same response percentage he'd gotten in previous years from his previous campaigns. But two-thirds of those renewing stepped up to deluxe. I didn't help the response percentage, but I sure helped the money.

As a general rule, somewhere between 10% and 30% to all the way up to the majority of your buyers will choose deluxe over basic. Therefore, you've got to offer it. Take that Nightingale-Conant product, wherever it went. I don't know where it went. But if I could have gotten them to just offer the subliminals with it, let's just do something we had. We don't have to do any other work. Same sales letters, which you have in your sample books, same pitch, same everything. Just a couple of paragraphs about the deluxe edition that also comes with the subliminals and one or two little bells and whistles. You know what? Probably 10%, 20%, 30% of the buyers would have bought the deluxe. The overall economic difference? Much more than that, because same cost of sale. But look at the money difference. So you almost always do

it.

Now, the trick to getting the bump. The trick to getting them to buy the deluxe is a very simple trick to teach. Not always easy to implement, but here's the trick. First of all, you've got to play fair. Basic has to be useable. They've got to take basic and only basic, and if they go do what you tell them to do and use what you give them to use, they've got to be able to get the results you promised they were able to get. But, there should be one thing in the deluxe that is not in the basic, that they immediately lust after and want more than everything else. That's the secret. Easy to teach, not always easy to do. But that's the trick.

Often, it's like some kind of a role-play video in our kind of product. For Marty Grunder, in landscaping, it's the video of him actually going out and doing the landscape audit and a sales presentation, so they see how that's done.

In the script product for cash practice, it will be the video of the role-play. Here's the script you can have for X. or you can have deluxe, which includes the video that shows you somebody actually doing this.

So what can you put in there that is the thing they want more than anything else, that will cause the majority of the people to buy the deluxe, rather than the basic. And it makes a huge difference to you economically.

Secondly, you're going to want to sell a big package. Almost no matter the market and almost no matter the sales mechanism, in *every* niche there's the real successful bunch. In every subculture, there's the bunch with real high discretionary income, for whom money is no object. Let's take the business niche first. The best advice I've got about selling this stuff was from Joel Weldon, right after I moved to Phoenix, when I was really getting started in speaking. Joel's probably the only guy ever who has actually made money in the field as a Nightingale-Conant distributor and a General Cassette distributor before his speaking career.

Joel said, "The one thing you want to remember is that you're not going to be very productive or profitable trying to sell this stuff to the people who need it. There's a

reason they need it. It's because they won't buy it. It ain't because it's not been available."

It's like they joke about the Bible, waiting for it to come out in paper. It's Jim Rohn's joke. He used to say it about *Think And Grow Rich*. Tell everybody you've got to go buy *Think And Grow Rich*, and some nitwit would say, "*i'm waiting* for it to come out in paperback." They save \$2 that way. Waste 20 years, but save \$2. It's not because how-to-succeed information generally or in a niche has not been available. Pick a niche. You're going to find somebody had a course 30 years ago, based on their successful methods in,that niche.

Almost as soon as chiropractic was invented and they weren't putting them all in jail, there was somebody teaching practice management. It ain't like it's never been available. So there's a reason people aren't successful. It's not because they've been denied the information.

Conversely, the people who most easily buy it are the ones who are already doing well. Why? They say, "I'm doing well, but I want to do a little better." I always say it's real important to understand this about people. Let's say we're selling \$1,000 box, and it teaches small business owners how to do a better job with the telephone so they don't lose as many customers when they call. Let's say it's going to improve somebody's business by 1%. Well, the guy who's got a little shoe repair shop and he does \$50,000 a *year in total business*, if he improves his whole business by 1%, how much did he improve his business? \$500. A guy that's got a company doing \$10-million a year improves his business by 1%, what did he make?

So the better they're doing, the easier it is for them to justify spending the money. Because even one tiny little idea, one tiny little improvement equates to big dollars.

A chiropractor who's doing a million a year is much quicker to buy than a guy doing \$20,000 and starving. It's not so much that he can afford it. That's not it at all. It's because he says, "One idea worth 1%? Why wouldn't I do this?" At the seminars, I

used to measure it. First of all, what I started doing was going out and taking a look at who was getting into what car after the seminar. The first one's at the back of the room *to* buy are always the ones getting in the best cars. The guy who hung around and moused and moaned. "Maybe I should talk to my wife, \$40 is a lot of money," guaranteed primer paint, left front fender. It's a lark. I could bet on it.

Then I started asking. For a long when I autographed books, I would say, "I want to *set a* goal *liter* your practice. Tell me what it's doing now and what you want to do in a year. *m* going to write it in the book." And they, without thinking, would tell you the real number. "Well, I'm doing X and I want to do Y." Guess what? First one in the back of the room is always the biggest number in the book. The guy who needed it least. And they're the guys that will buy the bigger package.

We **actually have people** who have their credit card on file and say, "whenever Dan does something, just charge the card and ship it. Don't bother sending the sales letter." We actually have them. You know who they are? They're already making a ton of dough. They need my stuff like hemorrhoids. But they're slight-edge practitioners. That's what they are.

So not to have something for them to buy, because they exist in every niche, in every audience, in every *list*, in every group of people who get a catalog, in every market, they're there. And if you offer them a big thing, they'll buy the big thing.

At the Peter Lowe events, Zig won't package sell. Zig cafeteria sells, as you know, if you've been. You know the difference. Package sell is you buy this or you buy this, or you don't get nothing. Whereas cafeteria sell is you can buy anything you want up here. It's all got a price tag on it. Pick out what you want.

But they do sell what they call the "whole shooting match," which is everything Zig's got, for a set price. There's always 20, 30, 40 people, most of them when they get there, before anybody even speaks, go to the product table and buy the \$3,000 hit. I guarantee you, they're the most successful people there. Some of them come, buy everything, and leave. I'm serious. I know, because we don't put my stuff out until I

speaking. And we have sales earlier in the day where they come and they fight. They come over and say, "I'm not staying, but I want to buy everybody's stuff." And they buy everything. I guarantee you, if you followed them home, the reason they ain't staying is because they've got something to do. They're successful people. So you want a big thing to get this money. Otherwise, you just leave the money on the table.

In non-business niches, there's sort of an analogy. It's not necessarily the most successful person. But there are people; Harley-Davidson owners, World Wrestling Federal fans, bird talk people, pick a niche. There's going to be some percentage of that group that has extraordinarily high discretionary income, money is of no consequence to them, and they buy everything. And they buy the biggest and the best. If there's a basic and a deluxe and a deluxe plus and a deluxe plus-plus, they're only buying the deluxe plus-plus-plus.

Lee said something the other day. There's a store over here at Biltmore. Locally, we all know about it. She called it the Cher clothing store. What's the name of the place? Paris. If you go over the Biltmore and you go in Paris, I think they've got men's clothing too, actually, but it's predominantly a women's clothing store. It's the kind of stuff Cher would wear, so it's real expensive trash. That's what it is. A blouse is \$500. There's a lot of people that have more brains than that, but there's some people that say, "\$500? Fine. I want one in every color." And that's what they do.

So if you've got a women's clothing store in a decent demographic area, and you don't have real high-end stuff squirreled away in there, you're an idiot. I've got a friend that's got a store that only sells golf apparel. He's got one line of polo shirts in there, they're \$250 for a polo shirt. It's not like it's important to me, but I'm standing there and I'm saying. "Huh? \$250, \$50. I can't tell the difference at all. What's the difference?" "\$200." "Got it." "Why you got them?" "Because 10% of the people buy the most expensive thing we have. So I figured out have more expensive stuff. That's how they buy. A guy comes in, he does the opposite of what I did. \$20, \$50. \$500. I want that." If it was \$600, he'd move over and get the one for \$600. So why not have something to satisfy them?

Use air to add value. Air is stuff that adds to the perception of value, but costs you little or nothing. Remember I said, "Nobody invents anything?" The Bremer product's got the coaching call certificate in it. Nobody knew. When they did that product, you probably couldn't even do a conference call. It probably wasn't even possible, I imagine. Dial phones, certainly. Not push-button phones. At a seminar, it's now a year or so ago, but I won't forget it as long as I live, I was saying something about carbon paper and some woman came up on the break and said, "What's carbon paper?" I said, "Oh, no." I can just imagine now somebody sitting in the room, "Dial phone? What's a dial phone?"

I remember telling Jennifer that you once had to wait for TV's to warm up. "Huh?" It's like dinosaurs must have been roaming the earth.

Anyway, certificate in there to call. Now, think about this. They weren't a very successful company, but they did move some units. That certificate, you're going to call and personally talk to the author, Dr. Bremer. How many of those do you think you could put out if anybody was calling him? Not too many. But it adds a lot of value in the story, doesn't it? That's air.

Air is the health club game. You couldn't run a health club business if even 50% of the people you sold came and used it. You've got to have the Meadowlands for the number of memberships they sell. You'd have to have a stadium. That business only works because only one out of 30, 40 people who buy a membership come more than twice. If they came, you'd be dead.

Now, the ones who come, you want them to come, because they buy equipment and clothes and pills and powders and stuff. But the ones who don't allow you to put air in the product that adds a lot of perceived value but never gets redeemed. If everybody redeemed their critique certificates, are you kidding me? I'd have been in a coma. They'd wheel me out. As it is, it's killing me. And the redemption is like nothing. Some months I do 100, 150. But compared to the number we've got out there, it's infinitesimal. But it adds a lot of value. In my direct mail pitch, it's like \$900 worth of

value.

Attendee: Do you sell more to those people?

Dan: Yes. That's a good question. Are the critique redeemers better customers? Yeah, they are. But what's surprising is the poor conversion rate on immediately selling them something. That is not what it should be. It's there, or I'd be rethinking doing it at all. It's like anything else. You fool yourself into delusional economics. It's what we talked about earlier. You say to yourself, "Let's see. If they take the trouble to open the box, get the critique coupon, go get something for me to critique, write me a note, send it in, and I take all the trouble to answer them personally, to convert them to newsletter subscribers, we should get them all. Right? So if I'm half right, 50% conversion rate. Well, it's 2%, 3%, 4%, 5%. It's exactly what it should be once you get your emotional idiocy out of the way and you do math. It's okay, but it's not what you can delude yourself into thinking it would be. But it adds a lot of air for very little cost.

So when you're going to do a perceived value argument, you want to find ways to put this air in there. It can be a nutritional analysis, it can be whatever, but you want to create air.

Generic to niche. You can also go niche to generic, but that's the fourth thing. I've already showed it to you. You can take a generic product, and you can tweak it to the niche with minor modifications or supplements. You don't have to change the product to change the pitch. I'll say it to you that way, because maybe that's a better way to say it. It's important for you to get it. You don't have to change the product or, at worst, you only have to change the product a tiny bit to change the pitch in a way that will be perceived 100%.

So I can say, "This whole product is for real estate investors. This is Magnetic Marketing for Real Estate Investors," when I go sell to a real estate investor group. The only thing I've got to do is put this with it. So here's all the education you need, here's all the tools, here's all the samples. And, you've got the letters and the tools ready to use specific for real estate investors. There's only one anyway. They want the

thing they're going to go plug in and use. They'll buy it all. They'll be happy with it all. I don't have to rebuild the product from scratch to change the pitch.

So like his question, I don't remember if you were on-mic or off-mic. But his question is a really good example. I'll show you product. He hasn't invented anything new and it's a reliable product category, but he's got product about effective telephone techniques. Front-end personnel, somebody who answers the phone. A very reliable category. A lot of people, including me, have made a lot of mililey with those products.

But the problem is everybody's a customer. Every small business, every company, everybody could buy it. So you niche it. So you've got effective telephone techniques for car repair shops, you've got effective telephone techniques for eye glass shops, you've got effective telephone techniques for beauty salons. Go right through the Yellow Pages from A to Z.

Let's say it's a 12-tape product and workbooks, and whatever. Maybe you've got to change one tape. Maybe you've got to make one supplement. You're going to find some of those niches are much more responsive than others. So maybe you're going to test 20 and wind up working three. You took a generic product and you niched it.

Attendee: What was the switch that you had to do for Magnetic?

Dan: Oh. The promise is everything's already done for you. And 90% of all businesses in America fit one of these categories so close it's virtually a perfect match. That's a slight exaggeration. It's probably closer to 2% or 3% of all businesses. The rest are sort of close.

Plus, you've got to learn something. Because the problem is even if you did give it to them ready-to-use, if they understand... Like if you don't understand why to do a three-step sequence, you won't do it. If you don't understand why envelope mail is better than non-envelope mail, you'll take them and fold them up and tri-fold them, and self-mail them in order to save the cost of the envelope. So you've still got to teach them. So the switch is very early in the program, where I talk about the Earl Nightingale,

"Feed them for a day," teach them, etc. So even though there's stuff here you should go use right away, you really need to be grounded. There's some switches there.

By the way, it's not as bad as in some products. Like in weight loss, it's really tough. It's really a difficult switch. Again, another consumable, take acne. With Proactive, you promise instant results, you show instant before's and after's. And really, six to eight weeks. So you've got to do a switch when you deliver the product.

That one's not that severe. Remember, you guys are doing ones that won't wait until the next clump.

Attendee: Everybody I've ever seen crossed out the numbers and the discounts.

Dan: Sure. Selling is all about—and it's true for anything, but it's certainly true for information products—building value so that the value is accepted as the probable price, then dropping price so that there's such a chasm between the two that it's irresistible.

So you have two tasks. One, which we've kind of been talking about, is how do we configure the product in a way that has the highest possible perceived value.

Creatively, you make that even worse with apples to oranges comparison on top of the price, just to get to the price. So yeah, "If you bought all this stuff individually, this one's \$300, this one's \$500, this one's \$800, this one's \$200 and it's \$4,622." Now, I've got to drop you to a point where you can undo that, and still it's irresistible. Well, it's not worth \$4,000, but it's got to be worth \$2,000. \$200, a good deal. I can't not do that.

Is your next question can you sell without discount? Yeah, but not near as well. The speaking joke is can you be in the speaking business and not be funny. The answer is not if you want to get paid.

In this business, can you sell without discounting? Yes, but not if you want to make any money.

Attendee: If corporate's offering a discount, which is less than the discount the salesperson will give them. And for whatever reason, the guy is impressed.

Dan: It's believability. They didn't trust the other guy. They figured he was screwing around. But there's lots of ways that that happens. It happens in direct response, too. When you do the discount, the whole issue now is making it believable and acceptable. Like we always say, there's a thing called "reason why selling." You absolutely must have a reason. It doesn't take much if he wants to believe it. You'll see in backend offers, a lot of times, we do "the accountant's out of town" kind of cutesy, funny thing. "The green-eyed, shaved, pain-in-the-ass accountant's gone, so I've decided to give you three for one. But we've got to get it done quick before he gets back." But you've got to give them some kind of rationale. And on the front end, it's got to be a more believable rationale. They've got to accept it.

Okay, I gave you two failure examples. I'm actually probably going to talk about three as sort of useful object lessons. And in some cases, they almost summarize what we talked about; markets, product develop.

A few years ago, I thought I saw a Success Track-like opportunity. Remember what I spotted in Success Track was a tremendous gap in pricing. Everybody was selling a \$30,000 thing or a \$30 thing, and nothing in between. So what excited me was the big gap. You're getting all these people excited, but only a tiny number of them are going to give them \$30,000. So they've got a whole lot that they've got juiced up that they're not offering anything to. We could come in and scoop them up.

In the inventor marketplace. You've all seen the TV commercials, "If you have an idea..." You know what I'm talking about. They're spots. There's four or five companies typically running them at a time. Every once in a while, 60 Minutes decides to expose the deal and they *all* change their names. That happens about every three or four years, because it's a real good exposé story.

So all these services, you see them running on TV constantly. Their economics are so

forgiving that they pretty much can run these ads anywhere. Every magazine I brought. I'm going to bet you if we went through, I've got World Wrestling, I've got Popular Science, I'll bet you half of them have got an inventor ad in the back, if not a display in the classifieds. If you went to the newsstand and bought 20 at random, 10 of them have got the ad in. They buy run of station TV. It doesn't matter. Here's why. Anybody ever answer one? Okay. Here's how that deal works, and it's a real sleazy deal.

Joe Spadotz answers, and he gets sent his invention submission kit, and he submits the information about his invention. Let's say, for the sake of conversation, that Joe has invented shoes that glow in the dark, so you don't need a nightlight in your house. You can walk with your shoes and they'll guide you through the house.

Attendee: Are you making this up, Dan?

Dan: Actually, Al Bundy invented those on Married With Children. But anyway, pick the most stupid thing you can think of and you submit it. If you want to test this, by the way, answer the ad, get the kit, and just make up the dumbest thing you can think of. A bird perch that glows in the dark. Just pick whatever you want. You're going to get the letter saying, essentially, "This is the greatest idea. Not only do I think it's great, but I took it to our committee, they evaluated it. This is incredible! We have got to get this to industry immediately, and you will be rich and receive royalties forever."

And then they pitch a package of services, which in most cases, they do what's called a "utility patent," which is nothing. That's not as good as a real patent. And they prepare and package the description of your invention for industry, which means they're going to have somebody do a drawing of the shoes that glow in the dark. They're not going to make a prototype, but they're going to do a drawing, they're going to write up a one-page description, and they gang all this into a booklet. And once a month or once every few months, they send it out to the Thomas Register, all the manufacturing companies, who all throw it in the trash. Because this ain't the way they do deals. Plus, anything they see from any of these companies, they reject

without even looking at it.

So the guy calls you back now and says, "We sent you the letter," if you don't call him. Most of them immediately pick up the phone and call and say, "Oh, great. I'm glad you loved my idea." "Yeah, we loved your idea. You've gotten through the qualifying process." So for X dollars," and it's usually a lot, \$12,000, \$15,000, \$20,000, "we'll do this for you and we'll submit your thing to industry. And here's what we do," and the accurate description of what they do, without all the disclosures I just gave you, of why it's futile.

They've got telemarketers who are pretty good. And if they don't close them the first time, eventually they'll be calling the guy back saying, "We can do it for \$7,812 because..."—all the stuff we use, by the way—"you can pay us half now and half after you've gotten rich." On and on and on, because the game is to get whatever they can get. I don't know what their base number is. My guess would be it's a few thousand bucks.

So that's the game, which means they can afford to do anything in advertising, because the economics are so forgiving. Their cost per lead could be \$200. It wouldn't make any difference. It's just irrelevant. They could put signs on busses, probably, and the economics would work. This, and \$10 books, are the only things being offered in the inventor marketplace. That's it. You either fall for this deal, or you buy a do-it-yourself book. There's a couple of \$90 tape courses out there. There's nothing in between. I said, "Hey, this is Success Track." I don't have to be a genius here about where to advertise. These guys tell me. And there's a story to tell. I've got somebody to sell against. It had a lot of right elements.

So we took my "I Low To Make Millions With Your Ideas" course, which is an expansion of the book, and we reworked it all into a product called "Inventor's Friend." Built a wonderful product. Probably too good. I wrote a wiz-bang lead generation ad. a third of a page vertical. We were in Popular Mechanics, Popular Science. about a dozen magazines. The leads were phenomenal. By the end of the first month. I said, "Oh boy, look out!" Hundreds of leads from a single ad.

I had another guy running this, so I wasn't physically seeing the white mail, which, by the way, is a mistake, because I would have spotted the problem sooner if I had seen the mail. So in come the leads. The leads are coming in at like \$5 a lead, \$6 a lead. \$7 a lead, which, in case you don't know, is fine. It looks like I'm going to be able to generate 3,000. 4,000. 5,000 leads a month without breaking a sweat.

So now we've got the sales letter package that sells this thing; long form sales letter, literature. The basic story is you've all seen these inventor ads and here's what they do to you. and why they're bullshit. You've got to do it yourself, but we've made it as simple and brain-dead, as easy to do it yourself as possible, etc. The conversion rate is like nothing. This thing hadn't got a pulse. I'm thinking, "Gee, rewrite the sales letter. beef up the offer, cut the price, add bonuses, six payments." Conversion rate's nothing.

We then do what you have to do whenever you have one of these that you cannot figure out. Fortunately, the other guy did it. I didn't have to do it. But you get on the phone and you start calling them. Not to sell them, but to find out who the heck they are and why they ain't buying. Here's what it turns out to be. Two big problems. One is they're all a million years old. These are people who have tinkered with this idea for 50 years. They're retired, they're on Social Security, they've got fixed incomes. I'm not making a generalization. We made 300 completed calls. We talked to 300 people, and 297 of them were what I just described to you.

The second problem is not only weren't they willing to be told any truth and disabused of any of their illusions, it made them mad. See, they want to believe the other story. That's why it's so easy to knock them off for \$15,000 and steal their money. It's because that's the only story they'll buy. "I've got this glow-in-the-dark shoe, which is the greatest idea since bread, and therefore I shouldn't have to do anything. A big company should license it and send me checks. I don't want to do anything. I'm an old fart with no money, I can't do anything. But I can mortgage my house to give you \$15,000 if you'll promise to do it." That's the deal. There was no way to disabuse them of their delusions.

So we peed through a fairly good sum of money and six months of work to discover

that we had built a wonderful product that you can't sell. We were trying to sell to a market that absolutely would not tolerate even a smidgen of truth.

Now, if I had no scruples, there's a ton of money to be made because you can generate leads at \$8 a lead. My ads worked. But you'd have to sell them the "we'll do it for you" deal and cheat them.

20/20 hindsight. Well, I can tell you all sorts of things. Why test 10 magazines? Why not test one? Like there's a good idea. Why go in a magazine at all? Why not rent a list, mail 1,000 pieces, and see what happens from that? All of the stuff I told you this morning, how about like going to an inventor's show and looking at them? Nope. Didn't do that. On and on and on. All the stuff I told you this morning.

It's as good an object lesson of how to muck up a market as I can give you. The premise is sound, there's just no market for it.

Attendee: How would reading the white mail have saved you?

Dan: Because I would have known instantly. here's all the mail. First of all, I kind of knew only one-third of them were calling the 800 number. Two-thirds of them were writing in for their free information. People who got the sales letters would write back. They would write long letters about why they weren't buying, all in real bad, scribbly handwriting on paper. Old people. And they were pissed. "You're telling me I invented this paperclip, and by god, somebody should give me... And if they're not going to, then screw the world. They're never going to get my paperclip." I'm serious, that's the way they were.

Second object lesson. Mortgage acceleration plan. You all know the mortgage acceleration deal, right? You do the biweekly payments instead of monthly payments. You pay the house off a zillion years faster, you save \$6-bazillion in interest, etc.. etc. Client does a TV show. I worked on this infomercial. Bob Eubanks is our host. You remember Bob from The Newlywed Game? They spent about \$100,000 on this show by the time I get there. The show has its problems, but the pitch is pretty good. It's a \$39 kit, software thing or manual forms you can do, a

couple of cassettes. But we only care about the \$39, because there's an insurance company who's going to buy these names for a couple hundred bucks a pop.

So not only don't we have to break even, we can lose money. They just want them to have spent something to have qualified them. They don't want free leads. But we don't need to make money on the front end on the show. Irrelevant. We can lose money. We can lose \$100, \$120, \$130 a sale. We'll still clean house.

Show tests, dies like a dog. This is before I get there. They redo the show, test it again, dies like a dog. Re-shoot parts of it, add different testimonials, do a third version. Dies like a dog. I say, "We can go \$150 negative. How could you not make this work?" We shoot the show, it dies like a dog. I now say, "I'll re-shoot the show with my money." I am determined to make this work.

Is it Yogi Berra said, "When they don't want to come to the ballpark, nothing will keep them from not coming?" They ain't buying this. They ain't going to respond to this, and here's how I finally know for sure. We switched it to a free offer. Free. Two tapes, forms, bells and whistles, free. It was only about \$500 a lead. If I'm not mistaken, we aired in Orlando for \$4,000, and we got eight calls. This is after tweaking the show until I'm blind.

With 20/20 hindsight, I could tell you a couple of things. One is this is far too logical a sale. This requires people to be sane, it sounds like budgeting no matter how you describe it, and nobody cares about paying off their house early. You might care, I might care, but that ain't enough. The vast majority of the people don't care. All they care about is the monthly payment. They don't care about paying their car off early, either. They don't care about paying anything off. All they care about is how much they can get this month and what are the payments. That's it. Trying to go against that culture is deadly.

The second thing I can tell you with 20/20 hindsight is the smart thing to do in our business is to test premises as cheaply and ruthlessly as possible, and be willing to walk away from them cheaply and move on to the next opportunity. There's too many

ways to make money.

I always tell a client, "Look, if this is your baby and you are never going to be able to sleep again at night until you have rung this out 67-million ways to Sunday, and absolutely proven to yourself that it is an impossibility on this planet to make any money with this, then fine. Let's do the mailings, let's do the TV show. Give me your money, let's go."

But the smart information entrepreneur isn't married to anything that much, so you move on. If they don't respond to the product, next product. Market proves to be a bad market, next market. Market dries up, get out. Success Track, by the way, another lesson in Success Track. we'd have made about \$300,000 to \$350,000 more if we had hauled out one year earlier than we did. I flogged a dead horse for 12 months. We were at market saturation, so the cost of sale goes up. You can keep changing creative all you want. But when you've got 30% of the market, you ain't getting more. Period. Unless you spend so much money to get them that you'd have to have them as a customer for 100 years to get your money back.

So there are products, like the mortgage acceleration plan, that would be beneficial. It's a wonderful product. Great. It's just that they ain't going to buy it. Better to have determined that and admitted it and walked away. Best way to get out of a hole – stop digging.

I'll tell you two other quick stories. Drug-free kids. This is also a TV story, but the media doesn't much matter. Right after *Think And Grow Rich* and *Personal Power*, the third infomercial Guthy-Renker did was called *Drug-Free Kids*. It sold a program for parents and their children to grow drug-free kids. Keep in mind this was when Reagan's in office. Nancy Reagan appears twice in this show, endorsing the product. Four or five big-name athletes, a couple of country-western singers, this was a celebrity-studded event, all endorsing this product. Whoever was Surgeon General at the time—I don't remember—endorsed the product. Great parent testimonials. Great scare stuff. Police cars, sirens, reenactments of kids being slammed up against the wall. It was like cops. I think they had shirts.

Spent a lot of money on this show. This thing, I think a \$50,000 media test, I think they sold \$600 worth of merchandise. Tweaked the show twice before they finally gave up.

There's only been one exception in all of direct marketing that I know of, where people have been very successful at selling a product for someone else to use; a parent to buy. That was *Where There's A Will, There's An A*. But this thing, this required the parent to be involved. See, 20/20 hindsight, if we had designed a box that they bought and gave to the kid. This is the fix-the-staff deal. Here's a ball. Stick this in the kid's ear. Pound it in there real hard, so it don't come out. The kid will never use drugs. Sell them all day long.

Say, "Here is a program you and your spouse have to sit down and watch the videos, then you've got to go have a talk with the kids, no good. Not going to buy it.

Last little story.

In theft control, back in Jack's business, we got a joint venture partner and we created a set of assessment instruments for hiring. That industry hires a whole lot of people. Supermarket, convenience stores, the turn turnover is substantial. If they live for two weeks, they generally quit and go to another job. If they get shot and die, it almost doesn't matter. In a USA Today survey, the most dangerous job in America. It's more dangerous than being a police officer – working in a convenience store. It's the most dangerous job in America, being a convenience store clerk. More dangerous than firefighting, being a police officer, taming lions, you name it. Convenience store, most dangerous job in America. Taxi cab driver,

4-33

second most dangerous job in America. Tells you what you don't want to do if you ever go broke. I guess that's a useful piece of information, come to think of it.

Anyway. so we got this set of assessment instruments that could be sold cheap, because they turn a lot and they're not going to keep them. They're not going to invest a lot in hiring or doing anything else. But this pretty good little tool, it gave

you predictive data in five different categories: honesty, reliability, basic math, reasoning skills, etc. So we built an entire program around how to pick and hire winners. How to finally have good employees instead of bad employees, etc., etc. Couldn't sell it. This is to our own customers.

Jack and I are talking one day and I said, "You know, we forgot how we're selling to them in the first place. Because what they're mad at is everybody stealing from them. Another matter in this industry, they don't care about having a good employee. They've long ago faced the fact that's not going to happen. And they're not going to recalibrate their whole business for the possibility. If they had a good employee, they wouldn't know what to do with them if they got them. Their entire system is built on bad employees. "We're getting the scum of the earth, we know how to deal with it, we've got a system for it, we know how many ads we've got to run, how many we've got to hire, how long they're going to stay, period." They've got all that figured out. They don't care about that. But they hate them stealing from them.

So we changed this to the dishonesty predictor. Still measured all five categories. Still gave them the same report. Still gave them all the same information. It only talked about one thing it did. It predicted how likely they were to steal, and to what quantity. Would they steal just for personal consumption? Would they steal for friends, relatives and neighbors? Would they steal to resell? Because they do that. They steal the stuff and they set up little stores in their garages, and they sell stuff.

They go together in groups. I'm not kidding. Five of them steal, they all work in the same apartment complex, they set up a little store and they sell bread to their neighbors. It's incredible.

So this thing predicted all that. Now we had a success. Same product, same price, same everything. Just pitched it differently. It requires real sensitivity to the market, what they want, what they'll buy, what they won't buy. How do we describe this thing in a way that they will swallow it?

20/20 hindsight, I could have fixed Drug-Free Kids. I couldn't fix it at the time, but I

could fix it now. I know how to fix that product now, and it's the effective telephone technique for staff fix.

This, I figured out how to fix. We fixed this. Had a big assessment business.

So the product itself can be a loser today, a winner tomorrow. Unsuccessful products can be reborn as successful products. And often, it's a very minor adjustment, mostly based on market sensitivity, on what is it that they really want. Because trying to sell them what they need but don't want is a real uphill battle.

Okay, this is real quick stuff. Want to get product done. Page 63 in your main manual. A little checklist for you. Mention a couple of things.

Number one, a lot of people have good luck getting product done quickly by creating question and answer formats. Great way to do audio in a hurry. Basically, you want 20-minute sides. How long does it take to answer a question about what you know? If you're going to give three-minute answers, you need seven questions a side. You want a six-tape program, seven questions a side, how many questions do you need? Write the questions, boom. Have somebody interview you, cut the tapes. Tapes' done. It's a lot easier to come up with questions.

You can certainly hire this done. I gave you, somewhere in your manual, it should have been behind this and it isn't. Oh yeah, don't jump to it now, but page 78, I think, 77, 78, you'll find an ad we've used to flush freelance researchers and writers out of the woodwork. There's a crap load of them out there. There's a bunch of college professors and journalism students, and people who fashion themselves to be writers who are unpublished, which is the vast majority of people who write at all. You can run a cattle-call ad, specify the kind of computer you want them to have, if you want to, and droves of them will appear for you to choose from.

There's no shortage of people willing to get on *the* Internet and go to the library and gather up material for you, no shortage of people to whom you could give a big pile of raw material and say, "Here, I want a six-section manual on thus and so." And they'll at least get you the rough draft. They're capable of getting you to something that you

can now go back and rewrite and inject personality into.

You don't have to pay them much money at all. This is like \$10 an hour, \$12 an hour, \$8 an hour kind of work.

Mark Twain strategies to get other people to do it for you, preferably without paying them. Free labor is better than paid labor any day of the week. So like the Extreme Wrestling example is brilliant. We're going to get everybody to go shoot footage for us, give it to us, and we're going to make product out of it. And if nobody else is going to buy it, they'll buy it back. That's a pretty good place to start.

When you do a newsletter, like I do, subscribers send you all kinds of stuff. So they do a bunch of the work for you, and that's useful.

Some people just want to be in a product. A lot of information product marketers can create product by interviewing their most successful users of their stuff, and it becomes case history product. So you want to do a new six-tape album this month? You got six successful users? So it's, "Six Top Dogs Reveal Their Secrets." You interview them. They all work for free, because they're thrilled to be interviewed, and you've got yourself a new product to sell to everybody.

We talked about reprints with permission, without.

Public domain. There's a lot of stuff, for many years, a number of people consecutively made money off of the "How to collect from Social Security at any age" ad. Ben Suarez ran it for a while. You've probably all seen it. I believe it runs in Parade today. He sells a \$19.95 book on "How to collect from Social Security at any age," which is a government pamphlet you can get from the Social Security Administration for free, reprinted and sent to them. Because all government publications, by definition, are not copyright protected. The federal government can't protect their stuff, because we own it. It's our money. So you can reprint it with

impunity.

There's all kinds of public domain stuff out there. There's also stuff that has gone out of print. I believe, Ken, do you know? There's a public domain search website. If I'm not mistaken, it's literally probably PublicDomain.com.

Attendee: Dan, you can try Gutenberg.com.

Dan: Okay, thank you, Joe. Gutenberg.com. I think there's a PublicDomain.com. Anyway, let's say you've identified a niche you want to go into about which you have no story, no affinity. You've never been one, you're not going to be one. One option is to buy yourself an expert and own them. That's somebody who's a successful practitioner in that niche, who is somewhat philosophically compatible with what it is that you teach and want to teach, who is not going to get in the information business.

So you buy them. You pay them a royalty and he's your Colonial Sanders, if you will. You build your story around him, your materials are from him. Gradually, if you want to, you introduce yourself into the mix as the brain behind the scenes. The materials now become co-authored by you and him. And gradually, the relationship can shift. But you can buy yourself an expert. They're out there. They're easy.

Please choose evergreen subjects, stuff that doesn't date itself. The way most of us get product done is we sell it first and make it later, and the pressure causes us to get it done.

Attendee: Does it require a lot of up-front?

Dan: Well, in most cases, you won't have to give anything up front. It's not like they think they're going to Random House. You're into a topic of joint ventures, which I'm really not ready to do. But basically, the percentage share depends on whether you're just buying name-likeness story or whether you're buying creative content contribution, and whether you're buying manual labor. Are they going to show up? Are they going to do coaching calls?

If you're just buying name likeness story and maybe a little content, but nothing

beyond that, and exclusivity, of course, you're a publisher. So you're going to pay him 5%, 3%, 7%. You may be able to flip them a little more on one thing and a little less on another. But you're not going to be into any revenue sharing beyond that.

If they're going to work, now you've got another game.

Here's all the places you can get content. I think it's your next page, if I'm not mistaken. I'm going to go through this pretty quick, just mention some things.

Back issues, we talked about that. Reorganizing back issue content. Multi-author joint ventures, like anthologies, like the Platinum tapes. Certainly, if you do something like a tape a month program, you're creating backlist every time you do it. So that stuff can be reorganized into albums, it can be sold onesy-twosy as backlist.

If you did three or four interviews that all have to do with technology, you put them in a bundle and you've got a technology product.

Live recorded, for audio. One way to get a product done is put people in a room and mic yourself. Is Jeff still in the room? Jeff? There you are. We did the first Jell Paul Mail Order Success Course that way. We sold a little seminar to some of my subscribers. I don't remember how many we had or where. We didn't care about the money. We were getting the product done, and it was the fastest, easiest, cheapest way to get out of his head what we wanted on tape to build a product around. So we put people in a room, included Q&A, and bingo, we had a product.

Over the years, I think we've re-edited, and you've done stuff in the studio. And ultimately, Guthy-Renker prettied it up and completely ruined it. And then we put it back the way it was. Live recorded product. Nothing wrong with it. Some mix of all of this will serve you well.

**INFO-RICHES SEMINAR 2000
HIGHLIGHTS PACKAGE**

AUDIO CD TRANSCRIPTS

CD #5

I wanted to show you a couple of information products. This will interest you.

Here's "Professional Telephone Techniques For Secretaries, Receptionists, and Other Office Personnel." We produced this in... I don't remember the year. This is a catalog that I don't think exists anymore, but they were a competitor to Daytimer. It was pretty big in their time. They may be around under another name. God knows how many tens of thousands of those things that we made and shipped through them. There's a little two-audio cassette, eight-page workbook. A general product for a general audience. Had I known what I know now, we'd have been niching.

In that same catalog, here's an interesting product that came out of like nothing. Ready-To-Go Sales Meetings. Here's what that was. The product was 20 sales meetings, because sales managers do a sales meeting every week. "Well, what are we going to do?" And 12 minutes before the meeting, they're scurrying through old copies of Success Magazine, trying to find something they're going to go in there and do. So here's a box of 20 of them ready to go. The leader's guide, the handout.

I was sitting around with the Cadillac people after we were doing business with a tape album, and they were saying, "What else can we do?" They sold a lot of these kind of tool kit type of products. I said, "Well, I've got all these sales meetings laying around from when I was at Amway. We did weekly sales meetings. You had to come up with something every week to do with these people, and I've got them. We'll just genericize them." "Great! 20 sales meetings out of an old file cabinet, **into a** product. Very successful.

Next, you'll see a direct mail piece. I used Chauncey's. It doesn't make any difference. But the next thing in your book should be the direct mail piece for the Platinum tapes. It's got a \$50 discount bill, and then it's got a page that looks like this. This product was a compilation product. As I told you, it's live-recorded. We just took an extra day. We were getting together anyway, and we all recorded the product, and then everybody gets to sell it. If you've got any kind of a mastermind group. if you've got any kind of a key user group, if you do a boot camp, plan an extra day. Joe did it with his Headbangers Group, that he calls them. You'll see the tapes for that. Plan an extra day and keep your top eight, ten, twelve people around and get a product out of it. People could have done products while they were here, during the dinner break. And then everybody uses the same sales piece, everybody uses the same product. and everybody owns the rights.

Okay. factors that impact customer satisfaction. Here's an important list for you, because this gets us into minimizing refunds. Page 79.

This gets us into minimizing refunds. Here's the stuff. A biggie is speed of delivery. It's the hole in the bucket for the entire direct marketing industry. Here's the problem. There's an enormous difference in perception between your experience of fulfilling and the customer's experience of waiting.

So when we're having the experience of fulfilling, we've got all the problems of the nitwit copying the stuff upside-down and the tapes not getting there when they're supposed to get there. And we've got 56 other things to do, and on and on and on. So a week, to us, seems perfectly reasonable. It is perfectly reasonable. But it feels like an eternity to the person at the other end, who was excited and ordered, and now don't have it. A day to them. You know when they're looking for it? Tomorrow. They're waiting for the mail guy. "Is my thing here yet?" And then the next day, "Gee, is my thing here yet?" The UPS guy comes, "Hey, you got...?" They're looking for it. And it seems like eons to them before it gets there. A lot of refunds happen simply because the time lapse between when they ordered it and when they get it. You will buy product back purely because of that.

Those of us who publish on demand, the problem is, of course, worsened by the fact that we publish on demand. It's not like you pull it off a shelf. You've got to make it and then ship it. All I can tell you is that money spent to speed up this process is generally offset by the diminishment in refunds, and you wind up with a better customer.

So speed of delivery is pretty important. I'll give you six specific refund control procedures in a second.

Bulk, we talked about, versus expectations. Appearance packaging.

The fifth thing on the list is important. It's important to give them some immediate gratification. It's got to be something that they feel good about almost as soon as they open the box and they've got your stuff. Stuff they stick up on the wall, that's good. Something they stuff in their pocket and take with them, that's good. Goose chase stuff is good.

Goose chase is where they get coupons that they immediately tear out of something and get to send off for other stuff. I call it "sending them on a goose chase." Here's this thing you fill out and send this off to this place, and here's this thing you fill out and you send this off over here. You fax this back to us to activate this. They feel like they did something. It's like having an exercise device and feeling like you exercised, when you didn't ever exercise. It's not important whether you exercised or not, it's just important whether you feel like you exercised. So they feel like they did something. They feel like they got some value. So immediate gratifications. Toys help, little bells and whistles. Flash cards, paper weight, mouse pad, that stuff helps.

Home membership concept, we're going to talk about. The most common complaints are, number one, they were overwhelmed and confused. "I got all this stuff and I don't know what to do." That's why you've got to give them a road map, you've got to give them a fast start guide. I've experimented with all sorts of things. I don't know if Joe's still doing it or not. For a while, we had the sticker on the outside of the shrink-wrapped package to call a recorded message as soon as you get this, before you open it up, and they would hear a little friendly recorded message that said. "Boy, it's

exciting that you got your bundle of stuff. And now, here's what you should look at first and here's what you should look at second." I don't know if we're still doing it or we're not doing it.

Second most common reason for returning something for a refund, "It's not what I expected." Well, if you get it a lot, then you've got to go look at the dichotomy between what you're selling and what you're delivering, and how well you're handling the switch. Because you're responsible for their expectations, they're not. Managing expectations is all part of marketing. Why does Southwest Airlines have the lowest complaint level and the crappiest service, other than they get there on time. But everything else is bad.

If you fly Southwest, you know. The boarding procedure alone, that does it. That commercial they run against them, with people looking at their deal, it's a horror show. It's exactly like that. You're packed in there like sardines. You can't move. It's just horrible. Lowest complaint level. Lower than American Airlines. Big, wide seats, nice boarding procedure, they've got more complaints. Why? Because Kelleher brilliantly manages the expectations of his passengers. "Peanuts. That's it. You'll be lucky if you get peanuts. So don't expect nothing else. We're going to take off when we say we're going to take off, and we're going to get you there when we say we're going to get you there. And everything else is going to be ugly. That's the deal." And everybody gets it.

Everybody else is setting up unreasonable expectations. Friendly skies, happy, smiling people. There ain't no happy, smiling people. And they're not going to be able to deliver any happy, smiling people. It's over. Forget it. So you manage expectations.

"Not what I was promised." That's even worse. Because now they're specifically comparing what you said they were going to get versus what they got.

Then you get the "Not for me because Pm..." "Well, I got this, but it's not for me because I'm in a small town, ...Pm in a big city, ...I'm a fat guy, ...I'm a thin guy, ...I'm stupid, ...whatever." Fill in the blank. "It's not for me, because I'm whatever."

That's in your marketing and it's in, now, the shtick part of the product, the fast start guide, the shtick letter, the early part of the product, where you have to answer all this, because this is there in every case. So you answer it with testimonials that match up with every answer to this blank you could do. You answer it directly by saying, "I want to remind you, this is going to work for you whether you live in a small town or whether you live in a big city. And here's why."

If you find that you've got a specific reoccurring problem, let's say it's the small town/big city deal, then you may need a supplement, one for small towns and one for big cities. If you find it's a gender deal, maybe you need a male deal and a female deal that gets added to the product. But these are the reasons why this stuff comes back.

There are a couple of other reasons over which you have very little control. One is Christmas. If they have bought this stuff on some kind of a guarantee that lets them, there's a surge of returns right around the holidays and right around tax time, when they need money. The real estate agents are famous for this. Hopkins gets product back in April like he never gets any other time. "Oh, I need money to pay my taxes. Send these tapes back." That happens. And Christmas time. "Oh, I need money for Christmas. Let's send back this stuff." Not much you can do about it. It's just the way it is.

If you do detect a point of return. Let's say you've got a 90-day guarantee and the bulk of your stuff is coming back. You always get a little bit real early, but let's say the bulk of its coming back at 65 days. Then you've got to look at, "Gee, do I shorten the guarantee? And what does that do to me? Do I elongate the guarantee? What does that do to me? Or is there something I can do right before the 65th day to guilt them? Is that the time they should be getting something free from us? Is that the time they should be getting a customer service call? Is that the time they should suddenly get an e-mail every day? What can we do to head off the return point?

Attendee: Guarantees. Will you talk about that?

Dan: Yes. I will. We'll spend some time on guarantees.

Now, the main refund control strategies are these. Number one, resell. By that, I mean

you've got two sales jobs. This is the business we're in. You've got to sell it to them once to get them to order it, and you've got to sell it to them again to get them to keep it. One is no less arduous than the other. Hence, things like shtick letters, long eight, 10, 12-Page shtick letter that's the sales letter rewritten. It's, "Congratulations on getting this box. Now, let me tell you the 512 reasons why you're so smart to have gotten the box. You made a good decision because you may have all of these horrible problems, and these problems will be even worse if you don't use this box. And the other five things you can do except use this box are horrible because of these 12 reasons, so you've made a good decision to get this box." It's the sales letter rewritten as the shtick letter.

Maybe a tape that is a fast start tape, but really is a shtick tape. A fast start tape is really just another opportunity to sell them. They'll listen to this first tape. So you remake the sale.

Second thing, immediate upsell. This is actually kind of an advanced secret, but it's a real simple premise. Here's the premise. They're much less likely to return box A if they immediately give you more money to get box 13. They have, shall we say, deepened their commitment. So the immediate upsell is really helpful, whether it's done by phone, whether it's done by mail, whether it's done by something packed in the box.

This is kind of odd. I did some consulting with a guy in the dry cleaning business. I'd never thought about it before, but he does grand openings. He said, "Here's the whole deal in dry cleaning." He said, "If you can get them to come here three to four times, they'll keep coming here until you really screw up the clothes. They'll just come here automatically. It becomes habit. All you need is three or four times."

So the whole grand opening thing is designed, big cheap deal, "Bring in all your clothes and we clean 100 garments for 10 cents," whatever the deal is, and they come with a load. They clean out the closets. They've got stuff they haven't worn in 30 years. In they come.

Now, they've got to come back to pick it up. That's the second time. The crucial third thing, now, we've got a couple the crap out of them when they leave with what they picked up, with coupons attached to all the hangers, coupons stapled to the bags. And then we've got to mail them immediately. We've got to telemarket them immediately with another special offer to get them back that third time. The third time guarantees the fourth time, because they've got to pick up what they dropped off the third time. You've got them.

lie said. -"Now, until you really ruin their clothes," which eventually they all do, "but until that happens. they're coming here automatically."

Well, if you stop to think about it, that kind of factor exists in every business. Here's one of the places it is in this business. Each successive time you get them to give you money, the less likely they will ever return anything. So the faster you get them to give you money the second time, the less likely you are to buy back either number one or number two. If you can get them to give you money three times, they'll never send anything back. They're customers for life and they're not going to refund anything.

So the immediate upsell or upgrade, or whatever, is real important.

Third. intimidate them. Best way to do this is with tons and tons and tons of testimonials. People make a big mistake by not packing testimonials in with the product. building it into the fast start tapes and guides, covering them up with testimonials. If you have a lot of them, you want to use them to intimidate the customer. So now, to return this, he has to admit he's a complete imbecile and failure. He's got to say, "Gee, 2,652 people are succeeding with this. I'm the only dummy. And I've got to admit." The refund procedure should be stepping forward and saying. "Yeah, everybody else on the planet can do this. I'm the only dummy. I'm the only person with no self-discipline whatsoever. I can't do it. Give me my money back." That's what it's got to feel like. So you intimidate the fool out of them.

Guilt. Guilt's real good. Guilt, unexpected gifts.

Personal relationship. The more a person is talking to them in all of the writing and all of the material versus an institution or company, the less likely they are to refund.

Loss of continuing and future benefits. Craig Proctor, in real estate, does a real good job with this. He's got them all hooked up to all of their electronic services, websites and voice broadcast.. So if they drop out, the plug's pulled and they lose. They're out of business. Loss of continuing benefits. They don't want to give up what they haven't gotten yet.

Inconvenience and difficulty of getting a refund. Now let me talk to you about this, because this is real important. You don't want to make it easy. The companies that are so big that they are logistically forced to put all this, you've all bought mail order products where the first thing you see when you open the box is how to return the thing. It's got the return label and the packing thing. That's a big mistake. That's just inviting it. The big guys, they've got to do it for a variety of logistical reasons. But you don't.

You don't want to do this in a dumb way. And by that, I mean you don't want to refuse refunds and you don't want to make it so difficult to get a refund that people are mad. So the correct answer is if they call, is not to say, "Well, you can only get a refund on a rainy Tuesday. Goodbye." Now you're asking for it. But you can make it inconvenient.

For example, years ago for Guthy-Renker, I invented and still teach, you want a bad box. You don't want to send stuff to people in a package that is easy to send it back to you in. You're asking for it. That's why all the book clubs and all the record clubs use packages that fall apart. They have those tear strips on them. And after you've torn the tear-strip off, you've got four or five pieces, and it's a real pain in the butt to put it back together. You've got to have a lot of tape. That's a good box. Those Tyvek envelopes are nice. It's hard to send it back in a Tyvek envelope. You've ripped it open. Most people cut them open, because they're so hard to rip them open. which is good. They go get a scissors and they cut the end off. They're screwed. How are you going to send it back in that thing? Now you've got to go find something to put the stuff in.

Sometimes delivering it in multiple pieces is good. So they get some of it from over here, some of it from over there, and it comes in three different packages. Now the guy's got to put three boxes back together. All that's good. Because people are incredibly lazy. You've all got stuff you've bought that you should have returned. We all do. Why didn't you? Because it was inconvenient.

I got a shirt the other day. I buy shirts from this place all the time. Shirts are always fine. I get this shirt, take it out of the bag, extra large sports shirt, put it on, everything fits, except the sleeve stops here: God knows. I have no explanation for you, but the sleeve stops here. It's a long-sleeved shirt. Everything else is proportioned. They put the wrong sleeves on it in the factory is what they did. There's no other possible answer. It's not a real expensive shirt, but it's not a cheap shirt either. But think of what I've got to do to return the shirt. I've got to go find, which I don't have the paper anymore and the package is gone. So the shirt's stuffed in a corner of the closet, and it will go to Goodwill some day. I'm not going to return the shirt.

Now, if they sent it in this nifty box that didn't fall apart when you opened it, their packages all fall apart, and they had the return slip right on top of the box, they'd be much more likely to get that bad shirt back. So I think somebody down there doesn't know how to make shirts, but they know how to ship them. That's my theory.

So what I'm talking about is inconvenient, but not to the point that you spark legal problems. Not that you're refusing refunds, not that you're saying to people they can't have a refund, not that you're making them jump through too many hoops if they contact you for the refund, but that the physical process of getting the refund is, "I'll keep it."

Attendee: Often new products don't have a ton of testimonials.

Dan: Well, then you can't intimidate them very much. There's just some things you can't do until you've got the tools to do them with. You use what you can.

Attendee: Any comment on return authorizations? Some stuff, people say you can't return it unless you call for an return authorization number.

Dan: Yeah, return authorizations. That's starting to push the inconvenient factor. First of all, it involves customer service stuff that now you've got to deal with. Somebody's got to issue those authorizations, right? Secondly, you're starting to run the risk of now being proactively annoying. Because now they call and they get your voicemail, you've got to send a form, and they've got to wait. I've never played the game that way. It's always been if they send it back, they send it back. End of story.

Peter packs all that return authorization stuff in with his products, and his refund rate's always higher than mine was on its own, because now you're into inviting the situation.

Premiums. A real important part of product development are the bonuses. You mentioned discounts earlier over here. Can you sell without discounts? No. And generally speaking, you can't sell without bonuses either. Need premiums.

Here are your categories of premiums. One is the relevant premium. This is often more of the same. Free bonus reports. Free extra tapes. In the Psycho-Cybernetics product, the product is audio tape and manuals. The bonuses are two extra tapes: the best of Dr. Maltz live, a video, conversations with Dr. Maltz. That's more of the same. It's just what are we busting out to talk about as a bonus and what are we talking about as the core product. It doesn't almost matter.

Information bonuses obtained from others, preferably for free. Why wouldn't you get it for free, because you're giving access to your customers? And if you want to give up access to your customers, which is a strategic decision in and of itself, but if you have somebody you want to give access to your customers to, and they are an information marketer who is non-competitive but has a reason to go to that same market, and they have any brains, they will give you free premiums.

Bill I larrison's tapes, in your briefcase, I didn't pay for. You got them for free, but so did I. Why? Because Bill would like you to subscribe to the Book Marketing Update, which you should, by the way. He would like you to advertise in radio and TV Interview Report, which maybe you should, maybe you shouldn't, depending on what you're doing. But everybody should subscribe to the Book Marketing Update. He

would like to get at you. So he will give free stuff in order to make that happen.

So you can pile up free stuff, if you want to. It's just a question of how many people do you want to let have access to your customers in that manner.

Bonuses that sell. Good bonuses. These are bonuses that help set up the next sale. So it's a bonus video, but the last 15 minutes of it are a pitch. A bonus video for a box product, a great bonus video, is boot camp highlights, which is really highlights of the highlights product. It sells the highlights product, which then, in turn, sets them up to buy the boot camp. That's a nice chain. I get a bonus that I get to talk about, you get to eavesdrop and see five of the guest speakers and the panel discussions from a boot camp that costs \$4,000 to be at. Free bonus. And then that thing pitches the highlights product for \$500. Then they get the highlights product, and the highlights product pitches the boot camp. So we're getting paid to pitch. That's the way it's supposed to work.

Relevant air. We talked about adding air.

Relevant novelties. I have a couple stories to tell you about this, because this is actually kind of important. I will preface this by saying in our Platinum group, do we have 8 Platinum, Carla, here? We have 9 Platinum members here. Platinum, they're all information marketers, some are my clients, some aren't. We meet four times a year. I charge them an unconscionable \$7,200 to be there, and we get together and we share ideas. We have in our Platinum club a thing called "the SFB club." SFB stands for shit for brains. Bill, I think, had these caps made for all of us. For a while, we were just passing the thing.

If you watch Family Feud at all, which is a useful show to watch because you see what people know and what they don't know, by the way, the fat comedian, Louise Andersen, has the "dumb answer of the day" trophy that he gives to the guy who has the stupidest answer. So we would pass it around for a while, but then Bill had caps made for every one of us, because everyone was getting hurt passing it around so fast. Because everybody deserves the shit-for-brains cup.

So here's how I get the hat. This is a long-winded story about something that's pretty important, and it's also doing this seminar now will make me more money than having done the seminar, because I was reminded of something I should be doing, that I'm an idiot.

There's a sample letter in your sample book, which we'll come to. No, this letter isn't in there. When I had General Cassette—you will remember this, actually—we had the aforementioned Joel Weldon as one of our talents, one of our authors. Joel's little shtick, his deal, was "success comes in can's, not in cannot's." When Joel was out in the field here in Phoenix, essentially going door to door as a distributor before he became a speaker and then I followed him around, every office I walked into had one of these damned cans on the sales manager's desk or on the bookshelves. They're a little baby food can with this label Joel had made up, "Success comes in can's, not in cannot's." It's cutesy. "Ingredients: one teaspoon of positive attitude."

But nevertheless, you couldn't walk into anywhere there was salespeople in this city, real estate. insurance, car dealers. I'm telling you. you probably still can't walk in and not see one of these damned cans. People love these little things.

Joel would give away the labels, and every tape album had a label in it. So we did a direct mail campaign for the product, and we did the free can when you bought all four albums. I le had a personal development album, a sales album, and I don't know what the other two were. If you bought all four, you got a free can.

Now, we didn't really send them a can, of course. We sent them the label. Let them go buy their own baby food can and stick it on. So it was really a free bumper sticker, if you want to think of it that way.

Here's what was astounding, but with a great perspective on this issue, not astounding. I knew we had a hot premium when we started to get the phone calls from everybody not wanting to buy the albums, but wanting the damned can. "Can I just buy the can?" "Can I get 12 of the cans?" "How can I get 50 of the cans?" "Can I get

five of the cans?" We're getting more calls on the 800 number trying to get the can than buying the albums. This is not bad news, this is good news. Premiums can drive sales.

Now, I know this, which is why some years later, we're doing the Be Your Own Boss TV show for an Entrepreneur Magazine product. Entrepreneur Magazine's columnists, and I and Tarkinton, and Tony Robbins all did together. Part of it's up here. I thought I had a complete product in my car, and I didn't. But part of it's here.

So this show gets done, and the show's barely okay. So it's time to play around with the offer. What could we do with the offer? We're all in a meeting and we're talking about price cut and this, that, and the other thing. I said, "What we need is a bonus like the can. We need a bonus that everybody will want so bad, they'll buy the product just to get the thing."

So not being with a very innovative group at the time, we arrive at the entrepreneur coffee cup. This is a coffee mug with "entrepreneur" on it. That's it. I just described the whole deal to you. We add the coffee cup to the offer, re-shoot the CTA in the show. "When you order in the next seven minutes," or whatever the deal was, "you get the entrepreneur coffee cup." I wrote two or three lines. I don't remember what they were now, but, "Every morning, when you fill your coffee cup. you'll be inspired, blah, blah, blah." Everybody thought I was a flaming idiot. They're split-testing, they've redone pricing over here, they've changed it to four payments over here. My test is everything's the same, stick in the coffee cup.

My test not only wins, it's the control. It keeps the show on the air for two years. People wanted them cups. They're calling up, "How can I get extra cups?" "Can I get a set of four cups?" "Can I get a set of six cups?" "I want the cup." I'm telling you, they're buying the thing, they're never looking at it. They just want the cup. \$89 cup. It's a deal. You have to not care about that. That's the only thing. You have to be okay with it. It's okay.

Ad Age Magazine, if you have Dartnell's World's Greatest Sales Letters." Is that the title of it? Some copywriting person, Ralph, is that the right title? Okay. Dartnell's

World's Greatest Sales Letters, if you don't have it, you should get it. It's one of the great cheat tools that we pros use. In fact, I think, Jeff, you've got a letter in there, don't you? They put one of your letters in the Dartnell book? Oh, nominated? Well, it's nice to be nominated.

Anyway, its Dartnell. Go to a bookstore, go on [Amazon.com](https://www.amazon.com). What do you mean, where do you get the book? Go where you get books. I don't know.

Anyway. what this book is, is 100 greatest sales letters, so it's controls. The Wall Street Journal, two men letters in there, which everybody keeps knocking off forever and a day. "Irhe letter that's in there is the Advertising Age Magazine control. It's the direct mail piece they keep going back to. It sells more Ad Age subscriptions than anything else they try. You will see, when you go get it, as you should, that it is premium-driven.

It is premium-driven by a coffee cup. And what the coffee cup is, is it's go the front page of Ad Age Magazine, which is a trade journal for people in the advertising business. It's got the front page of the magazine on the cup, with the Advertising Age masthead and some copy, like phony copy in columns so it looks like the front page. Where the headline is, they imprint it with your name. It says, "Dan Kennedy awarded advertising wizard of year." It looks like an article, and it's got the Advertising Age masthead on it. Obviously, for you, they send you one that says, "Chris Nielson." They don't send you one that says, "Dan Kennedy."

But anyway, that's the deal. That's the premium. Now, keep in mind most of their subscribers are going to be high-level executives of ad agencies or corporate executives who some people would say, "Well, that's too sophisticated an audience to fall for a crummy little..." There is no audience too sophisticated to fall for this.

Twice, on two separate occasions, I have subscribed to Advertising Age Magazine. I don't need the magazine. The magazine is all about traditional advertising. I don't do that. I don't care how much Kraft spent this month. I wanted the cup. I got it once, I had it, and then I broke it. And by then, my subscription had lapsed. So the next time

to pitch came, I subscribed again because I wanted the cup. You've got to take like 36 weeks of this thing, for however much money. I don't remember. But it's a pretty expensive cup. But I wanted the damned cup. We're all susceptible, which brings us to the shit-for-brains hat.

My newsletter control, which you've probably all seen, works okay. But what do we do to boost it? The renewal stuff is even harder. What do we do to bring the renewal rate up? There's two ways to look at renewals in our business. You can look at it as horrible, bad, or you can look at it as just another product to sell. It's just another product is what it is. What premium can we use to drive these renewals?

I'm an idiot. I've been telling this Joel Weldon story since 1977. I did the cup deal. Why have I never done this for me? For the last two weeks, I've had sitting on the counter, looking at me, this thing. It says, "Anti-bullshit Spray." It's got a little bull on it with a little anti sign. It's got some cute copy, "When the air gets a little thick with bull, let in the fresh scent of Anti-bullshit Spray. This delightful bouquet is much kinder to the nostrils than all that crap flying around the room. Whether you're being hosed in the boardroom or the bedroom, Anti-bullshit spray eliminates..." It's like a "Success comes in can's, not in cannot's" can, but it's cuter.

No B.S. Marketing Letter, no bullshit spray. This is not a hard connection to make. This thing's been sitting around for two weeks.

Carla and I had a conversation about it. I think she found it, if I'm not mistaken. "Wouldn't this be cute to get for everybody that's coming to the super-conference?" I'm thinking, "Yeah, we'll track down the vendor here on the back and see if we can buy enough cans." This is my premium. This is it. Not theirs. I'm going to make my own label and give labels. I don't give cans, because that's got weight. I'm going to tell you right now, I guarantee the renewal rate goes up and the subscription rate goes up dramatically. With a big picture of Dan Kennedy's Anti-BS Spray and the cutesy copy, they're going to want the can. They will kill to get the can. I know this. I teach this. Six years, I haven't done this kind of a premium in the newsletter business. I'm an

idiot.

We all know the Time-Life, the football phone. Right? ESPN's current campaign is the bad fleece pullover with the ESPN logo on it. This stuff works. Completely irrelevant premiums. Air miles. You can buy them and give them away if you want to do that. In case you didn't know it, every airline will sell them to you. Dinner certificates. I'll show you a camera promotion when we get into the sample book.

Some people like to use book books, so very quickly, in case you didn't know it, here's where you can buy—a lot of people ask me about this—remainders. Remainders or overstocks are books that the publishers are giving up on, which is most of the books. Like every six months. New book today, remainder tomorrow. Pretty safe bet. These are the two major remainder houses. They're in your thing, whatever page we were just on, 90 or 82. And then I put some pages from a remainder house's catalog in there. For example, some of you know Tony Alessandra. Tony Alessandra's *Platinum Rule* book has been remaindered recently. It's hardbound, originally sold for \$22.95. Buy all of them you want, up to 3,460, which is all they've got, for \$4 apiece. So you've got a \$22 hardbound book, you paid \$4. I'm not talking about reselling them. I'm not even really talking about using them *as* premiums, so much *as* I am customer gifts, member gifts, renewal premiums. That's how we use them. That's how you can use them.

Gold members, you will recognize *How To Drive Your Competition Cra:-.E.* Here's where I bought it. I think I bought paper, so I think I paid \$2 for the paperback. That's for the hardbound.

Get on their list. If you thought I was buying you \$20 books, you guys should live so long.

Attendee: On the last page of premiums, the last line talks about making premiums that are self-liquidating. What does that mean?

Dan: A self-liquidating premium is a premium that pays for itself. I'll show you the way the camera thing worked when we get to the letters in the sample book. If

you'd just make yourself a side note, "camera promotion," and remember it that way, I'll show it to you.

Okay, Tracy are you alive? Let's take a few questions before we jump to licensing, which is another way to get product and another way to get premiums. I want to finish with that before we do our dinner break. But we'll take 10 minutes for questions. Take a couple of them there in the back and then come all the way forward, so our people in the front don't feel like they got left out.

Attendee: Should I start again, or did you hear me?

5-19

Dan: Time management organization, and it's generic.

Attendee: Which is generic. But to go to a niche area, is there any other way of conceiving niches other than the occupational one? Time management for real estate people, doctors, lawyers?

Dan: Sure. There's three basic kinds. There's business occupation, there's subculture. Time management for Harley-Davidson owners," I don't think that's appropriate.

Attendee: Right. I get your drift.

Dan: There's that, and then there's big hunks of the mainstream market, which I don't necessarily recommend. But there's organizational skills for new moms. But it's so big, we're spending mainstream money and we're playing a mainstream game. But those are it. Those are the three things that you play. I will absolutely tell you, you take a topic like that, the money goes up as you niche.

Attendee: What do you mean?

Dan: Well, let's just talk about a tape album. Time management for everybody, six tapes, is \$49. It's a Nightingale-Conant product. Time management for salespeople, same six tapes, \$60, \$70, \$80. Time management for territory salespeople, \$129. Time management for territory salespeople in high tech industries, \$250. You climb up

the money ladder as you tighten the niching.

Attendee: Okay, thank you.

Dan: It's also, by the way, how to make an evergreen but mundane topic new, unique, different. You know without me telling you, there ain't much new under the sun. You're either going to teach them A, B, C, one through ten, a tickler file. There's 8, 10, 12 things we can teach, and that's about it. Palm Pilot, you can put technology in new, but time management is time management is time management. End of story.

So one way to make it different is by making it just for X. Who's got the mic?

Attendee: Dan, I recently saw a \$250 lessons learned product that was the lessons learned from a \$3,000 report that was written by someone else. I just wondered if you had some comments on that, the type of legal trouble you could get into.

Dan: I think it's dicey, unless it was done with permission, and there's a flip on the back. Somebody might be okay with that. But I think it's dicey. A legitimate journalist maybe could get away with that. But doing it for profit, without permission, I'd think dangerous. Hey John, how are you?

Attendee: Dan, you had indicated somewhat in the past that you'd had a bad experience with Hamilton regarding remainder books when you tried to buy multiple copies?

Dan: Yeah.

Attendee: I noticed they weren't on your list.

Dan: No.

Attendee: Have they changed their philosophy or are they still single-copy?

Dan: I only tried once, so I don't know if they've changed their philosophy. But they were insane. I should tell you that real quickly. All these remainder houses, I gave you two by the way, there's twenty. if you go to BEA, when the book expo comes around next year, if you go, they're all in one place on the convention floor and you can go

from one to the other and meet them all and all that. Understand they don't understand us. So they don't get you. They sell to bookstores. Some of them understand swap meet dealers, so they're used to somebody coming in and buying 12 of 100 different titles, and not caring about what the titles are. They're just buying books. Or coming in and buying 12 of every cookbook, because they're going to run a cookbook promotion.

When you decide to buy 512 of one title and you'll only buy business books, and you don't have a bookstore in your name, you're immediately strange to them. And that's disturbing. Just understand that's the deal. In other words, you have to work at buying from them. They are not going to make this easy for you. They're going to think you're weird, they're going to be scared of you, they're not going to understand. Like at World, I think you'll find the rep at World to be pretty decent to deal with. I've referred some people to her before, and I finally got her to understand we publish a newsletter. So we give these *as* gifts to our subscribers. And I think she finally got it. But still, I was at BEA and she's pitching me on novels. "We just got a remainder, Danielle Steele's latest book, and it's got a gold cover." "No, no, no." So that's the deal.

Attendee: Under relevant novelties. it says, "Learn from political fundraisers."

Dan: Yeah. If you get on a donor list, it doesn't matter Republican or Democrat, they both are operated with equivalent aplomb. All of the big packs, the groups, the Republican senatorial inner circle, the Democrat inner circle, the Republicans did a better job of it when Reagan was in office than they have since. But they've all got like eight or ten of these groups. The eagles deal, etc. When they fundraise, it's all premium-driven. Ronald Reagan Library, you got little cardboard pop-up model of the library. You get crap to hang on your walls. You get stuff to put on your desk.

They ask for money, of course, but they're popping it with the can. They're popping it with the thing everybody wants.

The Republicans did a big job, Reagan and Bush administration, Republican

senatorial inner circle did a great job just with the personal White House Christmas card from the president. You donated, you got a Christmas card. Well, everybody wants to put the Christmas card up on their mantel. People come over to their house, don't know the deal, "Oh! They got a Christmas card from the president!" You can just imagine that going on all across America. Personalized, of course, with the signature machine. It ain't like George and Barbara were sitting there signing 8,000 of these things. But people don't know.

So the entire business is premium-driven. Which, by the way, the real stupid thing about that is that's how these groups raise all their money. Then they give the money to local candidates who blow it on stupid advertising. And their fundraising, they don't copy what the national does that raises all the money. I've never been able to get a local candidate to get this. Premium-driven fundraising. "Huh?" "Look at where the money came from that you got..."

Look at Schuler. Premium-driven fundraising. These guys all understand that the bonus is more important than the core offer. And in many cases, the same thing is true for us, even when we're selling a product. The bonus is more important than the core offer. It at least deserves as much thought, and a lot of people treat it as an afterthought.

Attendee: Dan, given the idea that people are lazy and they're not going to use the stuff anyway, and the switch and the tool kit idea, would you say that tool kit approach has more to do with your ad than the product?

Dan: Sure, that's true of everything. The selling is much more important than the thing you deliver, for a variety of reasons, including built-in non-usage. If you could stand about a 25% refund rate, you could deliver blank tapes. You could. There's probably somebody doing it. I just don't happen to know. But it wouldn't surprise me.

If you're a real smart information marketer, here's what you want. You've got to have the non-users in order to have a business. But your backend is all dependent on the users. So you've got to sell in a way that gets all of them to buy. You've got to deliver in a way that develops the 10% to 20% who are going to be real customers over a long period of time. You can't live with just one or the other. If you just live

with non-users and you don't worry about getting anybody to use it and do well, you can make money but your longevity will not be there. If you build both pitch and product, or even just product to only appeal to the user, you'll go broke because you'll get too many returns from the non-users. So you have to satisfy both. Does that make sense to you? Okay, one or two more. Who's got a mic?

Attendee: A comment on what the person said back there, about the \$3,000 report or whatever. Bob Allen used to say that—and I wanted your comment on this—is if he copied somebody else's real estate it would be one thing, but he copied everybody's. So he did research.

Dan: That's different. That's the difference between research and plagiarism. Research is plagiarizing from multiple sources, throwing it all in a bowl, mixing it up, and coming out with something that is different only because it's a mix. That's what everybody does.

Maybe you came up with something original, but I don't think I have. I don't think most information marketers have. Jokes, there hasn't been anything written new since Moses came down from the mountain with the 10 rocks. Everything has been derivative since.

Like I've got one original story. I kind of made up the plumber story. That's about it. That's pretty much it. Everything else has been throwing it in the bowl, mixing it, pulling it back out, and reassembling it. You don't have legal problems that way. Nor, in my opinion, do you have philosophical, ethical problems that way.

What he described is like somebody goes home and writes a report based on this seminar, and sells the report for \$199. I'm not happy. I'm not sure that they can do it. I don't know for sure, but I'm not sure that they can do it. But you're absolutely right. Plagiarism, we've all suffered it. I know you have and I have and Joe has, anybody that sells a lot of information products. People knock it off almost to the point of perfection. There's one guy that used the bull photo and didn't bother to change the body. He just changed the head. So he's got his head on my body. You've got to

assume, by the way, that he ain't got a very good-looking body to have made that choice. But to each their own.

They take whole chunks of material. That's not only in many respects probably illegal, but it's stupid.

Attendee: I was also offended about the entrepreneur cup. Now, I didn't buy that product just because it said "Entrepreneur" on the cup. R said, "Be your own boss" on the other side.

Dan: Oh, I forget. I'm sorry. I'm sorry.

Attendee: Dan, could you get a little specific on what, in the information marketing business, expected refund rate is if we do everything right?

Dan: Yeah. Good question. I've got it in my economics stuff for you when we get to economics. The answer I'll give you now is that it's all over the place. So I can give you a big, broad, fuzzy range. But it's going to vary a lot by market and price and all of that. But here's what's more important. Whatever it is, it is. And you do every smart thing there is to minimize it. And then here's a number. And whatever that number is, 8%, 12%, 22%, 3%, whatever it is, that's now our base control number. We've done all the smart stuff we know. Maybe we'll discover something later, but we've done all the smart stuff we know to do right now, and it's X.

Now, unless X is absolutely prohibitive to stay in the business, we simply adjust our economics. We have to find a way to live with X. Raise our price, smidge up the shipping and handling, come up with another upsell and do two phone upsells instead of one. We can't do any more to fix the refund number, so we fix the economics somewhere else, and then we dispassionately and unemotionally live with the number. No matter what the number is; 8%, 22%, it doesn't make any difference. It's irrelevant to us at that point: We adjust our economics. That's what it is. Done deal. We don't obsess about it, we don't worry about it, we don't cry about it, we don't examine each one, we don't get mad at them, it's just numbers.

So there are people in this business doing very, very well with 30% refund rates. There are guys doing very well with 3% refund rates. And everything in between. You'll find your level.

Attendee: Dan, if your basic package costs X, what does a deluxe package increase cost?

Dan: Good question. If basic is X, what is deluxe? In a lot of instances, what you're going to see is it's not double. It's some number less than double. And in a lot of instances, what you're going to see is it's relatively small.

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So let's say your basic is \$697. You're going to see a lot of people doing deluxes at \$897. So it's only \$200 more. Because in many cases, what you want the person to say is, "Oh, it's only X more. I want that one thing, and it's only X more." In other words, you don't, in most cases, want to make it a very difficult choice.

Now you can, sometimes, three-sell. Basic, deluxe and super. And then you've got a bigger spread. Okay, that's it for questions right now.

We're still in getting product and getting premiums. Let me talk to you a little bit about licensing.

If you need to warn anybody, we're going to 5:15. If there's a clean-up crew or anything, we're going to 5:15.

Okay, one place you can go license product is from trade publishers. All these guys who are putting these books on remainder, they've given up on those books. Most of the authors aren't going to do anything with the books. Some are, because rights revert. And in some cases, you may wind up dealing with the author, not the publisher. Even books that are in print, trade publishers will do certain limited licensing deals in some cases.

Melvin Powers. You guys probably all know who Melvin is. If you don't know Melvin Powers, I think you can go to MelvinPowers.com. Even old Melvin is on the net, bless him, and you can find him. Melvin has built his entire business by licensing books that, in most cases, are still in print by their publishers, but for

restricted distribution.

I'll tell you an interesting story. Melvin goes, many moons ago, 20 years ago, to at that time Prentice-Hall, and he says, "I want to license *Psycho-Cybernetics*." I don't know where it is. I know where there's a copy. It's not the new copy, but nevertheless it's a copy. Melvin says, "I want to license *Psycho-Cybernetics*. At that time, they had it in print in mass-market paperback. You know, the size you buy off the rack in the airport. He says, "I want to do a bigger size and I want to sell it by mail order only. I don't want to sell it in bookstores." They say, "Fine. We don't care." And he says, "And I want to put my own foreword in it." "We don't care about that, either. How much money do you want to give us?"

So Melvin buys the permanent reprint rights, restricted as I just described to you, for a small amount of money. A very small amount of money. By today's standards, a dinky amount of money. One-time buyout. He does the same thing, by the way, with *Think And Grow Rich*, *The Magic Of Thinking Big*, on and on and on. Go through his catalog. Self-improvement classics. Melvin now has a book. We, the Psycho-Cybernetics Foundation, buy our *Psycho-Cybernetics* books from Melvin Powers, not from our publisher, because we get a better discount from Melvin than we do from our publisher, who gets the rights from us, who we own the rights, who we get royalties from. The publisher will only give us 45% off. Melvin will give us 50%. And the publisher makes us buy umpteen number of them at a whack, Melvin let us buy one. So we buy our books from Melvin. It's all very annoying to me, but nevertheless, that's the deal.

The publisher, of course, is an idiot, but we all know that. Publishers are all idiots. This is not an isolated instance. The bottom line is most publishers will license anything.

Now, later, Melvin goes back and negotiates a deal that allows him to sell them in bookstores. So you walk into Barnes & Noble right now, you're going to find Simon and Schuster's version and you're going to find his version on the shelf at the same time. They let him. It's incredible, but there it is.

So competing with our book, on which we get a royalty, is Melvin's book on which we get no royalty, on the same shelf. Plus, I'm subsidizing him, because we buy our books from him instead of from the publisher. Negotiate a deal, especially if you're not going to mess with their distribution or the book is dying or dead. You can license what you want.

When rights revert to authors, you can go to the author. Understand, most books drop dead a year, year and a half at most. See a book you like? Wait a couple of months. In a year or two, the author's going to have the rights back. What's he going to do with them? Who knows. You go cut a deal.

Melvin likes to pay one fee and be done. Royalties only. Everything's negotiable.

First of all, let's take Prentice-Hall. They're our Psycho-Cybernetics publisher. Every publishing company has people in charge of rights and permissions. There are people who have that job title. They may not be very bright, but they're there. They've got that job title. There's a couple things you can do. You can write to them, you can go see them. At BEA, most publishers have a rights and permissions guy. Or you can use a literary agent. So you can go to an agent and say, "Here's a list of five books I want to get the rights to. Go get them." And you pay them their commission, just like if they were a place in business.

Prentice-Hall does this a lot, so if you had bad luck with Prentice-Hall, you just got a dummy that day. You just have to stay at them. None of these people are very smart or very aggressive, I've got to tell you. So this is one of these instances, just like the remainder people, where you have to work hard at giving them money. I know it's annoying, but the benefits outweigh the annoyance.

Attendee: How much do you usually pay for them?

Dan: 5%. 7%. 3% of what you sell, or \$5,000, \$10,000, \$20,000 up front if you're trying to do a buyout.

From media. Home movies have come out of magazine articles. So can a product.

Here's a great magazine article on 17 ways to organize. It's something you could sell to your customers, but something you're not going to create. You know you're never going to do it. Joe Spadotz, who wrote the article, probably got \$500. "So you think you can expand those 17 points and turn this into a book?" "How about \$1.500 bucks?" "Yeah, yeah, yeah." "You've got yourself a product." They're out there by the droves. So you see something that you can expand on.

Okay, professional licensors. Michael, will you come up here and join me, and somebody could pass out stuff if they've got stuff to pass out. Come up here, get a ink. and chime in whenever you want to chime in. Plus, as we go along, I've got stuff I want to ask you. And if I'm missing something, tell me, because you do more of this than I do. You go through there. We should have made only thin guys sit in the front row, but one chubby guy snuck in there and ruined the thing for everybody.

I'm going to talk about licensing from both sides of the coin. Licensee and licensor. There's three basic types of licenses, for the most part. There's a pure resale license, where you are buying the rights to resell.

There's a reprint license, like Melvin got from the book publisher, where you're buying the right to reprint. And in some cases, to reprint differently than what they printed or are printing, to make it your own.

There's sometimes master licenses, where you're buying the right to not only reprint and/or resell, but to also resell the licenses. Conditions to be concerned with include is it exclusive or non-exclusive, are there restrictions, is it a geographic license, is it a market-specific license. In Psycho-Cybernetics, we've done market-specific licenses. You can have the rights to all this stuff, and you can put yourself on as a co-author in plumbing. Only in plumbing. Only for tennis players. You can be the guru to tennis. It's a market-specific license.

Why buy? Why sell? I should tell you, by the way, every one of us who has any kind of a significant information products business—Michael, me, Jim, probably everybody in the room that's got a significant information product business that I know, particularly the niche marketers--we've all bought licenses. Part of our

business mix is licensed product.

I'll show you an example real quick. Did this for a premium. Murray Rafael, a very bright direct marketing guy, writes a column for direct marketing. Murray made a book for his purposes, a smart thing. Just took all his magazine columns, and a lot of his columns were what to do if you had a different kind of business. "If I had a restaurant," "If I had a bookstore," "If I had a food store," "If I had a baby furniture store," what he would do. The answers, by the way, are all the same.

So then he put them all together, a collection of his columns, the best columns from Direct Marketing Magazine, 1961 to 1981, and he called the book Would Sak's Fifth Avenue do it? because it's all about direct response instead of advertising.

I loved the content and I was looking for a premium. I hated the title. Also, I was using the premium not just in direct mail, but selling from the front of the room. Hold this baby up, what's it look like? Not real good. Murray's going to sell these to me for like \$4 or \$5 apiece. "It's a \$10 book. I'll sell them to you for half off." I said, "I don't even want the book, but I want to reprint it. I want to make my own book. I'll license the rights from you." This is new to Murray. "Huh?"

I said, "Look, I'm not going to advertise it, I'm not going to sell it where you sell books, I don't sell to the retail guy, I don't sell to supermarkets, I don't target any of those niches. I may sell to some accidentally, but I'm only going to use it here, here, here and here. We'll put all your promotional stuff in it. I don't care about them finding you. In fact, I'll put more promotional *stuff in* it about you than *you've* got in this one, because you're a dummy and didn't put a bunch of promotional stuff in it. I'll do that for you, but I want to print it myself and I want to call it what I want to call it, 50 cents a book."

I take it, I didn't do anything real elaborate, by the way, once I had the rights. I blew up the pages on a photocopier. I think we might have reset the headlines. And I wrote an introduction and I printed my own version of the book: 39 Absolutely

Positively Best Marketine And Money-Afaking Lessons Ever Taught On This Planet.

Better title. Put a \$19.95 price tag on it and used it as a premium.

I've got my identity all over *it*, I've got my own product. That's a licensing deal.

So why do it? Number one, shortcut. One of the reasons we all do it, shortcut. A shortcut to product, a shortcut to premiums, product we're not going to create, content you're not expert in.

Michael: Getting back to shortcuts. Not only product, but a lot of times you get testimonials, you get ads, you get sales letters.

Dan: Yeah. A good licensing package, in many cases, is going to include all the peripherals. Right?

Michael: A lot of times, you may even get specific marketing strategies to use. Sometimes, it can be a lot more than just the product.

Dan: Sometimes, it can be a lot more than just the product, yeah. Content you're not expert in. To be fair, make a mental note, your customers would rather buy everything authored by you, if you'll give it to them, even if you're less than an expert. The truth of the matter is my customer would rather buy *Dan Kennedy on time management* than her on time management, even if she knows 20 times more about time management than I do.

However, there are undoubtedly some categories where you are so inexperienced or by the time you get around to creating a product in that category, you're going to be old, gray and drooling. In those cases, better to license a product and fill the need than not to fill the need at all. So that's a reason.

Below-wholesale access. Certainly on the front end, and for most cases on the backend, you are not going to be able to live very well with 40% and 50% off. You need 70%, 80%. You need to be in that range. And pretty much, the only way you ever get it

is by buying the rights, by buying access to get those kinds of discounts. Especially if you're not going to buy big inventory.

So I can go to Jim Fleck and say, "Hey, I want to buy 1,000 of your heating and air conditioning courses, and I'm going to get me a good discount." But if I go to Jim Fleck and say, "I want to buy your heating and air conditioning course one at a time, and I want you to ship it for me so I don't have to inventory it," I'm not going to get the same discount. But if anything, he's going to want me to pay a fee for that kind of a deal.

What Michael just said, in many cases, the licensing is going to come with advertising and marketing materials in addition to the thing itself. Ads that work, mail pieces that work, etc. You guys know what it costs to have copy written, so that, sometimes, is as valuable a shortcut as is the product.

5-33 Now, let's flip it. At some point in time, should you be a licensor? Yes. Sure. Why not? You have to think about how you want to play *the game*. Do you want it like we're doing at Psycho-Cybernetics? Do you want to license by market specificity, so *you're controlling* and *they're not in the pond you're swimming in*? Do you want to turn loose a bunch of licensees? Let them bump into each other a little if they do, no harm done. How much control do you want? Do you want to do geographic licensing? Do you want to do foreign rights licensing? We have an Ireland licensee.

There's pros and cons to all of these things. But if you have intellectual property that has proven itself in the marketplace, and more-so if you have sales material to support the intellectual property that has proven itself in the marketplace, you probably, at some point in time, want to be a licensor, because there's a lot of money to be made being a licensor.

Your next page kind of talks about making money. As a licensee, by far, the best opportunities are backend, not front-end. That's not to say that you can't front-end license product, but the margin is just barely where you need it to be. But backend, which is why I've licensed and why a lot of us have licensed, you've got customers, you need more stuff. Their ability to consume is going to outperform your ability to produce. Better they should buy from you than go running off in 67 different places and

buy from a lot of other people. So backend for your house list.

Or, if you own media, you own a magazine, you've got a newsletter. You're putting out 5,000 copies anyway, you need stuff to sell.

To support a catalog. You've got five or six products, you want to do a catalog, you need 15 or 20 products. Boom, you're a licensee.

To bundle. Take some of theirs, some of theirs, put it with some of mine, I've got a bigger bundle. I get to a bigger bundle instantly.

Renewal bonuses. The longer you're around, the more you've got to keep coming up with renewal bonuses. If you're going to be a licensor and you have the ingredients necessary to create a good license, first of all, in many cases, some of your customers are perspective licensees. So that's fall-of-a-log stuff, low-hanging fruit.

Also, if you're a direct marketer, the more you're involved in information marketing, the more you're going to know other information marketers, you're going to network with other information marketers, you're going to need to license. And back and forth. They're going to want your stuff. You're going to want to license them their stuff. You may not do it for money, you may do it for exchange, but it makes a great deal of sense.

Now, you're a licensor. You've also licensed as a licensee. TJ, you're here.

Before we go back to regular publishing licensing, Michael's probably done more with licensing from both sides of the coin than anybody, including me. So we'll pass the mic, we'll take questions from you. Michael will answer some questions for you on licensing.

Attendee: One of the biggest problems that the guys I license to have is we give them sales material, they've got the product, give them some strategies, but it's, "Where do I sell it?" I know some people sell them names, but we don't have names to sell. What would you suggest? Take a general product like any of Dan's stuff or even your stuff. Where would you send them for lists, space, and what would you recommend you do

first?

Michael: If they don't already have a list, one of the things we teach is you've got to do some lead generation advertising, whether it be classified ads in magazines or

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small display ads. One of my favorite methods for lead generation is sending out postcards (preferably oversized postcards) to rented mailing lists.

Dan: If they're starting from scratch, Jim, you've got to get them in the game and they're going to have to build a list. So now we're into the switch, also, of telling people the way it is. They're going to have to play the lead generation game. There's only two choices ever in marketing. We're either going to build our own list through advertising or we're going to pay to use somebody else's list.

If you're going to pay to use somebody else's list, it's just a question of how you're going to pay. Are you going to go to commercial sources and rent lists? Are you going to go dig in SRDS? Are you going to compile? What I would tell a lot of licensees, if they're front-ending, is try and find somewhere they have affinity, so even if the product isn't niched, they can niche from one barber to another.

I thought every barber ought to have it. I decided to write this letter to barbers." "From one veterinarian to another." "From a former this, from a former that."

There are chamber of commerce lists that they belong to. There's only 130 people in it, but it's in a directory, they don't have to rent a list, particularly if they need to start to play the game small. Whereas you and I might not be willing to do that anymore. somebody that's getting their feet wet will go do that. That report thing I showed earlier, when I started in the speaking market, I compiled a list out of the directories. There's the International Platform Association, there's NSA. You're not even supposed to do it, but I'm digging names out.

I've got a little product that's in the sample book, the Gold Book of Mail Order Secrets, one of the first mail order things I did. And my first list is I mailed to other people

who were doing classified advertising. So I'm compiling my own list and

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sending 50 a day out in the mail. A cat that would lick stamps, God bless him. A real valuable asset, that cat. Well, a lot of glue is not good for a cat, you know. Best thing I can tell you. A steady diet of stamp glue probably shortened his lifespan a little. He went to a better home where they don't make him lick stamps. But he sat right on the coffee table, you'd hold out a strip of stamps. You'd do that again. Every once in a while, he'd go get a little drink of water, because he used up all of his saliva. Very talented cat.

So you point them in the direction of lists that may be a step down from SRDS. Pick five lists, get 5,000 names of each, run a test matrix. If that's too much for somebody, you've got to teach them the next step down.

Attendee: This may be a dumb question, but are the price points already set on the product? In other words, the Magnetic Marketing of Dan's, \$397 or whatever it is, is that set in stone?

Dan: Are price points locked in stone when you do licensing?

Attendee: I just didn't know, because you're going to come in low-ball on the price.

Michael: Well, in that particular license for Dan's products, there's an 80/20 split. But if you have a special campaign where you want to sell it at a lesser amount...

Attendee: That was my question.

Michael: Yeah, we would work with you.

Dan: Here's the law on that, so that you know as a licensor, too. The law is once they take title of the goods, you can't control what they do with it. So if they buy it from you for X and they want to sell it at a loss, they can do that. So the only place you get to exercise control is in margin. You don't get to exercise control by mandate. And that's why you see most licensing done, like this one is for example, the sample that

you guys all got, is 80/20. It ain't 90/10. It's enough. It's better if you back-ending it than if you're front-ending it. It's barely enough if you're going to front-end. You're not going to be able to discount much, or there's nothing you're going to be able to do.

Now, somebody with a house list who's going to bundle, maybe they're going to give it away for the 20%. They're going to bundle it with their own stuff and the pricing is going to be disguised. I don't care. And as a licensor, you wouldn't care. And as a licensee, you have that kind of freedom.

Well, that's another reason to license, is by accident. As a licensee, in most cases, like in Michael's licenses, the products' shipped under your label and all that. It looks like it came from you. But still, obviously, if they want to find Dan Kennedy and they're motivated, they'll go find him. If you're doing your job and selling them the whole product line, you'll keep those sales. There's even some cannibalization. There's a couple people here who are my customers, but they signed up through Michael. I don't care. They're here. I'm not going to worry about that, and you shouldn't either.

As a licensee, if you license the whole product line and you do your job, your customer's going to come back to you as long as they got good customer service. But as a licensor. first of all, some people don't do good customer service, but they're going to create customers. I'm going to show you a couple of marketing models tomorrow that are totally built on that idea. A lot of people selling a front-end product, knowing they're all going to quit and bungle it and do it badly, but then ultimately you're going to get a certain percentage of those customers. Or, there's consulting. speaking, other things that come out of it.

Michael: And Dan, on that 80/20 split, there are many cases with some of those products that 20% includes shipping and handling costs as well. And there are cases where the 20% is our actual fulfillment cost.

Dan: Who's got a mic? What are you doing here? Are you the mic guy now? Been pressed into service, huh?

Attendee: I developed an info package for two different niche markets, and I'm not finding the time or the resources to pursue both. I've already got a full-time business on top of that. All the testing's been done, it's complete and ready to go.

Dan: It happens to the best of us.

Attendee: I'm just wondering if I were to license this or give this to somebody, what would be reasonable compensation? Would I want large upfront money, small royalty? No royalty? A little bit up front, larger royalty?

Dan: I'll give you an answer, and then we've got case history. So I'll let you describe. You may not want to give exact numbers, but you can give idea of Chris or John Mendosha, who's here. Because Michael's had the exact same scenario. A couple of proven niches, doesn't want to do them, sold them.

In a perfect world, you would get a ton of money up front and get it all upfront. Because lots of things can go wrong with money paid over time. Nothing can go wrong with money collected all at once. As long as you don't get mugged on the way to the bank, it's over. A lot of royalties don't materialize. All my copywriting work is done fee plus royalties. And I'm pretty selective and pretty picky, but probably one of five, one out of six deals becomes a good deal, and the other ones either never implement or they screw it up so badly. Those things happen. So in a perfect world, you'd get it all up front.

In a practical world, because Time-Life ain't going to buy it, entrepreneurs like us are going to buy it, you're not going to get huge sums of money and you're not going to get it all up front.

So in most cases, you're going to be in a situation where you're going to get X dollars, and then you're going to get Y dollars paid over time, probably in royalty form, that cap out at some portion of time where the person is now free. That's a more typical deal.

You've done exactly what he described twice recently. So how did the deal work?

Michael: A chunk of money up front. In one of the cases, there's a payment plan and royalties. Another thing you can throw in, too, you may want to offer payment plans to make it easier. Because like Dan said, they're going to be entrepreneurial-type people. Because you have expertise, where you'll work with them for say like a year, give them coaching or whatever, to help them get this business going. What type of business is it?

Attendee: It's the gyms and fitness center, the marketing package.

Dan: That's kind of the formula. One source of a prospective licensee for you, because you're only going to sell one, you're really selling a business is what you're selling, is someone who is selling to that market in a different way than we do. Now they plus their business.

Wherever John is, John Mendosha. There you are. He bought the printing industry niche business which Michael created. Products, marketing materials, the works. John was already doing business in that industry; speaking, consulting. Put the two together, you've got a bigger business.

Michael: You may also want to consider instead of selling one big license, it sounds like what you sell goes to a very, very large market, maybe sell distributorships or smaller licenses to a group of people.

Attendee: Michael, if you license a product that was created by someone we'll call a guru, a Dan, a Jeff Paul, other licenses like that, and you're positioning it in the sales letter as written in the voice of the guru, testimonials are the guru's testimonials, I don't know if this is a switch issue. But at what point are you sort of letting this person know that you're not directly dealing with that guru. For example, ad critiques and all those types of things are happening not from the guru. They're out of it. But they're actually coming from you.

Dan: Up front. If you read the sample letter that you just got, which is homework assignment, by the way, is to read the sample, you'll discover. You gave the one from mine, right? And the group M's.

Michael: They're both written in my voice.

Dan: Okay, they're both written in Michael's voice. So the one about me is not in my voice. Intentionally. It's in his voice, and it's very clear throughout. Not only is it clear you're not dealing with me, it's clear, in this case, that I wasn't too thrilled about doing it to start with and would never have done it if I had to deal with it.

If he wasn't doing it, I wouldn't be doing it. That doesn't mean you don't want to be a licensor. It just means I don't want to be a licensor. It's clear if you read the sample letter. Oh, you're talking about the end customer. Oh, the end customer. Yeah, you need to make that clear, and you've got to decide whether you're going to do it up front or whether you're going to do it as a switch. I'm sorry, I misunderstood the question. You have to decide whether you're going to do it up front or whether you're going to do it as a switch.

I however, there is some direct contact. You are free to change it. But as it is now, for example, the Magnetic Marketing product, the critique coupons in there, they can send the critiques to me. I'm servicing the critiques. It doesn't matter whether you sell the product, Kit sells the product or ne sells the product.

Now, if you don't want them coming to me, you need to go in there and make the switch. And then you're going to have to sell the switch.

Michael: Or a simple cover letter.

Dan: A cover letter that makes the change.

Michael: Either with the sales letter or a cover letter with the product.

Dan: i don't think we made that point in the pitch. But as it is now, they're getting service when they buy the product from you, just as if they bought the product from me.

Attendee: Michael or Dan, we talked a lot about a kind of holistic process here, even with the partnering or alliances, if you're a content provider on the backend. I've done a lot of work in seminar development and workshops and stuff like that, with not

especially interested in the marketing end of things. Are there alliances to be had for people who need content developed? We talked about it in the \$10, \$11 an hour range before for doing pure research. But as far as doing alliances as a developer, are there opportunities out there for those types of things?

Dan: Yeah, but understand you're a pretty interchangeable commodity. Don't take it personally, but product's easy. If all you're going to bring to the table is product content, I'm in the work-for-hire game and I'm going to pay the lowest commodity sum I can to get that done.

**INFO-RICHES SEMINAR 2000
HIGHLIGHTS PACKAGE**

AUDIO CD TRANSCRIPTS

CD #6

Dan: You take a big guy like Harcourt-Brace, who we talked about a couple of times. Harcourt Direct, who generates huge numbers of home study courses. Those course developers are salaried. They're working for \$32,000, \$33,000, \$35,000 a year.

There's a room full of them.

At Weight Watchers, when I consulted with Weight Watchers, they've got three or four course content people who are making material that's taught in the room, and they're not making money.

Now, if you bring a mix of things, I've got course content, I've also got credentials, and you're going to use my name and likeliness, or I've got truly proprietary course content and I'm giving you something unique, maybe, you've got brand.

Stephanie Winston's here somewhere. Getting Organized, a best-selling book. She's got brand identity, like we do with Psycho-Cybernetics. So she might say to Joe, "Here, carpet cleaning only. Not only do you get all my course content, but you can use the Stephanie Winston story." That has significant value.

The truth is course content only, not that hard to do. Not that hard to get. And probably not the answer you wanted. You would agree, you create product.

Michael: You'd want the story. You'd want the whole package.

Dan: Work for hire, you're going to hire somebody out of college. You're in Austin, right? You guys have got a university down there. I think they do, don't they? You're going to hire some college prof who's going to be thrilled to make a couple grand. lie's going to kill himself.

Attendee: Dan, to answer the question on the switch over here. With our product, what's happening is...

Dan: Let's explain. Chris is licensed by Michael for chiropractic and dental on all of my chiropractic and dental stuff. So all the Success Track product has been reinvented. Now go ahead.

Attendee: So what we decided to do is it's published by my company, number one. But number two, they still get Dan's newsletter and I write the chiro and dental insert every month. So it's not a dramatic switch, but it is a switch. And they know who I am and what's going on with it.

Dan: He'll gradually wean them. Exactly. He'll gradually increasingly establish his credibility with them and his strength with them, and his relationship with them, and make them less and less dependent. He's using me as a magnet to get them in the door. And a shortcut to product and all the other things that we talked about. But gradually, over time, he'll switch the allegiances.

Attendee: I'm wondering what the pitfalls might be if I'm looking at putting together a series of speakers. I have a media source. Where are the pitfalls if I want to negotiate with these speakers, seminar facilitators or leaders? And then I want to do add-ons to that in order to create a full portfolio to sell to the public.

Dan: I'm confused.

Attendee: I have a speaker. You're my speaker. You've got good topic, but I want to do add-ons to that. I want to do maybe some workbooks, I want to do maybe some cups. I want to do other types of things.

Dan: I've got it. Okay. Essentially, you're probably talking about you're either going to buy their existent widget at wholesale, or you're going to license it from them, which probably would be more conducive to what you want to do under these circumstances. So let's just switch it to the sample deal that you have in your hand. You're going to go and pitch them, they're not pitching you. But you're still going to structure the same kind of a deal.

So let's say you do the license deal, and now you've been licensed to sell all my stuff. So you've got this. You're going to build a package where you're going to add to it your book on sales strategies and you're going to add a software program, and you're going to add a cup. You're totally free to do that once you take title of the goods. They're yours. You can't misrepresent like the two of us work together. But accuracy and representation, you're free to bundle. So really, all you're doing is talking about going to those five or six people you like, doing a licensing deal with them.

Let's say you were going to sell to Realtors, so you went and cut a deal to get Tommy Hopkins stuff, either wholesale at a price you could live with or you said to Tommy,

"Look, I want to license the rights to take your six-tape program on real estate sales professionals. Your name's still going to be on it and your identity's going to be on it, but it's going to be in an album with six tapes from Daniel Kennedy and six tapes from Mike Ferry and six tapes from this person. It's going to be a 48-tape super-duper program." Don Hudson did this, as a matter of fact, in our business. "I'm going to make one big giant manual, and I'm going to put out a newsletter." You're going to be able to cut that deal with most people. Somebody of Tommy's stature is probably going to want a licensing fee. Somebody of lesser stature might say, "Okay, royalty only. Let's play the game."

There's no reason at all that you can't bundle. The reason we license is we're usually bundling. We're back-ending, not front-ending. So if I go license somebody's product, for the most part, I'm not going to run a front-end ad campaign. I'll show you some examples of my sales letters. Like when I license the Collier book or whatever, I'm just looking for backend. And sometimes, even just for a single promotion or an annual reoccurring promotion, that kind of thing. And often, I'm bundling. Is that responsive?

Attendee: Yes, thank you.

Dan: Okay. We can do maybe two more, one at the most.

Attendee: It sounds like you go two different ways. You can control the duplication and manufacture of the product, or you do a license where you allow the other person to do their own duplication.

Dan: Correct. Resale or reprint.

Attendee: I'm wondering, in your experience, whether it's better to go with one or the other. I would have thought it would be very hard to track sales, and therefore royalties if you're allowing the customer...

Dan: There are no royalties. They pay a license fee.

Attendee: It's not based on sales in either case?

Dan: No.

Michael: I've found that people actually like the resale license, because they just like the idea of everything being done for them. Having vendors already set up, fulfillment done for them, duplication done for them, it's easier.

Dan: Even as pros. Like I wouldn't buy a reprint license now myself. I wouldn't even do what I did with that book now. I'd much rather buy a resale license if I'm going to bundle something or backend it, and have the vendor ship it and be done with it. But when you do a reprint license, you do have the issue of you now can't control what the stuff looks like. That's an issue as a licensor you do have to think through. Because somebody can go reprint it and reprint it badly. There are those issues. Whereas when you're doing a resale license, you at least know the product's getting out there the way the product ought to be.

If you're doing onesy-twosy, you're doing a deal with somebody, you can exercise some controls. But if you're creating a license package and you're going to sell 100 or 200 of them, you can't. So you may want the resale to give you greater control over product quality when you're a licensor. Does that make sense to you?

t.g.an,nn tha nthar harvi nip rinhayp anmp li•pnappa whn arp alrparly .n,
up with vendors, and they do want the masters and they want to do it all themselves. But we've found people like it the other way.

Attendee: If you become a licensor, do you ever stand the chance of losing contact for those backend sales? Or do you write into the agreement that you will always know who the licensees are in contact with?

Dan: Actually, the exact opposite. In most cases, as a licensor, you never use their list. You can structure your deal any way you want to. But it's kind of undesirable to the licensee if you're going to jump right on the customer, and kind of unfair.

Correct me if I'm wrong. If you look at this sample that's been given to you, you've got a warranty that Michael's company is never going to use your list. They're going to ship under your label. Now, the customer can find his way to us, but he's got to be

proactive to do that. So if the licensee is proactive in servicing the customer, he's going to preserve the bulk of the business.

Michael: As far as with these two examples you'll be looking over tonight, we do not rent, sell or mail to your list of customers. They're your customers and we won't ever do anything with them. If you develop a good relationship with those customers, they're going to stay with you. They're not going to come looking for us. They might not even know that we're here.

Attendee: Is there a term, a typical term?

Michael: If they seek me out? We don't know. In some cases, we just don't know where they come from. We have no way to control that.

Dan: Let's say you do the Nightingale-Conant affiliate program and you link Nightingale's website to your website, and you get a commission. That customer can find Nightingale. They don't have to come back through your website to buy. Believe me, they're not only going to find them, but in that case, Nightingale's going to mail them. So you're probably going to make money on the first hit, and that's the end of it. But in this case, you're much better off than that. Because you really can protect the customer. You can market to the customer. You can do bounce-back's to the customer, etc.

But as a licensee, you never can look at this as your sole and total business. You look at it as ways to launch quick or ways to shortcut the expansion, or support a bigger product line. But it shouldn't be your whole game. As a licensor, you give up a certain matter of control. Like your last question, "What if they're doing a crappy job?" Not much you can do. If they're doing a crappy job, they're doing a crappy job. Not much you can do. You just hope they go away. One more.

Attendee: I was kind of surprised to hear that you say you don't mail to the names of orders that you get through the licensees. I would think those would be great names to mail to, like for your newsletter or for conferences or whatever.

Dan: Well, if they take the next step and proactively come to us. If they redeem a critique coupon, they go to the website and opt-in for e-mail follow-up, if they proactively come, you bet they're going to get mailed for the newsletter and they're going to get mailed for conferences. Not for product, because I don't sell any product, but for those things. I don't even see the list. It's not my list, it's Michael's. Michael warrants that he won't mail to them.

For me, it's kind of the same deal as a lot of cases, like let's take the buyers at the Peter Lowe events. They've got to raise their hand again. Redeem a coupon, activate, they've got to do something.

Attendee: You had given a couple of examples earlier of books that you said were begging to be a product, such as tapes and so on. So if you got a reprint license for that book, you could create a product with it?

Dan: Sure. As long as you word your agreement properly with whoever it is, so that you have the right to change the format. Let's take that food book I had. You probably can't deal with them, because they're an association. So they're probably run by idiots, but you never know. Let's assume you go to the American Diabetes Association or maybe they let the book go out of print and the rights revert to the author. You say, "I'm not going to go in bookstores, I'm not going to reprint it as a book. But I want reprint rights, format unrestricted." And like she described, I'm going to bundle.

Now, you're going to take that and you're going to make three by five cards out of it and bundle them in a plastic box, and you're going to put a tape with it over here and you're going to put a wall chart with it over here. You've got yourself a product.

Dan: Okay. Something I forgot to tell you, which he has reminded me of. Go to pages 60, **61** and 62 in your manual. We skipped over this and probably shouldn't have, because it's a useful lesson.

Page 60, **61** and 62 are all full-page magazine ads for the same product. They were all done by very, very smart and savvy direct response marketer and good copywriter, Ted Nicholas. What do you think they all have in common? Take a look at them.

Attendee: They bombed.

Dan: They bombed. You're absolutely right, Ken. And why did they bomb?

Attendee: You can't sell philosophy. It's hard to sell philosophy.

Dan: It's hard to sell philosophy via direct response. What other problem we got with these ads?

Attendee: The parents would have to do something.

Dan: You're right. The parents would have to do something. You don't have to read the ad too far to realize this is not just a get-involved, stick-balling kid's ear. This is a little more complicated. Therefore, big problem.

An interesting thing about a number of us, Ted included I would say and I think Ted would concur with this, our biggest failures in direct response have been, almost without exception, only those times where we have tried to sell what we really wanted to sell. Or, written something we wanted to write, and then tried to figure out how to sell it, which goes back to the first two book ads I showed you, wherever they are. My first two books, I did all those full-page ads for. That was the other mistake. Not only did I not understand what was going on behind the ads, but I wrote the books first and then tried to force-fit them into markets, as opposed to writing for a market.

Ted would tell you the same thing, and it's true of all three of these ads. This is a project that he dearly loved this product. His greatest successes, in Ted's case, ***The Book Of Forms***. We'll see some of those sample ads. "What are you going to do when they come seize all your property?" I doubt that Ted probably has any great emotional attachment to ***The Book Of Forms. How To Form Your Own Corporation Without A Lawyer For Under \$75***, and the backend business of that, also not a product that you form an enormous emotional passion for, but extremely successful in the marketplace. This product, a primal scream product which he devoutly believed in. Big failure. Almost every one of mine has been something that I wanted to do.

Carla, do you have the chart that has buyer in the middle and the lead generation

stuff across the top, and the stuff across the bottom? Can we get that passed out? I was going to do it in the morning, but I'm going to skip around just for the sake of variety.

If it's okay with you guys, I'm going to interrupt licensing and we'll go back to that tomorrow, if you can track. And we'll jump to lead generation and look at some examples tonight of lead generation pieces. Is that okay with everybody?

Are you a dissenting vote? Because you lose.

Attendee: Fax marketing?

Dan: We'll get there. I promise. In fact, we're headed in that direction.

A couple of little housekeeping things while they hand out these charts. One is when we finish tonight, I can leave the stuff in the room. Right, Carla? Okay. We're going to gather this stuff up. But most of it, I'm going to put on that table and I'm going to leave it out for when you get here in the morning. If you want to look at product and you want to play around in product, you can. Please don't take anything. In some of these cases, I don't have more than one. If you take it, you are taking my last and only copy. Please do not do that. I will trust you not to do that. So you can look and play and paw, but don't walk off with my stuff. Okay?

Secondly, these are a bunch of vendor catalogs. This is a remainder catalog. This is a place we buy a lot of premiums from. There's some printers here. There's a place we buy a lot of grabbers from. Your question about tape production, this is a good source for small quantity, kind of do-it-yourself, publish-on-demand stuff. This is a bunch of vendor catalogs. I'll put them on this table here where the microphones are. And before we leave, I'll just kind of put them out. You're welcome to look at those. Please don't take them either, because then no one can look at them but you, you selfish little schmuck. If you are interested in one of them, write down the number and call and get one. Please do not take mine.

Tracy, do you have a spare one of those? I don't know where my slide is. I'm kind of out of sequence here intentionally. Let's look at this chart real quick, and then we're going to spend the evening looking at lead generation, for starters, and maybe get some

Q&A time.

I could be cute. I did this in Speaking Business Boot Camp. I could just give you the chart and say, "This will obviously be self-explanatory," and move on. Steve got a big kick out of that. At the Speaking Business Boot Camp, I gave one that's like four times worse than this; 11 by 17 paper. I was out of time. I said, "This will be self-explanatory." He's probably still laughing about it. I won't do that to you. This is very simple, though, because the question earlier about lead generation. This thing divides between front-end and backend right here. Everything above buyer is front-end. Everything below buyer is backend business. So everything above buyer is related to how do we get a buyer. How do we get somebody to do a transaction with us and give us money the first time, thereby changing from suspect/prospect/lead, whatever terminology you wish to use, into somebody who has given us money? That's where this business begins.

Red Motley or Elmer Letterman, one of those guys had a book, *Nothing Happens Until Somebody Sells Something*. In this business, nothing happens until you get a buyer. All the profit, all the development of equity, all the good stuff happens once we get a buyer. Nothing much happens before then. So the business really divides itself into those two parts.

So above the line, you have, fundamentally, your three choices for starting the process. From left to right, you have lead generation, you have self-liquidating lead generation, and you have one-step sales.

Lead generation is everything you might do to get somebody to raise their hand and identify themselves to you as a prospect for you that outright costs you money. Where there's a distinct cost per lead you're paying for the lead. You may run an ad, all the stuff. You may be on the internet, you may run a print ad, you may do direct mail, you may do broadcast fax, you may go on the radio, you may go on television, you may go speak.

Self-liquidating lead generation means that you do those same things, but you do

them in a way that is intended to be largely—if not completely—self-funding, where your lead generation mechanism is causing them to give you a tiny amount of money rather than get free information. thereby offsetting the cost of the ad.

So for example, you may run an ad that sells a book, a tape, and a little introductory package. and charge them \$19 for it. It's the exact same package you might give away for free. But by charging the \$19, you're trying to offset your ad costs.

Let me just give you a big thumb rule of that before we move on. You rarely attempt self-liquidating lead generation in niches or markets you know to be highly responsive, or in businesses where you have a very high customer value. You typically try to do self-liquidating lead generation in big, mainstream markets where you need to sell and sort and the cost per lead is very high, and/or you're not sure that the entire market is highly responsive.

Let me give you an example. Let's say I'm going to sell "Psycho-Cybernetics, A Mind Technology For Golfers." and guarantee to cut seven strokes off their game. I'm probably going to give away my free report, my free book, my free tape in my Golf Digest ad. I'm probably not going to try and charge \$9 or \$19 for it. Because what I know about that market—all of the things on our list about markets including their rabidity—what I know about that market says that every lead is so good, I don't want to diminish my lead flow. I want all of the leads I can get, so I'll put the barrier as low as it can be, which is free.

Now, let's say I'm going to do "Psycho-Cybernetics, A Mind Technology For Parents Who Want To Raise Smart Kids," and I'm going to go run an ad in Parent's Magazine. I don't know as much about that market. I don't know about the rabidity of the market. I don't know how they're going to respond. What I may try and do is do self-liquidating lead generation and charge \$9 or **\$14** or \$19 for my info pack to qualify them.

Let's say I'm selling to dentists, and I sell a \$5,000 package. I'm probably not going to self-liquidate leads yet. I don't care how much a lead costs. If I sell a \$150 package, I

might self-liquidate leads.

So you make the decision, in a sense, based on your assessment of the market, the value of the lead, and whether you want to turn the tap on or off.

I have two clients who advertise in the same opportunity magazines: Entrepreneur, Money-Making Opportunities, Small Business Opportunities, all those kinds of magazines. One only does self-liquidating lead generation. They have to spend X dollars to get their little yellow book. This. "Be Your Own Boss In The Booming Home Or Office Cleaning Industry." You'll see the ad. They have to pay their \$14 to get the pitch.

The other advertiser, in the same magazines, their philosophy is exactly the opposite. Not only do we want free, but we don't just want to give them one thing. We want to give them five different things for free. We want to get everybody calling us we can get calling us. We want all the body count we can get. We don't care about them being qualified.

The difference between the two, they're in the same market, selling to the same people, and fundamentally they're selling the same price package. The difference between the two is this person has a no-staff, no-customer service, hands-off business. She has no people taking inbound calls, she has nobody to make an outbound call. She doesn't want to have anybody make a call. The whole business has got to run on autopilot. The other client has a whole room full, big as this, of telemarketers. Hungry, thirsty sharks waiting for the phone to ring. And when the phone's not ringing, they're calling them. And all they require is breath. So they want to feed the sharks, and they don't dare have the sharks sitting around very long without something to do. or they leave and go someplace else to somebody who will feed them.

So their deal is open the tap all the way. Give me all the bodies I can get. This person is close the tap all the way. Only give me the really well-qualified ones who will buy with no nurturing, no nudging, no selling. Both exist in exactly the same marketplace. Both sell fundamentally the same priced item. They're selling to the same market.

They're using two completely different philosophies of lead generation. Neither one is wrong. They're both right.

Can you test both in the same magazine at the same time? Tougher for you to do in a niche than it is to do in a big, broad circulation magazine. The most important tip can give you is make the ads look very different.

We used to run two different US Gold ads. One pictorial and one copy, and we got very little duplication in leads. But to now run a complete test, you're going to have to flip-flop the look with the different offers the next month. It's going to take you three or four months before you know anything. You with me?

Okay, one-step sales is your third option. This is like self-liquidating lead generation, but for more money. This is where you're really trying to make money on the first sale. You're actually trying to have a front-end first transaction, where there's profit. In all three of those cases, though, you're largely going to use the same media, the same tools.

Then also horizontal would be wholesale. Because ultimately, the customer, the prospect, can still find you, and distribution is premiums. All of that stuff leading to a buyer.

Once we've got a buyer, then we begin to turn the buyer into a customer. We'll get to that when we get into the backend business. However, you're free to look at that later and contemplate it as you try and figure out what the hell we're talking about.

For now, let's talk about lead generation, and let's go to your sample manual. Let's start at page 57. I'll show you some samples.

Here's a pretty basic lead generation ad. This was a very early Joe Polish ad. It's a niche market. Obviously, his is carpet cleaners. That almost doesn't matter. Very successful ad. Lived off of it for a long time. It fundamentally tells a story, goes into problems, gives some bullet points. It's selling a free report. It's not asking for any money. Drives them to a free recorded message to get the free report. A few little

nuances that are important, your free report should have an exciting title.

In fact, here's something about free lead generation that a lot of people mess up and they don't understand. It takes just as much work to sell something for free as it does to sell it for money. And most people make the opposite assumption. Since we're going to give it away, we don't have to work too hard to give it away. We shouldn't have to work too hard to give it away for free. People should just take it. It doesn't work that way. It takes just as much work to sell it for free as it does to sell it for money.

Therefore, titles sell. If we're going to sell for money, the title makes a big difference, doesn't it? Most of us in direct response, Melvin Powers and I both agree, the title is the headline for the book, makes all the difference in the world. It breaks my heart that some of my trade-published books have lousy titles. Don't have any control over it, but the nitwits at wherever we are now, Simon and Schuster, when they did my paperback version of *How To Succeed In Business By Breaking All The Rules*, did you see what they did? Not only did they change the cover design, they changed the title to *No Rules*. Now, which is better? *How To Succeed In Business By Breaking All The Rules*" or "No Rules?" What can I tell you?

So this has a pretty good title. The free report has a good title. There's a lot of little copy nuances. Look at the PS. The PS is "If you think this isn't for you..." "It doesn't matter whether you're a little guy or you're a big operation." So objections are answered. But this is a full-page ad. It runs in the trade journals. Worked as a broadcast fax as well, to talk about faxing, that is designed to get people to raise their hand and request a free report.

Let's see. Your next page, this is a very successful lead generation ad. It's our friend Ross *Jeffries*. Some of you have seen Ross on television. it's a *very* successful lead generation ad, probably a couple dozen magazines a month. This is a full-blown, information product business, by the way. Sells a fairly high-priced information product, then sells them up into very high-priced boot camps. They come for a week, walk on the beach, learn. This is obviously offensive, but that's neither here nor there.

A couple of smart things, and Ross is a very smart guy regardless of what you think about his content, he's got the offer in the caption under the picture. You can skip the ad, if you want to, and you're still going to get the offer. I think that's pretty clever. It's something I wish I had copied more than I have. But this is exactly the same type of ad. It's a drive to a free recorded message to get free information sent to you in the mail.

Incidentally, this is not only not niched, it's not a business offer. This is a consumer offer. If you wanted to classify it into anything we talked about before, sub-culture is even too narrow for it. It's a chunk of a mainstream market. This works in upscale men's magazines like GQ, and it works in very down-scale men's magazines as well. Jeff? Jeff wanted me to give you Ross' guarantee, which I will not do. Call the number. I didn't block out any of the numbers. Get the free report.

Seriously, all kidding aside by the way, if you're a serious student, what would you do when you got this manual home? Call the numbers and get the stuff. I just handed you 20 or 30 paths of education. Play prospect. Let him keep pitching you. Don't buy on the first one. Bernie, don't buy that on the first one. First of all, I don't know if you can take it. But beyond that, you want to see the third notice and the fourth notice. So don't be too eager now, Bernie. It's them quiet ones with a lot of gray hair you've got to worry about.

This is the subliminal tape ad I mentioned to you. The only thing that's changed in this ad is the person in the picture in the last 20 years. This business belonged to

to 20 years, if not 20 years. It runs in Psychology Today, New Age, Health, Soap Opera Digest. It's run in a number of publications, even the tabloids, I think, occasionally. And it is, again, a pure lead generation ad. This is for a 20-page report. Not making a lot of mystery, in this case, out of the fact that they're going to try and sell you subliminal tapes. So it's a full-disclosure lead generation ad and it's a reliable winner.

They've figured out their economics, they've got their numbers working so they can get leads at whatever they're paying leads, and they can send out a series of mailings.

And ultimately, the catalog and cafeteria choice. This is a *very* profitable little business in a category that a lot of people think died and went away. But it hasn't.

Attendee: Are there any particular tricks to figure out what publications to run an ad or do you just have to look?

Dan: I'm going to talk to you about how to buy print. When we get there, I'm going to give you the trick, the secret to buying print advertising that almost never fails. It's hard to do this and lose money. Which, by the way, I didn't invent it and I learned it stupid. not smart. But nevertheless.

I here's a lead generation ad. This is also Joe's. We did a bunch of these. This is just one of them. This is a testimonial story ad. So this is now the first one of his that you saw in his voice. This now is in a customer's voice. It is built around their story. You will notice I put the offer in the photo caption as well as down in the rest of the ad. Not my idea. Got it from the Ross Jeffries ad.

Anyway. it's the same offer. It's the same free report. It's the same drive to a recorded message. It's just a story-type ad.

Now, I'll show you another one. I've got to tell you, when we did this, Joe thought I had invented it. I'll show you how old it is. This is what we call the exposed ad. There are various and sundry versions of it. I think probably Chauncey, I don't know if you've run an exposed ad or not. Jim's used an exposed ad. This has proliferated.

But the idea is now you've been in a niche for a while, and everybody's kind of talking about you. And maybe you're a little controversial and people are saying had things and good things. So the idea is to suck them into the ad thinking maybe they're reading bad stuff. And then they find out they're reading good stuff. So this is, "Exposed: small town carpet cleaner speaks out and reveals the raw truth about that marketing guy who advertises in this magazine all the time."

It starts out kind of negative. This promises all sorts of things, then it goes into a pitch. It's in this guy's voice instead of in Joe's voice. It's the exact same offer, it's the exact same recorded message. It's useful if you've been there for a while and you

think people are talking about you. In Joe's case, there's websites where they don't have a life, they chat back and forth, and they talk about him. I understand there are such websites about me, too, however I have no interest whatsoever. Joe gets it downloaded and looks at it, worries about it. Me, I could care less.

My rule, by the way it's a pretty good rule, here's my rule, which he hasn't yet adopted. My rule is the only opinions I care about are those of people who give me money. I could care less about the opinions of people who don't give me money. Irrelevant to me.

Now, Joe thinks I invented this. I did this for Santa Vica, who you know, practice management consultant and chiropractic. Highly controversial. So controversial that 60 Minutes did a show about him. Oh yeah, Doc was real good at spending money. God bless him.

I did an exposed ad, which later turned into this mail piece, and that was in 1976. I may have invented it then, but I sure didn't invent it here. And again, there's no need for you to invent. You could have found this and said, "I'm going to take that." I didn't have to do it for you.

Here's the same exposed ad Michael ran for the printer product, in the printing trade journals. Didn't have a picture. Much better with a picture. We didn't have a picture of the guy. But fundamentally, it's the same ad. "A printer speaks out and reveals the raw truth about this marketing guy who advertises in this magazine all the time." I didn't exactly work up a sweat doing the adaptation. "This guy promises all sorts of things to us printers." It's literally the same ad, guys. It's just by a printer and it's in the printing trade journal, instead of by a carpet cleaner in a carpet cleaning journal. You could use it in any niche.

Skip 63. because that's just same-old, same-old. Isn't that nice? When you pay me, you own it. Now, 22 people may pay me and own their version, but you own it. It's your copyright.

Who's ad is this? This is Ron's, isn't it? Where are you? There you are. This is Ron's

and this is a smaller lead generation ad. Copywriters in the room will notice the headline. There's enough of us now. Caples is getting a lot of exercise every night, spinning around in his grave. For those of you that don't know, this is one of the most famous headlines. "They laughed when I sat down at the piano, until I started to play." It's like one of the most famous direct response headlines in the history of direct response by a guy named John Caples, for whom the Caples Awards are named. Everybody keeps knocking it off and reusing it, for a very simple reason: it works. So why invent anything?

Ron, since you're here, anything you want to tell us about this little ad?

Attendee: I basically have run the same ad in various sizes, over and over.

Dan: So that's his control. This is in auto parts. Auto repair, I'm sorry. This is in the auto repair industry.

Here's a lead generation ad. This runs in the biz op magazines, what, maybe four or five years, maybe longer. TJ? Michael? Pretty consistent, reliable. They rotate the pictures, but pretty much the ad is same-old, same-old. They reveal the investment amount. That's kind of unusual, by the way, but they do it. So they're tightening. They want fewer leads, qualified leads. They're telling them ahead of time it's \$487, and then offering them the free fact kit. No real rocket science. I think they'd boost response if they told them it was a free recorded message line instead of them thinking they're going to call and get a salesperson. But for all I know, I haven't checked it, but maybe they do call and get a salesperson.

The next page is the same guy's in the same magazine, just a different offer. But notice the price point's virtually the same. The other one was for a laser recharging business. This one's for a cruise agency business. Exact same deal. Same people. Same everything. They're just running two businesses. They've got a model that works, *and now* they can plug anything they want to in it.

Here's sort of an ad agency version of lead generation, but still a pretty good basic lead generation ad. This runs in a lot of health magazines. It's aimed at getting

diabetics to raise their hand. It's a free audio tape offer. It's got a deadline and drives to an 800 number.

Rory, are you around? Good. Next one's Rory's. This is real interesting because this looks like an article next to an ad. Here's what's interesting about this. Rory, correct me if I'm messing any of this up. You've got two different 800 numbers, one in the article, which is an ad, one down here at the end of the article and one over here in the ad. Right? Two different 800 numbers, same time, appears exactly like this. Now, tell me what's the deal?

Attendee: No duplication.

Dan: No duplication. He's getting X number of leads. Some of them are going to one number, some of them are going to the other. No duplication. Now, here's what's probably true. Some people are reading the article, never connecting it with the ad. Some people are going to the ad, never bothering to read the article, and vice versa. Have you tracked one group of leads any better? Is there a difference? You think they're the same. Double. In other words, in all probability, if you turned this into an ad, you'd probably get half the leads, maybe 60% of the leads. But if you dropped one or the other... And you broadcast fax this just the way it is? Yeah.

Okay, lead generation. Oversized postcard. This is a lead generation postcard. One of Michael's. I gave you the back of it, that's the next page. Notice we've got the offer on both sides, in case they don't want to turn it over or they don't want to read the back. We've got the drive to the 800 number right on the front of the postcard, right underneath the recipients name and address. We're real blatant about the offer, because it's a real good free offer. Free reprint rights to the giant book, free reprint rights to the sales letter, free certificate of reprint, lifetime rights and free report, "How To Set Up Your Own Automatic Self-Operating Mail Order Money Machine." Pretty good free offer, so might as well put it right up top. No reason to hide it. This mails this size. This is an 8 1/2 by 11 postcard. Your next page is the back of the postcard.

This is actually self-liquidating lead generation or close to it, because the free offer is really not free. This is a free offer that's quasi-free. We're able to use "free"

everywhere. The front of the postcard. headline. But way down here, everything is sent to you for just \$15, which covers the cost of processing your order, printing, packing, and priority mail shipping. So it's free, but it costs you \$15. It's not as bad as the free drinks in Vegas. They cost you \$40,000.

And we give them multiple ways to respond. They can call an 800 number, they can write it and fax it, they can do anything they want to do in order to get this thing.

Postage on an oversized postcard? Ti? Michael? Who's here? John? Michael? The postage on an oversized postcard? How much? 19 cents bulk. If you sent it first, do you know how much it is? It's 44 cents. I send my first when I do it.

Okay, here's an oldie but a goodie. Here's a self-liquidating lead generation ad from 1985, 1986, ran through 1989.

Attendee: Dan, I have a question about that last one.

Dan: Do you want the right answer? Test. The second answer is sometimes, some lists, both. So you rotate. So you get to go through the list once with the big postcard, once with the same message in an envelope. And the same thing will happen to you that happens with Rory's ad. Some people that respond to the postcard won't respond to the letter, because they don't open anything. They throw it out. But the postcard got them. Other people, who say, "Postcard, junk, throw it out," but a letter they open and read the letter. So you go through this list with multiple media, you farm the list, and you get different harvest every time you farm it. And when you find a productive list, you want to keep farming it. So sometimes, the answer is not is one better than the other. You need five.

Now you take this and bring it down to a half-sized postcard. We've got some that we're mailing that are 11 by 17 folded in half, and mailed as a postcard. So it's a 4-page letter mailed flat, as a postcard. The guy instantly gets into it. It's not a matter of better, necessarily. Sometimes it is, one will out-pull the other. But often, they all are about the same. It's just that they harvest different people.

Attendee: So you're not necessarily looking for one to outperform the other?

Dan: Not necessarily. In fact, utopia would be they all work and they all work about the same. Oh goodie, I've got three I can use. Ultimately, you've got to test everything. So you get to a control, like this one's on yellow. Would it work better on day-glow orange? Damned if I know. Maybe. We ought to test it. Would it work better on purple? Would it work better on pink? Some of that stuff, in small numbers of course, is statistically insignificant. But in big numbers, it can be real significant.

Attendee: When you say jumbo postcard, are you talking about the 8 1/2 by 11?

Dan: Yeah. It's exactly what you see in your book. It's an 8 1/2 by 11 surface. I don't think I have one laying around.

And then we also sometimes, I said, mail 11 by 17 ones folded in half, which gives you four pages, less the address panel, for the same postage. George used to mail the world's largest. Was it 11/17 flat? 17 by 22 flat. It said, "The world's largest postcard." What was the headline? It was a good headline. World's largest postcard for the world's greatest something-or-other.- It was something like that. Do you know where he got it from? The idea? He got it from Australis boys with the world's largest order form, which I tried to get to come show you guys, but Rodney didn't have one and I didn't have one. But anyway, that's where George got the idea.

I don't think it matters much. As long as you can track and code, I don't think it matters much.

Okay. oldie but goodie. My old lead generation ad. It happens to be Nation's Business. but it mostly ran in Success and mostly ran in Entrepreneur, pretty much every month for those years. Out went a package, an audio tape, obviously, which sold a 5395 product that doesn't exist anymore. Pretty successful campaign, pretty simple lead generation. In retrospect, probably shouldn't have been doing self-liquidating in Success. In here, needed to, because you've got a lot of eggheads that read Nation's Business. But Success, I probably shouldn't have been doing self-liquidating.

Here's a self-liquidating lead gen. I wrote this for a client. It ran in 1991 and 1992. Very successful campaign, great offer, price revealed right up front, "\$29.95 investment can put you into the most exciting, easiest business ever invented, blah, blah, blah." This was for a long-distance reseller opportunity.

Attendee: Did he test different headlines without a price in it?

Dan: No. He finally got around to price-testing the headline. He tried \$19.95 and \$39.95, and \$29.95 beat them both when we retested. But never tested taking it out. You're right. If you want to know the truth, you're right. This thing was working so well. It was a winner out of the gate. So nobody wanted to even blow an issue anywhere to test anything. The thing was a home run. I capped out on royalties in eight months. I don't usually do caps, so the cap was pretty high.

Here's an ad some of you will remember. This is the original JP-DK ad. Pretty much the only time this really failed was when United Airlines made us take out "underwear." We ran the ad in United Airlines and we neutered out "underwear." That's the only change we made, isn't it, Jeff? It had a picture in it. But this is a very successful ad. Still has legs today. I don't know if we've rewritten the Clinton thing. But now that I think about it, probably leaving it in there makes as much sense as anything.

I've often thought that this could be niched and broadcast faxed with just a little

tweaking to niches where people want to get out of their niche. Never got around to testing it. When we talk about media later, this ad worked in Mother Earth News for quite a while, and it worked in American Spectator. It's hard to find demographics at the opposite end of the spectrum more than that. There probably aren't too many people who subscribe to both those magazines.

Attendee: I thought I read in several places to not put headlines in all caps.

Dan: Well, take this ad. Ted Nicholas has got a rule there should never be more than like seven words in a headline. This is one of the most successful ads I've done in my

whole career. I don't know how many words there are, but there's a bunch of them. To tell you the truth, do you know we wound up with full caps instead of upper and lowercase? It just looked right to me.

The one thing I do when I write copy is I do it the way it's going to look. I play with the look at the same time I write it. You'll see in your sample book, later, when we get to direct mail, I've given you a couple of letters, not as the way they wound up, but the way I delivered them to the client, so you kind of see the thinking process. You'll see that I go through and play with what's the headline going to look like and the subhead. I really believe that's important, that you can move people with the cosmetics. But I can't tell you this was a conscious decision. And certainly, we never tested. We had a winner and we rode it.

Attendee: Some people do all caps.

Dan: Well, if you look at the next ad, there's both. This is a very successful ad, and I've full-capped certain words and upper and lowercased other words.

I'll tell you something interesting. You see, "Even the most worthy charity cannot do its good work?" In the very early incarnation of this ad, it ran for four or five months with, "Even Mother Teresa cannot do her good work without..." and then she died. They thought it was probably in poor taste. It worked a little bit better, though, with Mother Teresa in it.

Again, this is a very simple lead generation ad. It's self-liquidating lead generation. It asks for money and it delivers a little yellow book.

Attendee: The copy looks the same.

Dan: No. Did you look at that ad? To fit a picture in there, you had to edit copy. I had to. I don't think anybody does it well, but I'm not the best editor of my stuff, especially after it's been working. So I think, Jeff, if I'm not mistaken, did the edit in order to fit in the picture. Jeff, do you remember?

Jeff: We shrunk some of the type size.

Dan: Even further. I think it gave us a bump for a while. The picture gave us a bump, didn't it?

There's about 30 to 40 good people in the country. The bad news is they're all very expensive. But let me make a point about all that, because it's a good question. Can you do it yourself, do you need to hire it done? A lot of it depends on what pond you're splashing in. If you're going to go compete with Rodale or you're going to compete in the opportunity category, there's a lot of very good people who play in the opportunity category. Rouletters, who don't do print anymore. They do direct mail. But TJ's one of the best copywriters—maybe the best—on the planet in this category. Better than me. So you study his stuff.

But there's a lot of good people in this field. So you're going to go compete against the A team. But Joe goes to sell to the carpet cleaning industry. He was the first one. They never saw any of this before. His earliest ads were written by a protégé of mine that had a year of training, and she was okay. She was better than most and certainly good enough to win there.

So it's kind of like you don't need Jimmy Johnson to coach your little league team. There's another way to say it. John Francis Todd, a great copywriter said, "In the land of the blind, the one-eyed man is king."

So if you're fortunate enough to go and try and light the battle where you're the first or the only one doing it well, then if you can do five on a one to ten of this, you win. A lot of this—which is why I'm giving you the sample book—is thetable. Borrow a little bit here, borrow a little bit there, stitch it together. That's not to discourage you, necessarily. from hiring one of these very good copywriters, like me.

Affinity is an edge. It's a very good point. There's no greater edge than really being in sync with the marketplace. Still, if you're going to compete with the really big dogs. you're probably in for a rough road. You take people like Rodale, Boardroom Reports. They're hiring all 50 of us and pitting us against one another constantly to get the

results that they get. Which is, by the way, why you should study their stuff. You're seeing the best. But you don't often have to be that good.

Here's another lead gen ad. I think you have two versions of it back-to-back. This sells this yellow book. Self-liquidating lead gen. This is an ad that runs in the opportunity magazines. Tough deal to make work, because this is an ad that clearly reveals that this business opportunity involves work. That's like telling weight-loss people that they've got to exercise. It's about the same sin.

So this is actually a pretty straightforward lead generation ad for a business opportunity that requires work. I think this is I don't know how many years now, four, maybe five. And I believe the only change that's been made in it over time is that picture, two years later switched to this picture. My suspicion is just because she got a new picture. I don't know.

Next, you have a postcard Paul Hartunian uses. This is self-liquidating, qualifying lead generation. There's the front, here's the back. This is a trial subscription offer for \$7. He's just trying to qualify, rather than give it away for free. There's a whole issue about sampling and the newsletter business, which we'll talk about later. But purely from the standpoint of it being a good lead gen offer, it's a good lead gen offer.

I just noticed I'm quoted. I hadn't noticed that. Nice to see I'm working.

Three ways to respond, that's good. It's a very simple thing. It's a regular little-sized postcard.

Attendee: Has anybody tested the money on that?

Dan: I doubt Paul tested. He probably used the number seven, there's a whole lot of thinking about that. It seems to be the number that's in everybody's head more than anything else. If you play the Primacy Recency Game, I'm going to recite a bunch of numbers for you, see how many you can remember, they're going to remember the numbers with sevens in them more than they're going to remember anything else. If you tell people to pick a number between one and ten, more people pick seven than pick any other number.

Ted Nicholas did some price testing that sevens outperform nines. A lot of us have just drifted into it. I would be surprised if Paul tested. My guess is he hit a winner and he's happy. But ultimately, the right answer is test everything.

What I would be more prone to test, if I were going to play the game he's playing, is not the difference between seven and eight or seven and four or seven and nine, but the difference between seven and 17. Let's see if they'll give us \$17. Or if a few fewer will give us \$17, but the conversion rates higher when they give us \$17 than when they give us \$7, that would be what I would want to test.

Another lead generation ad. This is another client of mine, runs in a lot of opportunity magazines. Again, this is a pure, free offer. They want all the phone calls that they can get, because they've got people sitting there waiting to talk on the phone.

The next thing is interesting. This is Michael's same lead generation postcard, but this is the endorsed version of it. So this is mailed from somebody else to their circle of influence, to their list. The only difference on the front is the name and the return address. The rest of it is exactly the same postcard I showed you before.

Dan: The back is significantly different, because its got that guy's picture on it. But its fundamentally the same copy. I don't think there's a dime's worth of difference in the copy, is there?

Michael: It's different copy.

Dan: Is it? Okay, he went pure free because of the quality of his list. Okay. In any case, it's an endorsed mailing from this guy to his list, with whom he has influence.

Then some of you will have seen this. This was the postcard Bill Harrison mailed for me for this seminar, to his list. Oversized postcard, two sides. A few people here have already seen it, because they're here because of it. Again, this is an endorsed type deal. Somebody else's list, they have influence I don't.

The next piece has been a control for a number of years. It goes to everybody who buys

Zig products from Zig up front. In real life, it looks like this. The type's in blue and it's on his stationery. All it's designed to do is get the phone to ring. That's it. Because there's a room full of sharks, and all they want is breath. They sell coaching programs. So this is a very simple lead generation piece. It, of course, relies purely on the brand. Only works because of the strength of his brand and the fact that it's going to somebody very quick who just bought his stuff in the mail. And in most cases, the same weeks the purchase takes place.

This is a lead generation letter that goes to dentists for Healthy, Wealthy and Wise, which is a product that we talked about in the product category earlier this morning. We talked about this product. This gets dentists to sign up to send a patient newsletter—actually, it's a little magazine—to all their patients every month, and they pay \$X per patient. They take \$300 a month or 500 a month, or however many patients they've got, and they do everything for them. They print the thing, they mail it, or they'll deliver it to them in bulk and let them do it, whichever way they want to. This is a lead generation letter to get the dentist to raise his hand and say, "Send me the packet of information."

Ron, this is the same ad, isn't it, just done as a postcard? 87 and 88 is your same ad, unchanged, done as a postcard. Right?

Attendee: This is the same one as before except since it's larger, I did more copies.

Dan: Okay. And then the next piece, on 89 and 90, is a follow-up postcard. If you look at the copy on 90, it's again Ron's. "A few months ago, you ordered my free report. Haven't heard back from you." Now he's nudging them. It's a follow-up postcard.

This is Ron's ad done as a broadcast fax. Shrinks the ad, scrawls a little note across the top of it. This is nothing more than a variation of the theme of the old tear-sheet mailings. Right? Everybody's seen the tear-sheet mailing. You get what appears to be a newspaper page folded up in an envelope. The envelope has no identity where it came from, and it's got a little Post-it note on it that says, "Thought you should see this too, hummina, hummina." And you don't know who hummina hummina is. You think

somebody actually tore it out of the newspaper and sent it to you. This is the broadcast fax variation of that idea. Everybody knows a Mike. Everybody. You know a Mike. "I wonder what this is." Secretary handles it, it looks like a personal note, it goes in the guy's A pile. That's the deal.

Here's another version of the same thing. Who's is this? This is Rory's. Not sure who that is. Same idea.

Here's a lead generation ad from one of the correspondence school companies. They are using a celebrity in their lead generation ads. Very clever. Very smart. Money well-spent. Something most of us don't do enough. These guys are using Richard Petty.

By the way, I don't think they're claiming it, but I don't think he's a graduate of the NRI School of Automatic Servicing. But he's got something to do with cars, and gear-heads know who he is. So his picture and his name draws attention, and undoubtedly bumps response. McGraw-Hill owns this company, by the way.

Attendee: What does that note say at the bottom, Dan?

Dan: Oh, dumb CTA. Dumb call to action. Good ad, good celebrity, stupid way to do the CTA. So what am I objecting to? They've got to send a coupon. And, did they put a reader service? No, they didn't make that mistake. But yeah, they've got to send in a coupon. No toll-free number. Not smart. Operating like they're in the '50s.

Here's a way to pump life into a tiring ad. You pump it with little testimonials. This ran next to a full-page ad. "You may have seen this ad many times before, but these people answered it. The first time we ever did that was," next page, "for US gold." This ad had run in the opportunity magazines for about four years and was running out of gas. I brought it right back up to its original numbers. This used to be a full-page ad by itself. So you just shrink the ad, put "You've seen this ad many times before, but these people answered it," across the top of it, and run the testimonials down both sides. Back up come the numbers.

Lead generation article. Nothing there that's real surprising.

I wish Joe had been here. Here's copy for a lead generation ad that Joe never had the guts to run. Jeff, I don't know if you've seen this. He never ran it. I thought it was some of my best work. This was right after he was on 20/20. Personally, I love this copy. I wouldn't run it, but I thought it was just spectacular for him. "Let's suggest to an entire industry that it would be a good idea to threaten to kill this guy." I'm very fond of some of the copy. "Are you a masochist?" I just really wish he would run this. No such luck.

Attendee: Dan, didn't you have another rule that nothing works that you really like?

Dan: Yeah. I like this subhead, "Maybe I'm a fake, fraud, or a big fat bag of gas." I don't think he's going to run it.

On pages 103 and 104, I can't really show them to you, but this is a two-page spread. You would really take the two pages and put them side-by-side, like that. This ran as a two-page spread in Success Magazine. It really is three lead generation ads in one, fit into two pages. Pretty successful little ad for us. It worked pretty well.

Here's a small self-liquidating lead generation ad for the distributorship which ran in Success. That was May of 1982. We disclosed the money, \$500 to a grand and a half. Those are all your pure lead generation samples.

Tracy, you with us? Let's take some questions.

Attendee: Dan, I have two questions. First one pertains to lead gathering with an 800 number. I'm advertising in two trade magazines, small classified ads for a free special report. To identify which magazines the calls come from, what about using an extension—I'm using ATG—what about using an extension on the 800 number? I have heard that that reduces response, that they're more likely to hang up.

Dan: Ron? You're the guy on the phone deal. What's the answer? Does it depress response?

Attendee: No, it does not.

Dan: I would be prone to buy his argument. I would think it probably does not make a great deal of difference.

Attendee: Okay, and quickly a second question. Going back to pages 89 and 90, Ron here, the follow-up postcard, some period of time after the initial letter or initial ad, that versus second notice, the special report sequence.

Dan: Well, that was after they got the report. They got a free report. They answered an ad and got sent a full-blown report.

Attendee: At the time, it was my fifth notice.

Dan: That was your fifth notice at the time. What have you got in the sequence now, as long as you've brought it up?

Attendee: Eight.

Dan: Eight steps. Real important, by the way. Somebody asked me earlier about sequencing. I teach three-step, because you've got to teach something. But certainly, there's no magic in three. The answer to the follow-up sequence is as many steps as you can do and still make money. And ultimately, you'll reach some point where you can't make anything work. And if that's the 12th step, you know you've got an 11-step sequence. But other than that, there's no reason not to keep going at those leads. Lead acquisition, you spend a lot of money to get them, so keep squeezing them until there's nothing left there to get. The only way you know is to squeeze and squeeze and squeeze until you can't get anything out.

So eight steps, nine steps in a sequence. I think I have one client with 18 steps before we really give up on them. We'll talk about that a little bit more tomorrow. Does that answer your questions about that?

Attendee: Yes, thank you.

Dan: So he's mixing in, to a follow-up sequence, letters, postcards, e-mails,

Attendee: I'm trying a broadcast fax. I know we're going to talk about mailing lists in a little bit, but where do you get the phone numbers for broadcast fax, and how do you identify niches in broadcast fax?

Dan: Pretty much any niche that has mailing lists has broadcast fax lists. The days of that kind of privacy are long-since gone. Any number of vendors, just like list vendors. By now, it's all caught up in SRDS. If you go look at SRDS, you're going to find those lists advertised as well. There's a couple of vendors that we recommend in the Million Dollar Rolodex who can furnish lists as well as the service. Michael probably does as much of it as any of my Platinum members. He's a good guy to talk to. Tomorrow, I'll get Reed up here and we're going to talk about something unique he's doing with broadcast fax. But the lists are certainly not hard to come by.

Attendee: Is it legal?

Dan: Oh, is it legal? Yes. You want that conversation? Okay.

Broadcast faxing, technically no, it's illegal in most states. In most states, the law essentially is you can't do it unless you have a prior relationship or consent. So it's somewhat like sexual harassment laws, now that I think about it Who knows?

I was thinking of a joke, but I'm not going to do it. You do this long enough, you start doing things to amuse yourself.

Here's the deal. It's a law nobody's enforcing for obvious reasons. Eventually, somebody's probably going to beat it. On the other hand, they're going to find ways to regulate all of this electronic stuff in new ways that are going to be problems for us down the road. But pretty much now, you don't have a regulatory problem unless you get to huge numbers of complaints and they're doing Al Capone law enforcement, meaning they got Al for tax evasion because they couldn't get him on what they wanted him. So unless they've decided you're a bad guy who should be put out of business and this is the most convenient way to put you out of business, you don't have much to fear from the enforcement community about this. Because everybody's doing it. Pizza places, everybody's faxing, because it works.

The bigger problem is the annoyance factor within a market, particularly a market in which you want to live in for a long period of time. And for the most part, that's not a big problem as long as there's relevance or it's so disguised that they think they're getting a personal fax, if your disguise is successful. But relevance helps a lot.

The only market where you are likely to have severe problems is if you insist on broadcast faxing to attorneys. The attorneys of the world have turned this into a way to send their kids to college. They have written a multi-page letter which cites every statute, chapter and verse. And if you read it on its surface, you are convinced you are immediately going to the penitentiary without passing go. This letter demands, extorts \$500 for them not turning you in. They've all shared it with each other. Presumably, they're passing it out at bar association meetings. I don't know. The letter that threatens you.

Attendee: Maybe they broadcast fax it.

Dan: Yeah, maybe they broadcast fax it. I hadn't thought about that. Sorry, it's getting late. I'm usually quicker than that. But that's alright, nobody else got it either.

Peter Lowe, he broadcast faxes hundreds of thousands of faxes a week into a market area where we're doing an event. It's just SIC code. Broadcast fax everybody. The only significant problems he's had now in two years was in the early stages, when he was mixing in attorneys. They've all shared this letter. So they come in, in the morning, hoping for them. It's like a money deal. "Oh, I've got five broadcast faxes, I get to send out five extortion letters. If I get a 2% response, if I send out 50 extortion letters every day..." That's the deal. And presumably, they're having seminars about this. I don't know.

If you added all my clients together who do broadcast fax, I'll bet we're doing a million faxes a week. The annoyance factor, the take-me-off-the-list factor, even the lawyer letter factor is all very small. And for the most part, it's such a good tradeoff against the results that you do it unless you don't jaywalk and you obey every other law on the planet. Then maybe this is too much for you and you should be a monk.

What are you going to do to me?

6-37

Attendee: I got threatened by three lawyers.

Dan: I told you. Everybody gets them.

Attendee: No, but usually it's because I have three different lists and I send them one time. They got three faxes, so they threatened me with spamming.

Dan: Yeah. I'm surprised you didn't get the \$500 letter.

Attendee: I got that.

Dan: Oh yeah. you're supposed to get that. It's just the cost of doing business. Next question?

Attendee: You made a brief illusion to reader service numbers in one of these ads you described.

Dan: Well, are you quick. Boy. are you quick. You were actually paying attention. Yeah. In most trade journals, some consumer magazines, but almost every trade journal. they have the bingo card. You know what I'm talking about? Every ad's got a little number under it, and you can go to the card and circle the numbers of all the stullyou want, and send in the card. They believe this is a service to their advertisers. You never, never want that number under your ads. I don't care if you're the only advertiser in the magazine, in the history of the magazine. They will argue with you, they will grumble, they will pee and moan. It doesn't make any difference. You do not want that number under your ad.

In some cases, you are able to use this to get a discount, by the way, because there's a cost to them. They get those leads, they sill and sort those leads, they send everybody a list. Somebody's got to do all that. So you can make an argument, "Not only don't I want it. but you should give me a discount because I'm not going to do it." And some of them roll over and give you a little discount. But you don't want it. It's not a money issue, it's an effectiveness issue.

Here's all that does. It turns good leads into bad leads. It takes Harry, who if it's not there, is going to pick up the 800 number and call right now and request your free report. And Harry says, "Well, I'm sending the card in anyway, I'll just circle them on the card." Now, the card goes to XYZ Magazine, and it goes by snail mail. So it gets there however it gets there, in a week, and then it sits around for a while until they get them all in from that month. And then somebody tabulates them and makes a list, and then they send the list to you. And then it lays around for a little while, and then you send out the lead packages. Do you think they remembered anything?

The reason why lead generation is so powerful is because they ask for information. This requires there to be a connection between them asking and getting it. Otherwise, you might as well have just cold-mailed them. You might as well have just rented the list and sent the free report out to the list.

So the reason we go through all the lead generation gyration is because Harry raises his hand and says, "Yeah, I want that." And now, for a few days, he's hoping to get it. But after a month and a half, he don't remember it. And if he did, he's PO'd. "Man, I wanted this a month and a half ago." So the whole thing is self-defeating.

Big companies, of course, since they send out garbage, it doesn't make any difference. Three weeks late, three days late. All they're going to send is a stupid brochure. It doesn't do them any harm, but it's deadly to us. So you do not want it.

Attendee: Question on the broadcast fax \$500 extortion letter. Do you recommend we pay the \$500?

Dan: Yeah. If you want my recommendation, yeah. Cost of doing business. On average. figure out what it does to your year. And now it costs you eight cents apiece to send a fax instead of seven cents. If you want my emotional reaction, of course, no. But if you want my business reaction, pay the money.

Attendee: Second question would be on the header of your fax, if you're going to be doing the broadcast faxing yourself, is there any regulations about the fact that you have to have who it came from, a number, and all that stuff?

Dan: I don't even know.

Attendee: When you do it, do you put your own right header on there with phone number or nothing at all?

Dan: First of all, they all go disguised in one way or another, like the ones I showed you. I(he) even get personalized. But a lot of the lists and a lot of the service providers—C)net's one of them—I don't even think they charge us. Do they charge anything extra. Michael, to personalize? No. So like if it goes out to a bunch of doctors, each one is done as a fax sheet and it says, "Dear Dr. Robinowitz," "Dear Dr. Smith." "To Dr. Robinowitz." "To Dr. Hair." Not only don't we disclose, we disguise. This works just like the tear-sheets work and why infomercials work. The reason why everybody got rich early in infomercials is because people thought they were watching real TV and they got sucked into the program. And by the time they realized they were being pitched, they were interested. It would be like being able to sell pots and pans, and be in their living room for the first 18 minutes without them knowing you were there to sell them something. Believe me, it's a tremendous advantage. So everybody got rich in infomercials.

Then the tear-sheet thing worked so well, the FTC decided to write a bunch of rules about how you've got to disclose. A big company got slam-dunked with a fine. The guys that sell the American Speaker course. Now the rules changed about the tear-sheet. Now, this is going on, and eventually they'll pass some kind of federal laws that will be real, and will have teeth in them and be a problem for everybody. So there's a window of opportunity that I don't know how long it exists. The further away you get from fooling them, the less effective it is.

Jeff: I just wanted to mention one thing. The most common mistake I see with clients on lead generation, and I have this all the time with clients, is that they tend to forget that the purpose of the ad is to generate a lead. And they try to mix up selling stuff and other things. I think it's a really, really key point, because I just had two clients this week did the same exact thing. And I keep trying to explain to people that the only purpose for that is to get them to call the 800 number, period. You're not selling

anything. People want to skip some steps.

Dan: A very good point. They also want to brand-build with it. I've had problems with mutuals.com and I had problems with Greg Stanley. What drove Greg nuts was he kept spending all this money to run ads in the trade journals, "And nobody knows it's my ad. I want to brand-build; picture, name, logo, plus we'll do the free report offer." You can't.

The way to think of advertising, particularly lead generation advertising, is if you've ever had a mentally handicapped employee or a real drunk who starts at like 10:00, 11:00 in the morning. Either way, you've got to give him one task at a time. If you tell them, "Go pick up that pile of stuff and move it all over there," that's fine. But if you tell them, "Pick up that pile of stuff, move it all over there, then sort it by alphabetical order, then put the yellow ones on one side," you're screwed. You can't do it.

So advertising is the same way. It can do one thing. But if you ask it to do three things, it will screw up all three and you get nothing. So if you want response and you want to do this kind of advertising, you sacrifice brand-building. And as Jeff says, you don't get ahead of yourself and start trying to tell everybody your company was founded in 1913 or, "Send for my free report, where you're going to find out how to buy this for this and you're going to get these benefits." Unless you're trying to really tighten the notch by qualifying. That might be the exception. But if you want maximum response. one task, one task only. Everything is dedicated to that one task.

It's the same thing I teach speakers about selling from the front of the room. You want to get maximum results? It's got to be the only reason you're there. You can't say, "Well. I'm there to educate as many people as I can, and inspire them, make them cry. and get a standing ovation, and also sell something." No, you've got to be there to sell something. That's it.

So every word, every gesture. every inhale, exhale, everything you do, one purpose, to get as much money as you can out of every one of those people in the time you've got available, before you get out of town.

Same thing in an ad. One job. That's its job, to make the phone ring. So he's absolutely right. It's a mistake that's made a lot.

Attendee: Dan, as far as lead generation goes, we're going to ask for their address to send the free report. But given the fact that speed is so crucial, what do you think about asking for an e-mail? Have you tested it?

Dan: I have no problem with asking for it. If you deliver your primary sales material by e-mail versus paper and ink, your conversion rate will go in the toilet. We talked about internet. Ken may want to argue. I don't think so, though. By the way, don't misunderstand me. E-mail has its place, and it has its place in the marketing cycle. I'm making money from it. I don't know how to do it, but he's sending me a check and he swears to me it happened because we e-mailed. So I'm all for e-mail. Happy. Love it. I don't want to get any. Personally, I don't want to send any. But I believe it belongs in the marketing cycle, but for certain purposes, and that is not to deliver your primary sales message. And I've certainly seen enough testing where the difference is profound.

Now, I've all sorts of theories, I think very logical ones, about why that is. Mostly, it has to do with cosmetics and the physical process of handling things. Think of all the things we can't do with e-mail. We can't yellow highlight, we can't control the bold facing, we can't control the type sizing, we can't do phony blue margin notes. I can give you a list a mile and a half long of things we can't do with e-mail that we do with print.

Then we can't have them handle multiple pieces. We can't have a little orange piece fall out and a funny-shaped purple piece fall out. And we can't have them, "Open this only if you've decided not to..." There's a whole bunch of stuff we can't do that is physical things that happen with direct mail.

Imagine taking a Publisher's Clearing House piece. Cut the stamps, lick the stamps, move the little circle. The reason we don't do those kinds of things is because in small quantities, you can't afford to. But they work. All that involvement stuff works. And you can't do any of that. That's the blonde joke. How do you know if a blonde uses

the computer? The white-out is all over the screen. There's so much they can't do and we can't control.

**INFO-RICHES SEMINAR 2000
HIGHLIGHTS PACKAGE**

AUDIO CD TRANSCRIPTS

CD #7

Dan: Ken McCarthy. Do you want to weigh in on this? Don't shelter my feelings. We don't have to agree.

Attendee: I think if they're responding to a print ad, a postcard or a direct mail piece to get another mail piece or something, the mail will work better. But if they're

on the computer and that's where they're seeing the ad, I think the e-mail is going to work as good. You're right. Everything you say about direct mail versus email is absolutely right. There's so many more things you can do with direct mail. The only thing you can't do is send the letter for free, essentially, and you also can't get the letter in their hand instantly. But I think if somebody's on the computer and they saw the ad on the computer, e-mail's not going to be a problem. In fact, they're going to expect that kind of speed. But I haven't really tested it enough to say.

Dan: Here's like what I know. Ted originally delivered—they came to the sight, saw the site, requested more information about one of the books—boom went the pitch on the book by e-mail. He then tested the Internet-driven lead. The print-out performs by such a margin that it's worth the expense and all that.

But your argument, however, is well-taken in that you do have to evaluate the economics. If it costs me \$1.50 to send every one of the print packages and it costs me nothing to send e-mail, and the drop in conversion is nominal, I may be better off with the e-mail even selling less, because I sell less but make more money. So there's economics, not just results.

Attendee: How many e-mails can you send at one time?

Dan: Oh. now you're into technical stuff. That's not a question to ask. I think a million.

Attendee: There are a lot of people in that Internet world that just don't want to handle physical mail.

Dan: There is. absolutely, that. There is a segment of the marketplace. You're absolutely right about that.

Attendee: Even the promoter, though, doesn't want to handle physical products either. So they've made the trade-off. They're willing to give up less money to have less headache, less infrastructure, less expense, and so on.

Dan: Okay, back to the guy who had it, to be fair.

Attendee: Can I make a comment on my own personal stuff?

Dan: Sure.

Attendee: The broadcast fax I do driving them to the website has the sales letter on there. And what I found is if you put your sales letter on a website, you definitely have to make sure you cut it like you would a page. Because originally, we put it all on long-form and you don't get the click.

Dan: They've got to turn the pages.

Attendee: Three very new questions about broadcast fax. How do you broadcast fax in? How does somebody know that they've been broadcast faxed?

Dan: Are you thinking about the same joke? We're not laughing at your question. We're laughing at a completely somewhat unrelated joke that I can't tell.

If you're asking mechanically how you broadcast fax, again, I don't understand how the lights come on in my car. You turn the key, they come on. It's a mystery to me.

Dinky little quantities, like fax machines you buy at Staples now has storage in it and will send 100 all at one time. You can store 100 numbers, push a button, and it does it somehow. I don't know how it does it. You can buy software programs and do this from your computer. Utterly beyond me, but you can do it. Most of us doing any kind of volume are using a service.

Attendee: How does somebody know that they've been broadcast faxed?

Dan: How do you know when you've got junk mail? That's what this is, it's junk mail delivered by fax.

Now, you can successfully completely fool them. One man's junk mail—it's an issue of relevance—is another man's not-junk mail. Is it okay, Michael, if I talk about the insurance thing? Do you care? Tell me if you do. Okay.

A very successful campaign generating leads to sell term life to doctors. All the leads

generated by broadcast fax. Trick is the apparent relevance, the message-to-market match, which in this case is done in part by creating an entity. In this case, the Medical Financial Management Association. The person sending the fax is the Executive Director of the Medical Financial Management Association, and it's got the little doctor logo on it. Now, it's junk fax, which is junk mail sent by fax. But in most medical offices, it's not perceived as that. When they get a fax from an association that they belong to, that's an important part of their world, that's not junk fax to them. So if the illusion works, then it's not junk. And in many cases, they won't think of it as broadcast fax. If it's personalized, you may fool them until that becomes so common.

You remember when they first started to drop people's names in the letters all the way through? Halbert did that before you could do it with computers. You know how Halbert did it? Think about it for a second. Think about his business. It's simple. If you're going to send a letter to all the Kennedy's in the country, you can drop Mr. Kennedy and Mrs. Kennedy all the way through the letter. And I think, "Oh, this is addressed to me all the way through." You just mailed it to all the Kennedy's. You didn't have a computer that did Kennedy today and Herbert in the next letter. You just did all the Kennedy's. Then you went back and did all the Herbert's. It's pre-computer technology.

But today, everybody knows the deal. You get a letter and it's got your name dropped in all the way through it. You're not going to fool anybody with that anymore. So right now, you can still fool people with the personalized look of the fax. They may very well walk away from it, not thinking of it as—a better term for most people would be junk fax—a broadcast fax.

So there's nothing mechanically that tells them. The machine doesn't turn on a light and say, "You've just been faxed by a junk faxer guy." It doesn't come out of the machine with a red stripe across the top of it that says, "Junk!" Junk mail, bulk, there's lots of ways it gives itself away. It's not that. It's just that if they can detect that it's mass-communication, then they know.

Attendee: Are there laws against mass e-mailing?

Dan: Well, Ken? Pass it up here to Ken.

Attendee: There are vague laws about it, but there's actual repercussions.

Dan: There's cultural backlash.

Attendee: There's a few organizations that are keeping a database now of who they perceive to be spammers, and they share that with the ISP's. And they'll actually block all your future e-mail to all the members of their service. This happened to Rodale with one of their magazines. They blocked all Rodale mailings for a while, until Rodale straightened it out.

And then there's also a harassment problem. You can get people going just ape-shit, calling you up, bombing you with e-mail, trying to disconnect your voicemail systems.

Dan: It's a bad idea.

Attendee: It's not worth it.

Dan: It's a bad idea. Who's got the mic next?

Attendee: Dan, I think we've found a way to get the e-mail to work for us. Initially, we were running full-page ads leading to a 1-800 free recorded message to request a 32-page report. And that was working fine for us. We added a website to that, and it had a good impact on what we're doing. But more importantly, when someone went to leave the site, it automatically came up with a page that said, "Fill out the survey form and you'll receive an audio tape, etc." What this did, was this enabled us to gather information on why they weren't buying or what was stopping them. And then we're able to farm them through the e-mail that we get at the same time.

Dan: Okay.

Attendee: In regard to broadcast faxing. If you do decide to use a third party to do that for you, how can you—for the lack of a better word—guarantee you're going to have a

good list? Do you provide that list to them?

Dan: Well, you can. You can get the list from a separate source, or some of them are doing both. How do you know you've got a good mailing list? In fact, when we talk about lists, there's a lot of ways you can get screwed renting lists. List providers are famous for, on an early test, for example, giving you hotline names and not telling you. So you pay for Nth name, and they give you hotline. And then you go back and rent the whole list and the response is half of what it was, and you can't figure that out. Well, it's because they gave you their grade A names and you were paying for grade B names, and now you're mailing grade B names.

It's why you can never roll out a list. You can never test ten and then turn around and mail 100,000. even if you've got the dough. You've got to mail it in chunks, because you can never know where you were getting screwed or when the list is going to go bad.

So vendor management. and under business management we'll talk about it, it's a whole other can of worms. The biggest answer to that question is limit your exposure in chunks. Never take a big swing with anybody.

Attendee: Can you comment on the effective use of cassettes in lead generation?

Dan: Yeah, but we're going to come to it. I'm going to defer the question, because we're going to talk about marketing tools. Anybody else real quick?

Attendee: I just want to make a quick comment on this e-mail issue. We've had a lot of success, and I think part of it is the audience for our particular marketing program. Our people are high-tech executives. Not the president of the company, but basically they're the engineers that are getting stock options and so forth. These people are very pressed for time and they're very oriented to using the computer to solve their problems. So when they're looking for help, I'm fortunate that they happen to look and find us.

They submit their information to us, instantaneously get their sales letter from us on the

Internet or through an e-mail, and then very often, they immediately call me. So it's like I'm getting it right when it's hot.

Dan: Just to be fair, there's two significant differences in what you're doing and what most people are doing. Number one, you're selling professional services, not a product. And number two, the nature of the beast. For example, you can run lead generation ads with the only mechanism of response being the website address. Just make sure you run them only where everybody's on the net. Compuserve Magazine? Fine. PC World Magazine? Fine. Don't try doing it in People. Well, believe me, there's a lot of companies who think that.

Okay, I think before we break tonight, we can get through section three of your sample book.

These are one-step sale ads. So on your chart, all we're doing is moving from left to right, from lead generation to self-liquidating lead generation, to one-step sale ads.

Here's an oldie but a goodie. I think, if I'm not mistaken, it may be the first display ad I ever ran in Success. This product was previously sold really primitive, compiling lists of classified advertisers and sending them a sales letter. "Look at all we didn't know." Do you see a phone number anywhere? Don't see a phone number. \$15 self-liquidating lead. That was one step. Actually, we were trying to make money at \$15, and did, by the way. No phone number, no other means of response. Just a very simple pitch, ran in Success.

Here's a very successful one-step ad. a \$300 item. In 1976, 1977, did a little bit over a million dollars worth of business. Ran in Success, Entrepreneur, every opportunity magazine known to man, tabloids even a couple of times. We had discovered 800 numbers. There's an actual 800 number. They can call and place an order. One step. write for a \$300 check.

The ad wouldn't work today. In 1976, a whole lot of people in the sales world still knew who Turner was. There was still a significant amount of curiosity about this person. Wouldn't work today. A forgotten character.

But the most interesting thing about this ad, I wrote this ad and brought it to the client to test. His test was I think he spent 60 some-odd thousand dollars on media without ever testing the ad. It was in eight or ten magazines all at the same time. There was not a single place that it ever ran that it didn't make money. It was just a question of how much. Part of that was helped by multiples. People were buying eight, ten units instead of one at a time for their salespeople.

Here's basically the same ad shrunk down to digest size to fit Success Magazine. Some of you probably don't remember. This is the size Success Magazine used to be. So you had to really scrunch an ad. So this is the ad scrunched. It worked just as well. Didn't make any difference.

Then this is the ad bigger. This is the only place it didn't work. This ad, the next two pages, they run side-by-side. So it's a two-spread. We put it in the JC's magazine, because he was famous in JC's, and figured we have a home run. We lost money. It worked everywhere else.

Page 114. one-step ad, full-page ad, \$300 for that blue briefcase product I showed you this morning. This is the ad for the footsteps program. Positive Living Magazine doesn't exist anymore, but it ran in Success. It ran in a couple of different magazines. I don't think I did worse than a four-to-one or a five-to-one at the time. Not sure if you could do that today. Probably not. But again, the Napoleon Hill name, magic. Didn't have that magic. I don't know about the ad.

Then you have a sequence of ads; 115, 116, 117, 118, 119. I think they're all for the same product. They're all Ted's. Why don't you go through quickly and see. Take the first five of them. The one headline, "Incorporate Yourself," all the way through to the one headline, "How To Form Your Own Corporation Without A Lawyer For Under \$50." That's five in a row. See which ones you think are the most effective and see which ones you think are the least effective. Go ahead and grade them, A, B, C, D, as to which ones you think are the best ads.

How many rate this a really good one, an A or a 13? Raise your hands nice and high. nice

and proud. One, two, three, four, five. How many rate it real low, very ineffective? One, two, three, four, five. Best ad. Best ad.

Let's take a look at "Your Own Personal Tax Revolt." How many people rate that real high, A or B? Okay. How many people rate it real low? Real low. As low as you can get. Awful. Didn't do squat.

Okay, let's take a look at this ad. How many rate that real high? It's "The Only Way Left For A Little Guy To Get Rich" ad. How many rate it real low? Not too many. How many rate it real low? Just *as* good as the first one. Five stars. Best ad.

Let's try the next one. It's the same ad, prettier. Same ad, prettier. So now, knowing what you knew, how many rate that real high or a B? How many rate it real low? Same as the other one. Five stars. It performed identically. Didn't make any difference.

Last ad, this one. How many rate it real high? How many rate it real low? Five star ad, works the same as the other ones.

So the only loser in the bunch is "Tax Revolt." It's the only loser. All the rest of them are fundamentally identical performers. How about that? How about that? How about that?

He just identified one thing. All the other ones have a coupon. It's the only ad without a coupon. Start hunting. Take a look at them. How about this ad? You guys all know. Here's what he did, though. This is real interesting. The backend on these ads. in case you don't know, on all of them, the backend business is actually forming the corporation. The money was made in doing the corporations, not selling the books. So here's an ad where he flipped his backend to his front-end. Instead of front-ending the hook, he front-ended the corporation. A successful ad. Can you take your backend and change it to your front-end? Maybe.

If you look at "Protect Your Corporation's Tax Shelter Status Without A Lawyer," and you look at "What Will You Do When Your Personal Assets Are Seized To Satisfy A Judgment Against Your Corporation," this one's got a picture of the book up top, this

one's got a picture of the book down at the bottom. The coupon sells the same product. How many vote for the first one as the most successful ad? This one, "Protect Your Corporation's Tax Shelter?" Raise your hands nice and high. Okay, how many vote for this ad as the most successful ad? Yeah.

Did better on that quiz by far. Why? This is a positive benefit, this one is a scare-the-hell-out-of-them. Which one's going to get more readership? And if you can't get readership, you can't sell them. You can't sell to empty seats. You can't sell to eyeballs you ain't got. That's why headlines are so important. It's easier to get response, it's easier to get attention by scaring than it is by talking benefits any day of the week.

What do you think about this ad? A 14-day free trial. How many think it works real well? How many think it doesn't work at all? Good. You're right, it doesn't work at all. No good.

Then you should have some consumer ads. I've coded these, so no secret here. It's the same product. Same product. We've got this picture, "A Woman Doctor's Discovery." Kind of a mousy-looking picture of Dr. Rona. We've got this ad. This one's next. "Four Days To A Vibrant New You," with a great-looking couple. And then we've got this ad, "Four Days To A Vibrant New You," with the babe in the bikini.

The ad that works best is this ad. Well, come on. That doesn't surprise you, does it? Well, there's two predominant reasons. First of all, who's the audience for this ad? Women. "Woman doctor," bingo. Those of you who are Gold members, you got the interview I did with Greg. Remember just how much difference it makes in the phone script? Stanford-trained doctor. Not big secret.

Ralph, I think this one is yours. Is this one yours? This is another knock-off. Is this Carlton's work? Is this John's work? This is John Carlton's work. This is a four-page ad. Four pages! Got enough guts to step up to the plate and buy four pages? Four-page ads.

Attendee: You have to realize in these magazines, it costs less than \$2,000 a page.

Dan: Here's a pretty good lead generation ad. Pretty simple. Bill Phillips. Self-liquidating. Runs in his own magazine.

Here's a Ben Suarez ad, those of you who are Ben Suarez fans. It's a one-step sale. That's American Legion Magazine. where that runs. What does that suggest to you? If you were going to put the ad someplace else, where would you put it? Without even doing a lot of thought here. AARP, Modern Maturity. That's AARP's magazine. Veteran's Magazine. There's got to be another one. What else is there just like American Legion's? VFW. Very simple ad, sells a paper-and-ink product. Costs maybe 50 cents.

This is running in a lot of sales magazines. A couple of our friends in it. It's a one-step sale ilri% e to a continuity. It's for Master Salesmanship. It's been around forever as a newsletter. This is their newest ad. I don't know if it's a control yet, but it's been running for several months. It's a "Send my first two bi-weekly issues, and then I understand I'll be billed. etc., etc."

Sound views ads, executive book summaries, one-step sale. Current control. I think this is in its sixth or seventh month. Got a bonus offer, audio tapes or CD, same price. Interesting that it's the same price.

Here's a one-step ad that ran in sales magazines for years. A third of a page vertical. By the way. it's a size I like a lot. Used it a lot. This is a recruiting book for MLM. You can fit a lot in a third of a page vertical.

Next two pages are the one-step ad for the "Be Your Own Boss" product. Ran in Entrepreneur Magazine. Their own magazine for their own product.

And then last is a current ad in Maxim for a book. Less than subtle. Very successful offer. Big control. They're now rolling it out into other magazines.

Those are all one-step ads. It is increasingly difficult to make one-step ads pay. A lot of what appear to be one-step sale ads that you see these days are, in truth, just self-

liquidating lead gen. They're offsetting some portion of their ad costs. But they're going negative on every acquisition.

Increasingly, the front-end of your business will be a go-negative business. And in many respects, the bigger, fuzzier, broader the market, the more that that is true. So when you structure economics, you have to think about whether or not you're willing to go negative. And if not, your options become quite limited in what it is that you can do on the front-end of your business. Pretty much, nobody's made the Joe Carbo \$10 book-type ad profitable on the front-end for a long time. It's just a function of cost of media more than it is anything else.

Attendee: Leads through talk shows?

Dan: Yeah. We've got radio people here. We're going to talk about talk radio tomorrow. The real answer to your question is if you're not willing to go negative on the front-end, you're often forced into manual labor front-end. My business, a lot of it was built on the back of my being willing to speak. I didn't do that because I had a passionate love for being on the platform 70 times a year. It don't mean anything to me. Never again. It's okay by me. It's because for the most part, I'm not willing to go negative to build the business. So as soon as you're not willing to buy them with money, one of the options is to go buy them with labor. So appearing on talk radio, going and giving speeches, being on the net and doing physical things, all of that is now the trade.

We did an infomercial with her. She's been on Oprah a zillion times. The gal that does the—I can't remember the name of it now—newsletter. I want to say frugal. but that's wrong. Tightwad. It's the Tightwad Gazette or maybe it's a competitor. It's a woman. Maybe it's Penny Pincher. I don't think it's Tightwad I'm thinking of. I think it's this other woman I'm thinking of. No, no, no. This is a newsletter about how to squeeze an extra drop out of a bottle of ketchup, that kind of stuff. That's been totally built on the back of manual labor marketing; doing radio talk shows, doing TV talk shows. At the time that we looked at doing an infomercial with her that never got done, the subscription base was 100,000, 200,000 circ. She built big numbers. Oprah helps, of

course. There's no doubt that it can be done.

Attendee: We've done 100,000 books from radio alone.

Dan: Yeah. Now, Ted humps. There's no doubt. Ted will sit by the pool all day and does one radio show right after, boom, boom, boom. He's very good at it. Lee, who's here, has done a lot of talk radio to sell product. It's a very viable thing, and we'll talk about it a little bit tomorrow. Certainly, you can one-step. You can sell Ted's price point.

Attendee: The book is \$19.95.

Dan: But you guys up them.

Attendee: The big product we sell is \$99.

Dan: So they're taking a cold lead that's heard them on the radio for seven minutes and calling in. and running them right up to \$100.

Attendee: It's not unusual to do 300, 400 of those \$99 products.

Dan: So its certainly viable. But it's manual labor. It just depends on what your attitude is towards manual labor.

Attendee: Bingo cards, my experience with them. When we allowed them to put the reader number on it, frequently they were mismatched on the card. So people were responding to the wrong ad. The other experience we had was that the quality of the people that asked for our information was way down. Frequently, they were either tire kickers, people just filling in a library with our literature, or competitors.

Dan: Well, I'll tell you one of the things that happens when I fill them out. This is a good thing when it happens to you with an order form. It's a bad thing with a bingo card. I'm going to send a bingo card in and there's two things I want. Then I say, "Well, I'm sending it in anyway, I might as well get this, this, this and this too." Well, to the guys that I just marked this, this, this and this, I'm crap as a lead. But now they're stuck with me and they've got me mixed in with all the other leads and they've got to send

me their stuff. Whereas if I pick up an 800 number or I go fax something, I'm a much better quality lead. Those things are terrible.

Attendee: The way we found out is we're business-to-business, and we had to teach ourselves. So we phoned every ad response for two years and could tell the difference. It was really dramatic.

Dan: Two years was a long time to learn that lesson.

Attendee: I needed lots of numbers.

Dan: You might have gotten a little more data there than you needed to draw that conclusion.

Attendee: Dan, going back to the licensing, you said, for instance, some of your customers might be a good candidate. It just so happens that probably from the boot camp, some of my customers got your newsletter now, and they probably saw Michael's pitch for the printing. Because I think that got mailed out with the newsletter.

Dan: Yes.

Attendee: He called me, "Do you know Michael? What do you think about him?" Well, he ended up calling back. He didn't go through with Michael's, but we went through the whole thing trying to sell him the HVAC. That ended up falling through. And it gave us the idea to put a paragraph in our newsletter about if you want to make more money selling your knowledge, just with the idea of generating leads to sell the business. My question is I've got two niche businesses for sale. What other methods might I get some of that word out to the customers without everybody flocking for the doors because they think we're closing our doors? Or any other method?

Dan: Well, you're selling the business. That's different than selling the same license to 100 people, and some of them being your customers. You are, like selling any other business, the last people who should know about it should be your customers. So no, you can't. So you've got to rely on networking with other info marketers, all the Platinum members, obviously. And you could blind lead generation ad in your

industry trade journals.

You could blind mail. Have you ever gotten the business broker letter? You could do a version of that to every other advertiser in your trade journals who you think might have synergy. Who are the sales trainers in your industry? Who are the consultants? Who are the people selling in the heating and air conditioning industry who have a compatible, non-duplicative business, who, if they married it with yours, would have a much better business? You send them sort of a general blind letter. It comes from your attorney, it comes from your accountant, it comes from a third party, "Somebody in your industry has a publishing business for sale. The numbers are thus and so, the opportunity is thus and so. We believe it would be perfect synergy for your kind of business. If you're interested, let us know." And you flush them out of the woodwork that way.

Attendee: I'm sure it's just an advertising marketing company of some sort, but they've been advertising in the success magazines forever. It's a little ad, like Global CWS or GWS. Do you know the company?

Dan: I've seen the ad.

Attendee: I called them up and they say they guarantee so many leads for the size of the ticket you're selling your business for.

Dan: I don't know. I don't know. Our type of business, you're most likely to sell it to either somebody who wants to get in the information product business, they know they want to be in our kind of business but they've got nothing. They've got no product. They haven't chosen a niche market yet. Buying yours could be a great shortcut. Or somebody in that industry who is selling to those same customers, who can marry the two. All the speakers who were at your boot camp. Every one of them's a prospect. And an ideal prospect. And it's probably going to be one of those two kinds of candidates who are going to buy our kind of business.

The truth of the matter is, like a big company, there's not a lot of candidates smart enough to run it. So it's either got to be us, who are serious about this particular

kind of business, or it's got to be somebody who marries it with theirs. And even if they do it half-assed, it's still a good deal for them.

A cataloger who sells supplies, like Linda Miles in dentistry has been cornered on a couple of occasions by major dental supply catalog houses who wanted to buy her entire information products business. Both she and I know they'd muck it up. They'd get nowhere near the money out of it that she gets. But they're looking at ulterior motives. They're looking at her brand. They're looking at using the name. They're looking at putting that stuff in the catalog. So they have reasons different than yours and my reasons for buying a business. We'll talk about it more when we do exit strategies. Who's got the mic?

Attendee: Are those good reasons? Are those worthwhile?

Dan: One of my clients off and on over the years has been Geneva, the guys who do the "How To Sell Your Business For Twice What It's Worth" or whatever it's called seminars. The largest mid-cap MNA and business sale guys in the country. Here's what the guys at Geneva taught me. We're jumping all the way to exit strategies, but here's what the guys at Geneva taught me.

Companies and/or individuals who buy businesses buy them for their own reasons, and very seldom are they your reasons or make any sense to you. They're good reasons to them. One of the great examples they use is a number of years ago, Pepsi bought a chain of pizza restaurants in Southern Illinois. They overpaid. They paid like live times what these things were worth. They killed them in six months. But Pepsi bought them to see how much Pepsi they could sell in pizza joints that they controlled. And then they went and bought Pizza Hut. Their reason for buying that chain was to have a lab. They planned on killing it.

Now some owners selling the business, if they knew that, wouldn't want to sell it to them because they're going to kill my baby. But their reason was perfectly valid for them.

When I sold the manufacturing division of General Cassette to Cassette Productions,

the main reason they bought it was just to get me out of the marketplace. What they were spending competing in a year, going and exhibiting where they wouldn't otherwise exhibit, running ads where they wouldn't otherwise have to run the size of the ad that they were running, the price it cost to buy me they saved in a year on marketing costs. So they paid it to get rid of me. It's okay by me. It doesn't matter. Give me the check.

So good reason, bad reason, don't know, don't matter.

Attendee: We've looked at several lead generation ads for niche marketers this evening. I'd like to know if you could tell me, statistically what the longevity of some of these ads have been, what the size of the niches are, what the market penetration is for these several examples, that kind of thing.

Dan: What'd you do before this business? Where did you come from? What kind of occupation did you come from?

Attendee: I'm a dentist.

Dan: A pretty analytical guy. You've got a better personality than most dentists, but you're a pretty analytical guy. Most dentists are in hiding. That's why they become dentists. Chiropractors and dentists at the same seminars, as they came towards the registration table I could tell who they were. Dentists are looking at the ground, hiding. Chiropractors are talking to people, looking around.

Anyway, all of the answers to your questions I'm going to give you in much more detail when we do business management and economics. What I will tell you as a general answer is that no niche lasts forever. Well, there's an exception. Real estate, maybe, for example, is an exception. But for the most part, the niche marketer is going to go through a cycle where they are front-end profitable early, then they are breaking even on the front-end and making more money on the backend. There's a business maturity cycle. There's a chart in section six or seven of your manual that talks about business maturity.

You reach a point in most niches, because niches are vertical in the sense, that the first people you sell are easy. There's a pent-up demand, particularly if you're the first guy there telling this story. There's all the winners who haven't been offered anything. who buy everything. So you've got all them. They're easy. There's the real thirsty ones, they're easy. Now you've got them.

The deeper you go, the tougher the soil. Ultimately, it costs so much to dig one out that even with the backend recovery, they ain't worth having. Not to mention that they're bigger pains in the butts, customer service is higher, refund rates. It's all bad the deeper you go.

So how fast you get there is all those other factors. Does the niche replenish itself? Does it not replenish itself? So the answer in each niche is different. Like for us, with Success Track. we had extraordinary market penetration. So we got there fast. As I told you. if I had haled out a year earlier from the whole operation, I would have wound up keeping a whole lot more money.

Jeff lasted in financial planning how many years before you were in trouble?

Attendee: About six years.

Dan: About six years. And then the front-end cost of sale began to climb and climb and climb. Joe's reaching it, though. He's having some front-end problems. You're going to have them. You had government problems. Not you personally, the industry. Compliance problems. And then, you have options. In some cases, you can rest the front-end and you've got enough backend business you're still making good money on the backend. and you have no front-end for a couple of years and then you come back.

You can reinvent yourself. Greg Stanley had reached that point in chiropractic and dentistry. He'd been around for 15, 16, 17 years, and everybody pretty much thought they knew. So the good news is he had a great brand, good reputation, everybody liked him, nobody had much bad to say about him. The bad news is as soon as you said his name, everybody thought, "Been there, done that, heard that. I know what he's

about. He's about X. Don't need to hear that." We engineered a complete reinvention. Jacked up the brand, shoved in a new message. Got another three years of life before back to the same economic problems that brought us to the reinvention need in the first place.

So every one of these things has an up and down in terms of profitability. In many cases, again, your mature business is there's so much money on the backend that you can continue to live with very little front-end. In some businesses, that's not the case. But you're right in that it is a concern. Smart people plan for these changes in the business. Dumb people think the big harvest time's going to last forever. Let's spend all the money.

I'll be more specific to some of your questions in that part of the seminar.

Attendee: When you're doing lead generation, they have these things now, cardboard pop-up houses, whatever you send them, or like cutting half of a \$20 bill. Are you more in favor of doing like 10 letters or 15 letters out to a guy, rather than hitting him with something that's kind of much more expensive?

Dan: No. Not necessarily. First of all, I'm a big user of grabbers and attachments. Somebody was talking to me earlier today. The little hinges letter. Carla, are we still using that or are we out of hinges? I like that little hinge. This kind of stuff, money cut, dollar bills, million-dollar bills. One client uses \$100 bills. He sends out \$100 bill letters. a real \$100 bill attached. A service business, not a product business. a big transaction and all that.

I was going to ask Chauncey. Chauncey, I got your priority mail tube. Where are you? Did Chauncey bail out? I'll have to ask him tomorrow.

Stuff in boxes, FedEx. I had a client for many years, 25,000 FedEx's a week. They'd back the truck up, load it up, send them out. It's all math. That's what it is. It's math. So there's a number. The number is the maximum allowable that you can spend to get a lead. And then the maximum allowable that you can spend to get a sale. And then you do every creative thing you can do within that maximum allowable to find the

best formula. It brings us back to what I talked about this morning, tilting the economics in your favor. Forgiving economics.

We have a couple guys in Platinum that the rest of the Platinum members would agree with me. we don't like their business model because it involves a lot of manual labor in the delivery of what they deliver. And by lifestyle choices, most of the rest of us would not want to do it. But they sell a \$36,000 thing and it has very low product cost. And actually, it doesn't have a lot of servicing costs, but it's manual labor-intensive. But they sell a \$36,000 thing. I suppose after overhead and everything, there's probably \$25,000. \$20,000 in profit. They can afford to do a lot to get a guy to raise his hand for that, and then to close the \$20,000 sale. They could send not one video, they can send six. They can use FedEx. They can pack it up in a safe that has a combination lock on it. I've done a direct mail campaign with little metal safes with combination locks on them, shipped to people in boxes.

There's a famous direct mail campaign that's done with pigeons. They send everybody a pigeon in a crate with a little thing under his neck, and you filled out the form, rolled it back up, and turned the pigeon loose. It's a famous campaign. A guy by the name of Shell Alpert. You'll find Shell's ads in the back of DM News and so forth. You can go to ShellAlpert.com and there's probably an article about it. It's a famous campaign.

I'm not opposed to any of that stuff, and I've tried it all. I may try cans before it's over with.

Attendee: What would be your sequence first, though? Would you go through the letters conventional though, first, and then start that kind of stuff?

Dan: Not necessarily. I might go right out of the gate. I probably don't have enough guts to use pigeons. Often, if you're doing a ten-step sequence, you might have ten different grabbers. And often, the only reason that stuff isn't done is either because of the money—and sometimes it's stupid thinking about the money—or laziness. Operational issues. We've got to stick all these things. That's going to take an extra two days. Sometimes I don't do it for that reason. I live with my staff. You've

got to hear it. "You invent all this crap, but I'm the one who..." Let me tell you something, she's right. There's certain trade-offs and everything.

But generally speaking, you'll boost the effectiveness of just about any letter sticking a grabber on it. Generally speaking. Weird delivery, all that works. When we do direct mail tomorrow, I'll show you some real simple things, like with photographs that we've discovered, that are phenomenal.

Tracy, you're walking now, not running. It's only 9:15, bud. You're younger than I am.

Attendee: I'm saving my strength.

Dan: Oh! Pacing yourself, huh? I've got a race horse that claims it's doing that. And he's got an Amish buggy in his future, so watch out.

Attendee: Per inquiry for one-step sales. Some people say it's dead, but I see it on the list here.

Dan: Per inquiry for lead generation and revenue share per sale? No, it's alive and it's alive everywhere. It's alive in radio, it's alive in TV. There's still infomercials run on PI and PO. There's certainly some media that won't do it at all, but no, it exists. In joint ventures, it's often done that way, PI or PO. Often, it's not worth the energy it takes to get it. If you've got something that works, pay for it. And if that's the only way you can make it work, you probably shouldn't be messing around with it anyway.

But like when we ran the US Gold infomercial, we were on the air for eight years, and there were about 20 stations that he could not make work buying them. But we said to them. "Look, here's what we'll do. We'll show you. Here's our averages. It costs us \$8.70 a lead. We run on all these TV stations. Here's the average, \$8.70. If you want to run the show, we'll pay you \$8.70 a lead. If you don't want to run the show, that's okay, too. Run the show when somebody cancels. It's like remnant. Run the show whenever you want to, don't run it, whatever. Get leads, we pay you \$8.70. That's the deal. I think out of the 20 stations, 18 of them would every once in a while run the

show.

But here's the smart thing that Lane did, that I always thought was very smart. He didn't just go say it. He said, "Look, here's the numbers. We know our numbers. We know what we're paying. If you want to play, fine. If you don't, fine, too." So you negotiate with reality, with facts and figures.

In that case, literally, we gave them exactly what it was costing us per lead. But in some cases, it would be worth giving them more. Certainly PO deals. Because you go negative with customer acquisition, there's times where you do a joint venture deal where they keep all the money. I just did a deal with Nightingale-Conant to telemarket my newsletter subscriptions to Magnetic Marketing buyers, they get 90% of the money. Truth told, if they asked for it, don't tell them I said so, they could have had it all. All I want is the subscriber. Inner Circle member, lifetime value to me, \$2,000, \$3,000, \$4,000, \$5,000. What do I care about the \$149? And if it's a Nightingale-Conant customer, it's worth probably twice that to me. I love getting their customers. These are people buying from bad marketing. Let me get a hold of them.

Attendee: You mentioned that one way to shortcut the business process was to buy a license of a product. You don't necessarily need to know anything about the product or the market. How do you get into that market, then, besides the SRDS?

Dan: First of all, being a licensee, licensing does not absolve you of the learning curve. This is part of the switch. Contrary to what some of us may say when we're pitching, you can't actually be ignorant and stay ignorant and expect to get rich. I don't mean that in a rude way. I'm not saying stupid, I'm saying ignorant. There's a profound difference. But what it does do is it shortens the learning curve and it will shorten the development curve, because without it, not only do you have to go figure out the market and the media you're going to use, but you've got to create all the marketing message from scratch and you've got to create the product from scratch.

So if the license you got includes marketing tools, you've got marketing done. Like going

and hiring a copywriter is all out of the way. You've got stuff to use. You've got a product to sell. Now you're left with the other two things: market and media. How are you going to apply it and who are you going to apply it to?

Part of my answer would be the same answer I gave Jim earlier, about his licensees. If they're brand new to the business and they're starting to take baby steps, then they should take baby steps. So they probably shouldn't be going to SRDS, finding five lists, renting 5,000 of each, doing a merge/purge and doing a test matrix of 25,000 names. They should look at who they are, for example, and if they're a retired barber, they should send the sales letter tweaked slightly to all the barbers, and test 500 barbers. Say, "From one barber to another, here's what I found." If they're a JC member, they should try mailing to the JC's. If they're retired military, if they're an airline pilot, they should try. First of all, going where they have affinity. So even though the product's not tweaked, they're the tweak. They're what makes it tweaky.

I teach that in MLM, by the way, for recruiting with direct response. It's about the only way you can make direct mail pay to recruit in MLM, is when you're opportunity's not niche but you are. So I'm a TWA airline pilot writing to the other TWA airline pilots, "Look what I found." It's about the only way it will work. It's only way you can get decent numbers.

But then beyond that, all of the same things apply. Again, there's ultimately only two ways to get to a customer. The whole business starts when we get a customer. There's only two ways to get there. One is we're going to do lead generation advertising. And essentially, what we're doing, is creating a list. So we're going into Bird Talk Magazine and we're getting X number of people to raise their hands and step forward, who've got large macaws, think large macaws are something special, and would want to teach them to ride a bicycle. Now we've got a list. People who've got large macaws, aren't real bright. Probably buy a lot of stuff.

The other thing is you go get somebody else who's already done that work, and you pay the toll to get to their list. Those are the only two things you can do. Part of this business, ultimately, is simple, because all of the options fit into two choices.

They're the only two things we can do. So you're in search of an influencer, you're in search of a list, you're in search of a joint venture partner, or you're in search of media where you can generate leads. That's the game. I'm going to do you and one more.

Attendee: Could you comment on using self-liquidating lead generation advertising of an information product to sell a non-information product?

Dan: Yeah. You want to give me a specific or do you want to be vague? It's okay by me.

Attendee: You're welcome to be general. I'm using a boot camp to sell software and hardware.

Dan: John Hartman does the exact same thing in the photography industry.

Attendee: Sometimes we'll use an information product, front-end, self-liquidating MLM opportunities.

Dan: At a consumer level, although there are legal pitfalls, it's quite common to use this to sell nutrition products. So we lead generate for a book, a report, a tape, whatever, about the new revolutionary breakthrough discovered in Denmark that will grow hair on a cue ball. And then that thing tells everybody that they've got to take these 56 different herbs. You can go find them, but the best thing to do is we've already got them all in a pill, so sign up for the pill. Very common model. It has some pitfalls, if anybody's going to do it, that you should be aware of. But it's a very common model.

We've talked about having done it. Let's take the Proactive Acne product, which right now, we one-step in print and TV. There's no doubt in my mind--Guthy- Renker hasn't wanted to test it—that we could information front-end. "What your dermatologist won't tell you about acne." We could do a Rodale pitch. "The seven foods to eat that cleanse the skin from inside, \$19.95 book." It's got all the information in it about what to do and what not to do. And, of course, one of the

things to do is use Proactive, and boom, go right to the pitch for proactive. No doubt in my mind we could make that work.

In business-to-business, like you're doing, John Hartman, who is on my niche list, who sells to the photography industry studio owners. There's a couple of you in here, people working out of their houses and want-to-be's. There's nothing wrong with that. But John's selling to people with portrait studios. His real money is in the software and the ongoing use of that software, and the overrides from the vendors who are tied into the software program and all that. So the boot camp is really run to sell the software.

The most important thing about all this, about the question you raised, is to be clear on what you want to do. A lot of people aren't. First of all, I think you can sell anything by direct response, and specifically by direct mail. Nobody's shown me anything yet. One product. I take it back. One product that can't be done. But other than that one product, nobody has shown me anything that you can't do this with. John's the first one I saw to do boot camp first in a niche. Ron does it with real estate. The starts at the high price. John was the first one I saw to go right to the \$3,000. \$4,000 boot camp and not put a box in, and drive them right into the boot camp. It changes the dynamic in the room, but the model works.

So you can put this in any order. I'll give you a chart tomorrow that shows top-down and bottom-up. It doesn't make any difference.

Attendee: What's the one product you couldn't sell?

Dan: This guy is still mad at me. He wanted to do television, an infomercial, direct response. A wonderful product, by the way. This guy's got a patent on paint that it won't burn. If you paint your house with this stuff inside and out, you can pour gasoline on the couch, light it, and the house ain't going to catch fire. The couch will burn up, the carpet will burn up, that will be it. But the walls won't burn, the floors won't burn. Nothing will burn. Paint the cat, the cat will not catch fire. I swear to God, the stuff works.

Wants to do direct response, going to do television. Burning houses, burning children, all of that. Fine. Well, that's the way you sell fire alarms. If you've ever had a great fire alarm pitch, they show you the pictures of the burnt kids from the burn ward. That's a gruesome sales job. There's a video called "Another Man's Family." Anybody in here seen "Another Man's Family?" It's legendary in the fire alarm business.

The idea is everybody thinks it's only going to happen to the other man's family. It never happens to us. So it tracks this family. It starts in the morning with daddy going off to work and the kid going out to play, a little dog following her around, all the way through the day. It was made in the '50s and they're still using it. So mama's home baking cookies, the kid comes back for lunch, and then everybody's waiting for daddy to come home from work. He pulls in the driveway and everybody runs out to see daddy. You're so young, you don't even remember any of this. You've got to turn in TV Land late at night and catch Donna Reed. This used to exist in America.

So this thing goes all the way through the day of this family, and it's all warm and light and happy. And then while they're asleep, the TV cord catches fire and the house bums down. Because they didn't have fire alarms, they didn't get out. The last thing you see in the movie before the guy turns it off and goes back to his pitch to close, they're in these charred embers of this house. Everything is burned up and the firemen are tromping around. And over here's the dog. The dog's alive. The dog is laying in the charred embers, and it's got the kid's teddy bear that she had with her all day long in its paws. And you go in close on the dog and a tear comes out of the dog's eye and runs down. The title of the thing is "Another Man's Family," but in the business its called "The Crying Dog Film." It's a staple. They're still using it to sell fire alarms.

Anyway, so this guy wants to sell this paint by direct response, and he's still mad at me I wouldn't do it. Think about it. Here's some problems. First of all, how many colors of house paint are there, particularly interior? How do people buy house paint? They match something. "I want to match the baby's eyes." And they don't paint all the

rooms the same color. So they want the nursery to match the baby's eyes, he wants his den to match his alumni colors, on and on. You going to do that off of television? "Well, describe the baby's eyes. What shade of blue are they?"

Are you going to two-step it? Take the order, send me in the stuff you want to match. We'll mix the paint, ship the paint to you." It's no good. You've got to go to Home Depot, where they mix paint.

Also, think about the shipping charges. Ship somebody enough of this paint to paint their house inside and out, shipping and handling, \$900. I said, "I think you've got a problem there." This stuff is heavy. Really heavy. The box is going to arrive, and the UPS guy's going to drop it and the porch is going to collapse. We're going to be getting sued for collapsed porches, hernias, on and on.

You can't DR this. You can't even send the fire sales guy in to sell it face-to-face. You can't even do that. Because with the alarms, he can sell them and hang them. Even if he's not going to do the hole installation, he can hang one tonight until the installer gets back tomorrow. I can't do that with paint. But if I convince you that you're in eminent danger of death when you go to sleep, how do I then say to you, "Feel free to sleep without this stuff while you spend two weeks painting your house." The alarm's got to go up right now. Now. Tonight. Before you go to bed. You don't want to spend another night.

So there's no way to DR this. But it's the only product I've ever seen that you can't do true DR with. And in any which order you want to do it. One may be better than the other for a particular situation. One may be more net profitable than the other. But any order you want to do it in, you can do it.

Attendee: Is he selling the paint at all?

Dan: No. He's got a patent, though. And he's mad. He's irritated and still irritated, and probably will die irritated. You can't put it on the shelf, because it's ten times more expensive than house paint. So nobody's going to buy it off the shelf without a pitch. So what are you going to do? You've still got the matching, the color. The best

thing to do is drive to retail, but you're talking about a massive amount of money. Now you've got to run infomercials and run print ads and do marketing. Drive them to the Home Depot store, where they're going to go in and buy the paint. But you're talking about brand building. You're talking about a major deal here.

One more.

Attendee: The gentleman back here asked about getting into a niche and not having the experience or anything. You had commented it would be nice if you were a bird lover and you could do an information product on birds. I was a computer consultant. You told me how hard it was selling information to consultants.

Dan: Especially computer consultants.

Attendee: Right. A few people asked me outside, "Did you have a heating and air condition company or did you have a plumbing company?" Well, no, that's not true.

Dan: You're the kind of tangential connection I talked about this morning. You had a relative.

Attendee: Yeah, we stretched it. My dad was a sheet metal worker and put in one furnace somewhere along the way the last 40 years.

Dan: That counts.

Dan: There's a lot of speakers, internationally recognized. That means the guy was in the Toronto airport and somebody came by and said, "Jim!" Internationally recognized. That's the deal.

Attendee: We also used you in my sales letter, no heating and air conditioning background at all, nationally acclaimed and all this, speakers with the Peter Lowe. And we mentioned George Bush. So people shouldn't be discouraged.

Dan: Your point is well-taken, and I did not give him a very complete answer, did I?

You're absolutely right. The part of the answer I didn't give you is I did chiropractic and I did dental. First of all, I hate dentists. I'm the worst dental patient on the planet. Always have been, always will be. I dated a girl whose father was a dentist. The first time he met me, he opened my mouth. I came out of the chair and knocked him on his ass. That was how that relationship started. So I know nothing about it.

And chiropractic, I've been a patient a little bit. So that story is I'm coming in to your business from outside, and here's why that's better. In other words, you sell what you've got.

When you do licensing, like Jim was able, Jim did a licensing agreement originally, sort of a two-way through Joe, including me. So he leaned on Joe and on me in his early sales story. He borrowed some of our testimonials and tweaked them a little, and then he stretched his story, he knit them all together, and boom, he's off to the races.

"I'm not one of you, but I'm a marketing guy, and some of my friends in the fill-in-the-blank industry have come to me, telling me their problems and begging me for help. I've done the research, and I found that what I do over here is perfectly applicable to what you do here," and you sell what you've got.

Some of you who are speakers in the room, you know Cabot. If you haven't heard it, get a Cabot Robert tape. Cabot does the best job. The late Cabot now. Cabot did the best job with this old, long story about the politicians and prohibition. "Are you for prohibition or anti?" You for alcohol or opposed to alcohol. The politician gives this long-winded answer, "Well, if by alcohol you mean the nectar of the gods that soothes, I'm for that. But if you mean the devil's liquid, I'm against that." You take whatever side you've got and you sell what you've got.

And if you've got real answers to real problems, you've identified everything else is right, you have to have a reason for being there. Like I talked about it this morning, you have to have some kind of perceived edge. You have to say to yourself, "Yeah, there's a reason for me to be here now, selling to these people." But it doesn't have to be that you are an expert in their field or from their field.

Attendee: The fact of the matter is after six months, you'll know more about that. I know more about plumbing and heating and air than I ever wanted to.

Dan: Oh yeah. I can do everything in a chiropractic office but give an adjustment. If pressed, I could probably do that. You're right. You learn stuff that you don't want to know, that you find out just by osmosis. And you certainly know more marketing than they know, because none of them know anything about that.

Pick another category. management. They're all bad managers. Finance. They all pee away their money. Randy is a financial guy.

A cosmetic surgeon he's going to sell money management to, because they don't manage their money at all. They just try and out-earn what they spend. The race is on. It doesn't take a lot of strategy to be smarter than that.

Attendee: You mentioned that you have two Platinum members who both sell to the same industry. One of them you tell, "Hey, you're not going to be stuck in my way of doing things," and the other one tells them.

Dan: It's a great example. Absolutely. Look at real estate. Craig Forte's a Platinum member, and Craig Proctor's a client of mine. Both Craig's, they're competitors. Craig Proctor is, year in and year out, I think this year he's number two. He's like the number one or number two Re/Max agent in the entire world of Re/Max real estate. I don't know how many there are, but there's umpteen thousands of Re/Max guys, and he's top of the heap. Then he sells information products to real estate agents.

So his selling argument is a very simple selling argument. It's kind of the one I do from the front of the room at the Peter Lowe events, when I say, "People who sell only in their memories and run businesses only in their nightmares." Craig's argument is, "All these other sales trainers and all these other marketing guys either never did it or did it so long ago it doesn't matter. I'm out there every day, doing what I'm teaching. I'm one of you. And I'm able, part-time, to outperform all of you

guys full-time, and that's why you should get my stuff. I'm the real deal."

Craig Forte, I don't think the total amount of real estate and knowledge he's got is he lives in a house. Now, he has a front person and he sort of builds a relationship later. But his argument is fundamentally the same argument I made in chiropractic. What I say to the chiropractors is, "All these practice management guys are all doctors.

And admittedly, they've all been successful in practice. And they've each got one rigid way to do everything, and they're going to force-fit everybody else into their one way to do it. But what works for Doc P may not work for you. I don't have any of the preconceived biases. I'm a marketing guy. I've studied this thing from the outside. I've found the 56 things that work, and I've put them together so you can walk down the cafeteria line and pick the three or four that are most appropriate for you. What might be right for you is different from him, and I'll let you do it. so I'm a better deal than those guys who are the real deal."

Both of these guys are doing very, very well competing against each other with stories at the opposite end of the expertise spectrum. You sell whatever you've got. Does that help?

This is kind of interesting. Bill, there you are. There's Bill Harrison. What issue is this? April. It's in your manual, by the way. It's page 101. It's a page out of Book Marketing Update, which again, I strongly recommend you subscribe to, whether you have a trade book or not. There's a sample issue in your bag, I think. There are very few newsletters that I get every month that there's something to use every single month I get it. Mark Nolan's is one and this is the other.

This is sort of the new way that rights are being advertised as available, and wheeling and dealing in the publishing world is via the net. There are two sites here that essentially are marketplaces of rights. Rights for sale. I think it's useful for you to know, obviously, for two reasons. One, it's a place to go hunt for stuff. They will not be pitching the rights, in most cases, exactly the way you would want them. In fact, in many cases, they'll be advertising foreign rights available for books or audio rights. What they're thinking is an audio book store product, because you're dealing with real

publishers here. But just the very fact that they're offering any rights tells you they're open to licensing rights. It's just never occurred to them, "Hey, we could take that book of recipes and sell the rights to somebody who would want to make a \$399 multi-media product out of it. That's just something that is so foreign to them. they would never think to try and sell it. That doesn't mean you can't buy it.

So this is a place to go shop and see who's selling what and also learn a little bit about how they structure deals. I don't think there's a restriction, at least on the one site, Bill. You're not necessarily limited to just advertising available rights for book books, are you? It's my understanding you could be on there offering rights to an audio program, a course, pretty much anything. Correct?

Attendee: Yeah.

Dan: So this is a place we all might be able to go sell rights, and an easy and painless way to do it. That's a pretty useful source of information.

If you want to see what a typical rights contract in the real publishing world looks like, real quick, here's foreign rights. I don't know what country this is.

Everybody's deal is different. But on my books, we keep the foreign rights and sell them separately. We just sold the rights to No Rules for publication in India for \$300. This ain't a big deal. But 50 countries, it adds up. We're everywhere. Bulgaria, Bosnia, Japan, China. Every one of my books is translated and published in communist China. The bad news about all that is you get samples. There over here somewhere. You can't tell. They could have changed it all. My name could be out there on a book that says, "Americans are capitalist dogs," for all I know. Who knows? But they give you \$700, what do I care?

But this is a basic rights deal. In consideration of the royalties, they get the rights to do it in India for the specified term. They've got to publish within 18 months of the agreement. The publication shall be made faithfully and accurately to the original work." Who would know. The original copyright and the information has to stay in there, and they pay a non-returnable advance against the royalties—like China's ever going to pay

me royalties—of \$300, which pays the royalties on the first 3,000 copies. And then they're paying 10% on their sales.

Let's see, this is kind of interesting. The book cannot be remaindered within two years of publication. That means like the remainder houses that I showed you yesterday. You can't wind up there with the inventory for two years. That's an interesting clause, by the way, that a lot of people leave out of their regular contracts. You can't control them killing the book or letting the book die, but you can control how quickly it goes to the bargain dumps by restricting them, which will cause two things, by the way. One, it will keep it from going in the garbage dumps, even if it's sitting in their warehouse. At least it's not out there embarrassing you at Costco with a \$1 price tag on it. And, they are more likely to sell them back to you real cheap than let them sit in the warehouse for three years waiting to get rid of them. So when one dies, it becomes an opportunity for you to get the last 6,000 copies for a buck. Because they'd rather get them out of there than wait.

So it's kind of an important contract clause. Publishing contracts, we could spend a month on, if we wanted to.

Product production. Let me say a couple things about that.

Book publishing. For your own purposes. I'm always amazed how many people, for some reason, think this is something special. This is printing. All book publishing is, is printing with paper and binding. Although you might not want to use them because of pricing, we can go to any print place here in the city and they can produce a book. There's a bindery here in town. They print the stuff, they send it down to the bindery, they bind it, and they bring it back. There's no magic to this. You don't need to go to New York. There's not like two companies that do it. You don't need Random House as a middleman. Print books. When you're done, if you do them right, nobody can tell them apart from a real book.

And if you want that illusion, it's easy to create that illusion for self-published

product. You can get an ISBN number, which is a code number that the publishing industry uses. They'll issue them to you. There's the Ultimate Information Entrepreneur Manual, and any good book on self-publishing. The stuff from SPAN, Melvin Power's book on self-publishing. The forms are in there to get an ISBN number. It either doesn't cost anything, or it's \$15 or \$20 or something to get set up to issue ISBN numbers *as a* publisher. And then, by the way, you can issue as many of them as you want. They give you like 50 of them to start with.

And if you put a publishing company name, if you put "Dan Kennedy Publishing" on it, that kind of gives it away that it's a self-published book. But if you put "International Marketing Research Publishers, Inc." on it and you put a copyright on it, and you put the disclaimer copy in the front, and you put an ISBN, if it looks like a book perfectly and it quacks like a book and it walks like a book, anybody you sell it to, give it to, distribute it to can't tell the difference. A book's a book. Nothing magical.

There's some vendors in your Million Dollar Rolodex for this. SPAN, which is also listed in your Million Dollar Rolodex, the small publishers... I don't know what it stands for. It's an acronym for something. But Small Publisher something. Marilyn and Tom Ross' deal is, in my opinion, well worth joining. I forget what the annual dues are, but they're dinky and they're a wonderful source of information.

Other paper-product publishing. I'm a big fan, really up until I guess the last two years. We were publishers-on-demand of just about all my product. The only exception to that was Magnetic Marketing, because we consistently do such much volume with that product that I didn't mind one-stop manufacturing and inventorying. There's different opinions, but NI give you mine. Money tied up in inventory, sitting on a shelf, can't pay for advertising and can't buy race horses. So the less money sitting on the shelf in inventory, the better. If it jacks the product cost by \$2 a unit to make them ten at a time as you need them, instead of to make 500 at a time when you don't need them, so what. That's got to add \$16 to the retail selling price if it's \$2 in hard cost. And there's almost nothing that can't take a \$16 price bump with no

impact whatsoever in its place in the market. So why inventory?

So we published on demand. I'll tell you quickly how our business worked for the entire product line, everything you see in the current catalog plus some. We had certain product, mostly big-ticket stuff, that we sold such small volume of, that we literally made them one at a time. As it got ordered, it got made. The Mega System For Speakers, for example, unless I'm doing a mailing specifically to sell that product. But just as regular catalog merchandise, we had months where we'd sell three of them things. Four. Five. Two. So make them when we need them.

And beyond paper and ink, for audio, what that means is a product like that, all interchangeable component parts, so albums or notebooks that you slip traps in. So we had to inventory notebooks and we had to inventory albums, but empties. Printed traps sitting on a shelf. Maybe you'd do 100 of those, so the cover's there. The paper and ink guts are done at the copy shop, one at a time. The tapes, maybe you did 50 of those, so bulk tape is sitting in a box. Boom, sold a product. Tapes, paper. product, ship.

Then we had others that we would make maybe 50 of at a whack, or we would make more of some of the component parts. And then we had a few products, like Magnetic Marketing, with big volume that was mass-produced elsewhere.

But for years, I've published on demand. There's nothing wrong with that, especially when you're testing.

All the way to the flip side, you can farm it all. And you can farm it all one-stopshop. Like the Magnetic Marketing product is made at Cassette Productions, and that's a one-shot deal. They do the tapes, they do the guts, they do the package, they deliver a finished unit. They warehouse a finished unit and they ship a finished unit. How many do we have to order of those things at a time, Carla? 3,000? Yeah. So that's 3,000 of them bags. That's 3,000 of those whole units, paid for and sitting on a shelf, and dwindling down over time until it's time to do another 3,000. So there's different ways to play the game.

Audio recording. A whole lot of product. Of course, some of this is how you manage expectations in your marketplace and who your marketplace is. But a whole lot of recording can be done dirt-cheap, and you can get away with it. Just about *every* Platinum member in here, certainly, is doing some variation of monthly tapes, and they're recording them over the phone. Some of them are doing them with Radio Shack suction-cup doohickey and recorders. Some of them are using a conference call service. Some of them, like Ti, went out and bought some good equipment. But they want the information. They do not need Hollywood sound effects and they do not need perfect sound.

The very first few products I did, the first one, I recorded in my apartment on a plain ja^pe recorder with a Radio Shack clip-on mic. If you listen close, you can hear cars in the parking lot. And occasionally, a dog barking and a phone ringing. I didn't have any money for editing, so that product went right to General Cassette. Editing was hit the pause button for a second, back it up, try and hit it right, and start again. That was the deal. Not real good audio production.

Sold about 3,000 of them suckers before we replaced them. And every once in a while, I'd buy one of them back. It's usually somebody at a Peter Lowe event. I'm serious. They'll be there afterwards with this horrible little product that I did in 1978, wanting me to autograph the cover. It's like, "I'll tell you what. You give me that one, I'll give you the new one, and I'll autograph that." "No, I want to keep this." "No, you can't keep it. Give it to me. Everyplace we find them, we're destroying them." "No, I want to keep it."

If you wait to get it perfect, you ain't going to get it done.

Video recording. There's a lot of video product out there. Here's a little rule about this product that is kind of interesting to people. The higher the price, the less pretty it needs to be.

**INFO-RICHES SEMINAR 2000
HIGHLIGHTS PACKAGE**

AUDIO CDTRANSCRIPTS

CD #8

If you sell somebody a \$49 six-pack, a Nightingale-Conant product, it damned well better be like a Nightingale-Conant product, because they've educated the marketplace.

People say about the Peter Lowe events, you're coming into a city with 3 million people in it, it's got to be easy to put 10,000 people in a room. No, it ain't. Because we all sell to a real tiny percentage of the population, and it doesn't change much on a year-to-year basis. And every one of your niches, you're only selling to 5%, 10% of the

total people. So if there's 30,000 people in your niche and they're spread out all over North America, how many real progressive, ambitious, butcher, baker, candlestick makers are there in a given geographic area? Five? Six? Eight? Ten? So that audience is made up of eight real estate people, eight insurance guys, eight candlestick makers, eight butchers, because that's all there is there to get.

Well, on a big scale, even nationally, that's the deal. Nightingale-Conant manages to maintain about a half a million active customers in their list, and that number hasn't changed in 20 years. Who's in the half-million has changed, obviously, but the number hasn't changed. And if you cross their list with just about any one of our lists, any of you who's got an active list, guess what you're going to find? Massive duplication. The buyers are the buyers, are the buyers, are the buyers, and the non-buyers are the non-buyers, are the non-buyers.

So you go in any niche, almost any niche, and you find the buyers, and most of them are either Nightingale-Conant customers or at least they recognize a Nightingale-Conant product. So you sell them six tapes in a box for \$49, \$59 or \$69, that sucker better look just like that. It better have a full-color cover on it. That workbook better be professionally produced. It better be bound. The tapes better have color labels on it, or they're grumpy and unhappy.

Now, you sell them a \$499 product that ain't comparable to a Nightingale-Conant product. and you can put that thing in a plain Jane notebook, and you can Xerox the pages. and some of them can be cockeyed. The first two versions of the Ultimate Entrepreneur Manual that we sold, we didn't have page numbers, table of contents, or an index. Because it literally was what I said. I dumped out my file cabinet, sorted stuff in order, and took them down to the copy shop and made books. We sold several thousand of those things at \$199 apiece, exactly that way. They didn't even have page numbers. "How do I find anything?" "Hunt! You might discover something else good while you're looking."

And I still run into people. They've got that thing, rubber bands holding it together,

yellow highlighter all over the place. But if I'd sold that thing for \$19.95, I'd have gotten unmitigated grief. Because at \$19.95, it's got to look like a book. It's got to have a full-color cover, got to have a table of contents, got to have an index, got to have a bibliography, somebody's got to check the spelling. There's a whole other issue. And if you sell it for \$4,995, you don't even have to put it in a notebook. Stick the thing in a box and ship it to them. Because the higher up the price ladder you go, the more they are buying the information for the information and the less they are concerned with cosmetics.

seminar for \$395, they're pissing and moaning if you don't have fruit back there. There's supposed to be food on every break, nobody comes with a pad, you've got to give everybody a pad and a pen. You've got to baby them from the moment they get there until the moment they leave, because the cosmetics are all-important to them.

Add a zero, cosmetics are unimportant. I paid \$4,000, I'm here to get the information. I don't care what I've got to do to get it. Charge them \$40,000, you don't have to give them nothing. I'm deadly serious.

In the Santa Vica days, originally, that was a \$30,000 practice-management sale, really a series of seminars in 1975, '76. So \$30,000. I don't know what that is in today's dollars. Yeah, \$2-million. Pre-tax. But \$30,000 was a lot of dough. We gave them a Xeroxed manual in a three-ring notebook. That's it. "Here." if you had charged them \$300, they'd have pissed and moaned. "It doesn't have any tabs."

It's important to remember about product. And, in fact, you can muck it up. When Jeff and I did our Guthy-Renker deal, they took the JP-DK course and they made that thing pretty. I don't know if you've seen the one that was sold on TV, those of you that own the other one. Is Jeff here? Yeah, there you are. How many of you own the original JP-DK course? Okay. Those of you who didn't raise your hands, by the way, you ought to have it.

Guthy-Renker took this whole thing. You know what it looked like. So they repackaged the tapes in these nice little Tony Robbins-type power talk packages with

full-color covers, put them in a little slip case that fits on a library shelf, this same full-color cover on a notebook. They re-typeset all the pages with little gray screens behind key paragraphs. The thing is just gorgeous. The refund rate doubled.

Well, we fought them tooth and nail. Amongst other things, it was incongruent with the pitch. Think about it. The pitch is how to make \$4,000 sitting at your kitchen table in your underwear. I'm an ordinary Joe who makes this money, just like you can, from my house. The product ought to look like that, don't you think? If it looks like you've got a factory and a team of graphic artists, and a million dollars to spend doing the product, it's incongruent with the story. Furthermore, the prettier it is, the less people place value on it because it looks like retail product. So your packaging. don't get carried away. And if anything, go the other direction.

We'll talk about managing vendors later. Let me tell you how to get a six-tape album done in one day.

Here's the deal. You need a title. What are we going to do? "How to teach your macaw to ride a bicycle." Got us a title. Then we need 12 subtitles, because we've got 12 sides. Ideally, you want a title for each side, because when you write sales copy, it's better to have 12 headlines than to have six headlines. And essentially, every title is a headline. All else fails, stick "how to" in front of every one of them.

So we need 12 subtitles. "Getting the macaw's attention." "How to get your macaw's attention." "How to make your macaw pay attention." Second subtitle. "How to talk macaw to your macaw." "The secret language of macaws," third title. We need 12 subtitles. If you know anything about your topic—hell, even if you don't; I'm making that up—so far, this shouldn't be too tough. When in doubt, what are the 12 things you get asked about what you know most often? What are the 12 things nobody knows, that they all want to know. There's your 12 subtitles.

We need seven topics or questions for each side. It takes the average person three minutes to give you a decent answer to a question. So if you want 21 minutes on a side, you need seven good questions. "Why don't macaws pay attention? How

smart really are macaws? How fast can macaw's learn? What if I have a really stupid macaw? How do you tell if your macaw is—what's the politically correct term—mentally disadvantaged?"

The actual recording. Are we going to go into a studio, spend a little money, do it under nice circumstances? Are we going to do it at home, quiet day, send the kids away, stick a mattress up against the wall facing the street, deaden the road noise, record the thing in our house, or are we going to do it on the phone?

So we've got six tapes. Maybe we're going to do six interviews. We're going to do it with two people who taught their macaws to talk and ride bicycles, with the veterinarian in Tupelo who's the world's leading expert in feathers falling out on macaws. So we'll interview people. Those are the three things you want to do. And you might want to be interviewed, because that's the fast, sloppy way to do the product. You don't need a script.

If you go into a studio, by the way, and you are not used to doing audio, write a script. It will be a hassle to try and do it without sounding like you're reading. But the other alternatives for nine out of ten people are pretty ugly. You wind up with an editing bill the size of the national debt, because you don't get it anywhere close to right and you wind up with 62 tapes. Somebody like Steve has to sit there and cut. It's done on computer now, but we used a razor blade.

So the cheap, dirty, really sloppy way is you know your thing. You know your deal. Seven questions. Get in the studio or across the table from somebody, if you're doing it at home. Spouse, staff person, hire a Ted-type guy, find a retired TV or radio guy in your town who's happy to make \$500. Sit there, have him interview you. Answer the questions. You're going to get a perfectly satisfactory product that way. You'll get into a rhythm. It will be like doing talk radio.

Multi-author roundtable discussions, like we did the Platinum tapes. That's fast, because you're not carrying the whole load. So you get three or four experts, you and three or four people that you're compatible but not competitive with. You get you and two or three of your successful users of what it is that you do. You get you and your

key staff person. You get three people you've trained who are masters. You get the best person on answering. Get them all around the table. Seven discussion topics. Boom. Set the topic, everybody says something. Next topic, everybody says something. Next topic, everybody says something. Product's done like this. You're not even carrying the whole load.

And if they have a market for it, you do a deal like we do with our Platinum members, where everybody gets the same rights to sell the product. Nobody pays anybody royalties. Everybody gets a set of masters. Not only did you get a product done in one day, but four other people got a product done in one day. Whole thing's over with. Split the bill four ways, it's hardly any money.

Then, you get somebody good to write the sales letter. But now you've got four of you splitting the cost of having a sales letter written, because everybody's going to use the same sales letter. And you can even afford to hire a really good pro to do your marketing materials.

If you can sell those unedited, that's best. So if you're going into a market and you're going to pitch the product raw, unedited, behind closed doors, eavesdrop on *it* exactly the way it happened.

But if you can sell it *as* unedited, that's best. Why? Because it actually is done *at the* end of the day. The Platinum tapes were done. Done. Started *at* 9:00 in the morning. At 4:00 in the afternoon, they're done. Steve took them, mastered them. Other than cut some time out, just condensed them. No editing. They're ready to go.

Other options, record a speech or a seminar. Get yourself in front of a group of people. If you have to, round up family, neighbors, dogs, chickens. Set up the microphone, do your deal.

Cut and paste old or other people's product. Let's say you're running a tape-amonth program. I've got like two years of Gold tapes stacked up. You know how easy it would be to go in and make a product, just cutting and pasting? Pick a topic. Because we kind of cover sort of the same ground.

So to do a product on, say, increasing customer value, how to double the value of your customers, I go back to all my Gold tapes, go through each one of them. We've already got them all transcribed, because the transcriptions are up on the website for the Gold members. I take all the transcriptions, I can go through and find every part of it that has to do with increasing customer value, mark them with a yellow highlighter, give those tapes to Tyra, say, "Make me a six-tape package about increasing customer value," zap, I've got me a product. Cut and paste.

Here's a product trick. This is really kind of interesting. There's a number of ways to skin this cat, but this is a pretty good example. I didn't make a slide of this, so I'm going to have to tell you about it.

On one hand, this is one of those things that can become a big diversion. And if you let it suck up too much attention or energy, it's not worth doing. But on the other hand, it's sometimes interesting to have free product and not to have any product development cost. That can be done.

Let me just give you this example, and then we'll talk about the strategy. This is Ben Gay. who publishes the Closers Newsletter, which some of you probably get, and has the rights to the original *The Closers* book. Which, by the way, if you don't, put it on your reading list, if you don't have the book titled *The Closers*. We have five copies. If you don't have the book *The Closers*, get the book. This is for salespeople. This is the best book on hard-sell closing ever written. This is in the trench. This is wrestle them to the ground, beat the crap out of them, get the check out of their pocket, leave them bleeding, exhausted, but happy. If you write copy, that's really what we're trying to do in print. It's just a phenomenal book to read.

Anyway, so Ben has the rights and prints quite a few of these, because he has a lot of sales organizations that buy 1,000, 2,000, 3,000 copies at a whack from him. So he goes through some serious volume. This is just a one-page piece. I'm going to read it to you, then you'll get the idea.

So keep in mind, his book is primarily distributed by sales organizations who give it to their guys, but it's also sold in bookstores, it's also sold by people like us who buy and resell it, in sizeable numbers.

"After years of saying no, we've finally decided to say yes to the most frequent request we receive. We're going to allow a limited number of high-quality advertisements within the bound-in pages of the Closers series of books. This includes upcoming printings of the three popular books already in print and the three new editions to the Closers series now in the works."

"Over the years, and as many of you have long suspected, the largest single source of sales we've had for our books and our cassette programs and our newsletters and our seminars and our consulting services has been the bound-in ads and order forms in each of the books we publish. Because the books in the Closers series are treasures and guarded by those who own them, they are the most stolen books in America. The books and the ads within them last for years. Not a day goes by that we don't get calls and orders from the books that are over 20 years old."

"Now, you and your company can become part of this powerful process. Assuming you have a good, solid offer that professional salespeople and/or sales organizations would be interested in, this is your chance to move into the big leagues by directly associating yourself with the Closers."

"There will be a maximum of five ads in each book. Ads within a given book will not be directly competitive with the others. First come, first served. Further, because the print runs of a given title can't be projected on a long-term basis, each ad will be included in every book printed of that title for a minimum of two years, whether we sell 25,000 or a million copies, the advertising rate remains the same." And then you call to place the ad.

So five guys, and he'll get them. I should have called and I haven't yet, but five guys, five companies are going to write him a check to appear in these books before he goes and prints the books, which means the books are going to probably be free. I don't know what he's going to charge. I didn't have a chance to call him. My guess would

be probably somewhere between \$5,000 and \$10,000. About what it would cost you to place a *full-page* magazine ad.

And by the way, if you have something and it's right for salespeople, it's a good deal, which is why I should have called him. But here's, what's more important is the idea. Forget that opportunity. Think about your product and who should be an advertiser in your product, which can take your product development cost and zero it out.

I have two products for the racing industry. I'm going to do one on gambling, but the other for prospective owners. It will be the second product. But when we do the prospective owners' product, I intend to have the whole thing paid for by advertisers. Same deal. You pay a flat fee and you're in until we sell X, whether it takes six months or it takes *forever*.

So there's many opportunities to do this. You probably have vendors in your business that you're dealing with now, who could. Easy thing, obviously, to figure out who everybody else is who's selling to your market and is not directly competitive with you. Joint ventures between each other. Great barter deal. I'll let you put a page in mine if you put a page in yours. Free lead generation.

Okay, I'll talk about books. Let's quickly do any product development questions before we talk about books. Ted, you've got a microphone. Start there, but then hustle all the way up to the front.

Attendee: Can you talk about copyright issues of photocopying articles out of magazines and stuff like that?

Dan: Yeah, but not now. We'll do legal later, toward the end, because it's dull, boring, and I'm going to do it when everybody's worn out.

Attendee: When you talk about advertisers of products and talk about technology, I've often thought that a lot of the technologies I like and talk about, those people ought to be advertising in my product. Any suggestion of how you go about contacting the right people, so that they'll get some understanding of I'm going to this market. I'm going to present this product, I could include your technology in it? What do you throw

at them for money?

Dan: Well, let's first of all talk about the process. You're selling advertising and you're now doing business-to-business marketing. So my first rule of business-to-business marketing is top-down, not bottom-up. And multi-channel rather than single-channel, which means if I'm in your position, I'm going to write to the CEO, I'm going to write to the vice president of sales, and I'm going to call and find out whether or not they've got somebody in charge of advertising and I'm going to write to them, too. And then I'm going to sell this the same way I sell anything else. I'm going to write a big, long-form sales letter about the most economical, greatest advertising opportunity that's ever occurred to them in a zillion years.

Now, let's talk price. Let's go find the three magazines that they advertise in now, and let's get their media kits and find out what they're paying for their ads. So Joe Spadotz's technology company that makes flibberty-gibbits that get installed in whatever the hell it is that you do, they're probably doing stupid advertising, too, on top of everything else. So they're probably doing ads with a big picture of a guy with a cell phone glued to his head and a dancing bear, and eight words of copy, and they're paying \$17,500 a month to run the ad in a magazine, times 12, is whatever that is, \$200-some odd thousand dollars a year. So 10% of that sounds pretty good to me. So I'm going to pitch them on \$20,000. If I can get ten of them, I've just brought in \$200,000. If I can get five, I've brought in \$100,000. Even if I have to negotiate and compromise and I get it down to half, by the time we're all done I've got \$50,000. And I was doing the product anyway.

Attendee: They make you advertise in something that goes to the general public or to a much wider circulation. But, of course, mine is going to be a better circulation.

Dan: Yeah. You're selling quality. Selling access. You're also selling implied endorsement if you're not going to give them direct endorsement.

By the way, if **you** do deal with big companies, it's always important to remember that they really quite capable of blowing huge sums of money on advertising and marketing. Ted and I were just talking before the deal. You don't mind, do you? This technology company in Japan just had new commercials produced, directed by Oliver Stone. The Hollywood A-team producing the commercials. What did you say, seven di ITerent shoot sites?

Attendee: 22 days of shooting in seven different countries, from China to Austria.

Dan: And what they got is a commercial to sell wireless communication. It's very clever. There's a picture of a kid with a yo-yo with no string. There's an image of a woman hanging clothes out in the backyard with no clothes line. What was the other deal?

Attendee: The Golden Gate Bridge.

Dan: The Golden Gate Bridge with no cables. And voiceover. We could have produced that thing for \$20,000. They spent \$3-million. We could have put that same commercial in the can for 520,000, and you could show them on two TVs, side by side in the back of the room, and you wouldn't be able to tell the difference.

Think about that. So that would leave \$2,980,000 to run the spot. Here's what's true about big companies. If they buy the idea, then the price is irrelevant. If they decide. "We want Oliver Stone," then it didn't matter what they quoted them. They could have charged them \$5-million. They would have spent it once they were committed to that. It's real important to remember when you go to big companies to get money. Okay, who has a mic?

Attendee: Quick question. Dan. What sort of deals are you doing when you're putting together your Gold tapes? Are you typically just swapping masters?

Dan: Oh. A) I'm not paying anybody, lest you have any doubt. B) In some cases. there's reciprocity in that pretty much if any of those asked me to do a tape, I'd be glad to do it, because it's promotion for me. If they want a master for their use, I give it to them. That's it. Joe's the same, by the way. If you look at Joe's list of his tape of the month,

it's not hard to get just about anybody you want. Any author, if they've got something to promote.

Let's say you're in the health category. You could keep yourself stocked with interviews from now until doomsday with Harrison's Radio and TV Interview Report. Because in any one given issue, there's probably 20 or 25 authors of how to cure cancer with carrot juice, that kind of thing. There's 20 or 25 alternative health people who are paying to run ads in there to get interviewed, and their phone number and their fax number is in there. Done deal.

Just call them up and explain the deal. "We don't do a radio show, but we do a tape." You can tell them the truth, lie, it doesn't make any difference. It goes to live people, goes to 50, it goes to 500.

One of the ways to handle that sort of thing is when we started Success Track, we were instantly the largest integrated seminar and publishing company exclusively serving the chiropractic and dental professions in North America. It's because we were the only seminar and publishing company exclusively serving the chiropractic and dental. So ours is the most widely circulated monthly audio cassette series on alternative health topics specifically for left-handed people who live in duplexes. The guy says, "Great, plug my book."

Because most authors don't have a lot of discretion, by the way, about what they do to promote their books. In business, Joe's done Michael Gerber from the E-Myth. He's got Harvey McKay coming up. They'll do it. You call them and they'll schedule it. Nobody's got to give them any money. Nobody's got to give them anything. So you can pretty much have anybody you want.

Attendee: What was Harrison's?

Dan: Radio and TV Interview Report. Did we give them one of each in the bags? No. Cheapskate. It's listed in the Million Dollar Rolodex, or Bill is back immediately between you and the coffee when we take our break, in a green polo shirt, just exactly like you. Anybody give him a card, he'll send you a copy free.

Attendee: Is there any tricks to getting some of these bigger names, like Michael Gerber. getting through the gatekeeper? Just call them up?

Dan: No. Gatekeeper's easy. "I'm calling to schedule an interview with Michael Gerber, where he can promote his book." Gerber has told his people, "If somebody calls who wants to interview me. and I get to promote my book, get me off the can." These are the instructions at the gatekeepers. Easy deal.

The had news is if you do a book, those will be the instructions you give your gatekeeper.

Attendee: On your Platinum tapes, what was the sequence you used to write the sales letter?

Dan: What a good question! First of all, often, we write all the sales material before we do anything with the product. Often, for clients even, there's just a general idea of what's going to happen, and I write the sales letter and virtually dictate now what's going to be in the product based on the bullet points and the stuff I describe in the sales letter. So often, it's in that order.

In the specific case of the Platinum tapes, it actually was in the opposite order. And since the most important thing is always bullet points, here's what happened. Since that's a spontaneously-recorded product and I didn't know what was going to be in it before we did it, other than X number of tapes, the general pitch was done. "You're going to get to eavesdrop behind closed doors." So like half the sales letter was done. Then we cut the tapes.

Then at the same time that I gave them to Steve to go cut them down to however many hours it is and get a set of masters, we sent a set of the raw tapes off to the transcriptionist, she transcribes the tapes, now I can go through and find my bullet points. Somebody said this. That's the little known secret of how to attract customers with 12 cent postcards. He said that. He said this. So I get my bullet points.

Now, I can make my whole list of bullet points for the sales letter, which you guys have.

We gave you the sample of it. And boom, the sales letter's done.

Attendee: As I recall, in the tapes, live, didn't you say things like, "Here's the part where we'll have to kill you."

Dan: Yeah, we knew ahead of time. Because again, I had written the general pitch. So the last tape in the program was going to be everybody's best strategy. That's called the "If we tell you this, we have to kill you" tape.

Attendee: How much lead time did all the attendees have to know about that? Was it right on the spot?

Dan: Well, they knew four or five months in advance. But if you think any of these guys did any preparation...

Dan: Let me tell you something. I might as well have told them the day we were going to do it. There were actually a couple. I'm trying to remember now. John Rubio and somebody else actually had made four or five notes on a yellow legal pad. But for the most part, it really was like just one more day of a Platinum meeting. You literally are eavesdropping on something quite approximate to a real meeting. Guys running off on tangents and having to be drug back. A little bit of blue locker-room conversation. It wasn't far from a meeting.

And to be fair. keep in mind, and we've got nine of them here, these aren't stiffs. These people are doing multi-millions of dollars a year in information product. Many of them with very low overhead, very high margins. Some of them have been at it a long time. These are very smart, astute marketers. They're probably learning the least at this seminar of anybody in the room, because they already know 98% of what I'm saying. Although just like me with the No B.S. can, it only takes one reminder for somebody to go make a lot of money. But we could have done three days, and they wouldn't have needed any notes.

You couldn't necessarily do that with a lesser group. If you're going to round up a couple of your best users, and you're going to stick a professor in from the local university, and you're going to stick in somebody who authored a book, you probably

want to force some preparation. But we could bring these guys up on a panel and you could ask them questions from now until the end of the seminar, and you'd be perfectly happy and I could go home. They're that good.

One or two more.

Attendee: I just want to check my thinking here, because I have been concerned about how I was going to do all this research, for example in credit unions that I work with, and get paid while I was doing it. My topic is technology in credit unions. So if I just do a regular series of interviews with technology companies that are selling to credit unions, and finding out their best stuff, they're doing my research for me. But then if I sell that as a product, a monthly interview on technology with credit unions, then I'm getting paid to do the research.

Dan: is George Colombo here, Carla? There you are. See George? Raise your hand here. You guys should talk on a break.

The other thing is, like for the product that you're going to do, create a very detailed survey and survey the prospective customers. Collect all the information from them. And then, they are also going to want to buy the results of the survey they participated in. So you make them make your product.

You've got two directions to go. You make your customers make your product and you make your vendors make your product. God knows, we don't want to work. Put that on your evil list. Books are evil, work is evil. One more.

Attendee: Is there a specific format as to the questions that you ask on an interview?

Dan: Well, there are better interviewers than I to both emulate and to ask that question of. The Gold interviews, I don't do any preparation at all. None. I know who I'm going to interview, and I'm going to throw them an opening softball question, and we're going to go from there. And pretty much, I'm asking questions that interest me and seeing what happens. I have no preconceived. I get on the phone and we talk. You can probably tell that.

But I'm just really trying to be a surrogate for you guys. In some of these topic areas, like Internet, one of the reasons I think I'm so useful to people is because I know less than any of you. So I'm not going to miss a base. I've got to start asking, "How do we turn this thing on?" I'm a pretty good guy to have asking questions.

Some people prepare and organize and outline and all of that. If it was somebody I knew nothing about, I'd go through their material and pick their subheads. Some people that are like professional interviewees, like authors who do it a lot, like a guy like Gerber. most of the people you find in radio. TV, Interview Report, if they've been coached well at all, they've got a list of questions that they give to the interviewer. 'They've done this work for you. I think you'll all agree, if you do radio interviews. 99% of the people who are going to interview you haven't looked at anything but two minutes before you got on the air, if that. They certainly haven't read your book. So you control it from your end.

All the radio interviews I did for *Now To Succeed In Business By Breaking All The Rules*, the best thing about that book from my standpoint in radio is one of the first few pages in there is a list of the 21 rules that are made to be broken. That's how they all ask the questions. That's the only page in the book they ever looked at. So they would go right down the list. "Well, tell me about rule number one, which is... Rule number two is such-and-so. What about that?' And we'd go down the list until we ran out of time. That was the interview, because these guys aren't going to do squat.

So most of these interviewees can literally supply you. Here's the chapter titles of their book, so here's your content page. That gives you some questions. Here's the question list they made up for the radio talk show host. You're set. I can do one more. Somebody have a mic? No. Okay.

Let's talk quickly about books for the published authors in the room. I don't know if you guys have seen this, also by the author. Out of print, naturally. Unadvertised, ignored and forgotten. Why did I bother? The book with the lousy cover. No one bought this one either. Author of five books.

Okay, 105. Should you author a book for trade publication? The more niched you are, the less important it is. And as a general rule of thumb, you publish for PR, you self-publish for profit. However, if you do trade publish, your ulterior motives are at least as important—and for most of us, more important—than the publishing deal itself and the advance or royalties, or both, that you are going to receive from the publishing deal.

So the last thing you should do is go do a trade publishing deal just to do a trade publishing deal and be an author of a book in a bookstore. You should have a whole ulterior motive strategy of how you are going to use that book as leverage. And at the same time, you need a strategy for how you are going to keep the book alive for longer than 90 days. Because I've lost track now of the number of books that are published each quarter, but it is some ungodly number. The only people that have got enough room for them all is Amazon. Everyplace else, they haven't got much shelf space. There's massive duplication in the industry. Pick a title. I don't care what you know. Pick whatever it is that you know. How to raise earth worms for fun and profit. There were 14 titles published last year by 14 different publishers, all about raising earth worms for fun and profit. There's such massive duplication.

So that book hits the bookstore shelf. And if it ain't selling, it's gone, because the next batch of books is coming in. Worse, by the way, your typical Barnes and Noble store's going to stock three copies of a title. When they sell them all, they may not reorder them. You'll be off the shelf for a week and a half while they reorder another three copies. Such is the business.

So you don't do it just to be a rich and famous author, because that doesn't happen very often. It happens. We've got one here. But it doesn't happen very often. So you need a strategy. You need ulterior motives.

The process, for the most part, if you decide to do this, you're going to want an agent unless you have direct contact. Otherwise, it's tough going in over the transom. There's different processes. I can tell you the process I've used twice to find two agents. I'm now about to replace the second one, so I'm about to do the process again to find the third one.

There are directories, just like there are directories of everything else. There's literary marketplace, there's literary agents directory. If you go to a bookstore or Amazon.com and go the writer's section, you're going to find three or four books of directories of agents. Most of them tell you who they are, what they want. But most importantly, they tell you eight or ten or 12 of the most recent deals they've done. Not the dollars, but the title of the book and the author that they sold.

So for the most part, if you write books about how to raise earth worms for fun and profit, you probably don't want an agent who mostly handles romantic fiction. And they probably don't want you. So you pick and choose, and you get 10 or 12 or 14 or 16 that kind of sound appealing to you. And if you're a first-time published author from their standpoint—of course, you may have sold \$15-million worth of our kind of product, but you're a first-time author from their standpoint—you're probably not going to get the agent who represents Tom Clancy. So you're going to start a little lower on the food chain.

So you pick the ones you're going to go to, and you put together a package and a decent cover letter. There are samples in all of these directories. And you send off your packages and you hope to god one or two of them call you. And then you talk to them and you find somebody you're simpatico with, and then you get to work.

In nine out of ten cases, you don't do a book. You do a book proposal. There's not much point in doing the book, because the idiot editors at the publishing company are going to change everything around and tell you what they want anyway. So having the book done in advance is a waste. You build a proposal, and there are formats for that.

Everything is negotiable. I was talking to, what's his name, at News USA the other day. Do you know Richard Smith, Bill? He got a copy which he's not supposed to have, of the latest two-book Ken Blanchard deal. He said there's like 112 different things negotiated in this contract, everything from size of the first print run to how long it can be before they remainder it, how much they have to spend to specific places they're going to advertise it. Of course, that's Ken Blanchard. You and I are not going to

negotiate a contract and get everything we want. But it's important to know everything is negotiable, if you've got a decent agent.

The first thing the publisher's going to do is give you what they call a standard contract. This is the equivalent of toilet paper, because there ain't no standard contract. So you've got to know what you want. Your ulterior motives govern what you do.

Let me quickly show you one of the most important things, I think.

If you're going to do a trade-published book, one of the reasons to do it is as a means of lead generation. From my standpoint, it's arguably the only sensible reason to do it. And so, that means you've got to use the thing to generate leads. It's got to do its job.

Let me show you pages. You don't have these. I'll just show them to you quickly, because there's only one thing you need to get out of the whole chunk of them. These are the pages from the galleys of the revised edition of *Ultimate Marketing Plan* that is going to press right now, which you probably all own. Here's a page. Here's where it is on this page. The previous page, we showed them, as a sample, the first s t page of the pitch letter for my newsletter. They didn't want to put the whole 16-page pitch in, but everything's negotiable.

So as a sample of how to do this particular type of sales letter, here's the first page from my sales letter for my newsletter, which has the bribe offer. You get free six audio tapes, blah, blah, blah. Somebody might say, "Hey, I'd like to have all of that stuff" The next page then says, "Since we only showed you the first page here, if you want to see the entire offer, you can go to my website at..." That's built right into the copy of the book, right into the text. "Or, you can fax a request to here." So that's two pages.

Then on page 30, here we do a little plug for Peter at the bottom of the book. We footnote Zig Ziglar, because I mentioned him, which lets me explain him, which lets me plug Peter. Or you can go to my website. It's got my website in again.

Then on page 57, we plug the other book, *The Ultimate Sales Letter*, and I explain that I

give out free critique coupons.

Then on page 91, talking about PR, we mention our friend Joe Sabba, but we don't give out Joe Sabba's information. "For information about Joe Sabba's manual and getting on radio talk shows, you can go to my website, DanKennedy.com." We'll send them on to Joe, but we'll use them.

Then on page 92, we mention Paul Hartunian, so we footnote Paul and we explain who he is. And if you want information about his stuff, where do you go? My website.

Then on page 99, we mention the other book again, the companion book to this one. By the way, publishers would never think of this. Cross-reference books? Nah. Revolutionary.

Page 138, Murray Raphael, we talk about Murray. Where do you go to get information about Murray? My website.

By the way, there's another good reason to do it this way. Obviously, you want the leads. But also, I get to send Murray every once in a while, "Here's somebody who wants your stuff." I get to send Joe every once in a while, "Here's somebody who wants your stuff." I get to send Hartunian every once in a while, "Here's somebody who wants your stuff. Law of reciprocity.

Now, when I call up Hartunian and say, "Hey, I've got something to promote. Will you put a plug in your newsletter for me," "Yeah, you bet." So I'm setting up and maintaining my network of people that I can use without having to spend any money to do it.

Then on page 170. This is all in the same book, keep in mind. Page 170, we talked about broadcast faxing, and we mentioned Cynet. For information about Cynet, where do you go to get that? My website.

Then on page 178, we plug the other book again, *The Ultimate Sales Leiter*.

Then on page 179, we have what the publisher thinks is the only commercial in the book, "How to get more information from the author." We give Michael's website for the

catalog. We give my website for the newsletter. We give my fax number

8-23and phone number. We plug the other book. We've got a special section set up on the website to correspond to the book, where you get updates to the book. We plug my copywriting services, and we plug the companion book.

Then, on page 227, they get a critique coupon. What do you have to do with a critique coupon, of course, is you have to send it to me. Oh yeah, on page 225, we tell them they're getting all these bonuses. Then we give them the critique coupon.

Then on page 226, we give them the free marketing challenge coupon, which also comes to me.

That's one book. That's the Ultimate Marketing Plan book. Adams is reissuing both of them. The Ultimate Sales Letter is just as loaded as the one I just showed you. with references to the other one and with all of this. What they wouldn't do, that I did get self-counseled to do. is take the first chapter of each book and put it at the end or the other book. Which, for some reason, the fiction guys get it. It's rare now, if you pick up a novel at the airport from somebody who does series of books, usually the first chapter of their next book is at the end of the current book. So you get interested, and now you want to buy the next book.

Non-fiction. they're not doing it. I don't know why. I explained it twice. I said, "We're doing both books at the same time. So we take the first chapter out of book A and we stick it at the back of book B. This causes people to want to go buy that book." They get this look on their face and they scratch, and nothing happens.

The other thing they wouldn't do with these books, which they should have done, at least I don't think they did it. I've fought this battle. I haven't seen the cover, so I don't know. I'm giving away \$450 worth of stuff. Free critique coupons. That should be in a big starburst on the cover of the book. "Inside, free coupons worth \$450 worth of consulting and coaching services," in a big, gold. We did that on the millions book. The How To Make Millions With Your Ideas book. There's a starburst on the front. You should have heard that debate. "You can't do that. It upsets the esthetic appearance of the cover. And then our artist will be unhappy." You fight this all the time.

The Millions book, if you go to the chapter where I'm talking about multi-level, network marketing, there's two stories in there; anecdotes. They both make the same point. They're not very long. They're a couple paragraphs each. One of them talks about New Vision and the guys at New Vision, Jason Braco, etc., and the other one talks about Todd Smith and Rexall.

The first galleys come back from the editor, and of course, she's crossed out the second story and marked "redundant: we don't need this story." She's right, they are redundant. But each one of these guys has about a half a million distributors.

I'm thinking they might want to buy a couple books. And they're more likely to buy them if we put them in the book and talk about them, than if we don't. The guy gets the book. Here's four paragraphs about what a wonderful guy he is, crediblized by somebody else, he might like to buy a book for the top 100 guys or the top 1,000 guys. Or maybe they'll publicize it, and we'll sell some books.

So when I write the book, I'm putting stuff in to sell books. That's my thinking. Let's try and do what we can do in the book to seed the book. So now, when the book comes out, I send a copy to everybody I've written about in the book saying, "Hey, you're on page 227. Take a look." I don't directly say, "And then you might want to buy some." But hopefully, there's some level of thinking happening.

So the editor is going to take half this stuff out. "No, it's in there to sell books." "Huh?" So that's what you've got to do. That's the purpose. That's the whole deal.

There's a couple of other references in there about books, which you can have. And now, we should move on to marketing models.

This will be beginning with page 110 of your manual. I would remind you that everything we're doing relates to the buyer chart you were given. So you can connect everything that we're talking about to its place in this chart, and we're still above the line not below the line.

This entire business revolves around two economic issues. One, the cost of leads. Two, the cost of sale. This entire business is math, which, by the way, is a huge

disappointment to me. I hate math. I'm no different than anybody else. Just about everybody that's good at this would much rather write copy than look at tracking data. I hate it. But this is where the money is. The people I know and the clients I've worked with who consistently are successful and make the most money in this business, you can't stump them with number questions. If I bring Rolleter up right now, he can tell me. What do you do, a mailing a week now?

Attendee: We do like one mailing a week.

Dan: Yeah. And you're mailing what kind of numbers?

Attendee: We're mailing out about 20,000 pieces per week.

Dan: He's a little slow in the summer, but they're mailing 20,000 pieces a week on the front-end, every week. It's a different campaign all the time, plus they've got all their backend offers. We'll talk about backend tomorrow. They've got a whole matrix of backend offers. I can't stump him on a number question. He's going to be able to tell me when the mailing went out, how many pieces, how many pieces went to each list, what the response is on the first day, the third day, the fifth day, what that's going to project out to the 21st day, how that compares to what they did in June last year. The guy knows his numbers.

My US Gold client stayed on TV for eight years. Everybody said it was impossible. It's because he monitored the numbers like there was no tomorrow. Couldn't stump him. "We were on KXYV in Tupelo last Tuesday night at 7:30. How did we do? Cost per lead was \$8.10. We've converted X percentage already. That projects out, based on the previous month's. We're going to convert Y percentage and we'll wind up with a cost per order of Y. That compares to what we did in Tupelo three months ago this way. That compares to what we did in Kansas City this way. We should be using Tupelo more, Kansas City less." Good numbers.

This business is math. And, the task is to make the math work. So like what I said to somebody yesterday about refund rates. In a sense, it doesn't matter what that number is. What matters is finding out what the number is and is going to be for some period

of time in your business, and then somehow adjusting the economics to allow for that refund rate. If it's 8.5%, it's 8.5%. "Now, how are we going to cover that? What are we going to do about it?" Not, "Oh, no! It's 8.5%r I think clients walk away from perfectly profitable businesses just because they obsess about number and are all hung up on the number.

We had a very successful TV show cancelled because the refund rate was X percentage. I said, "What difference does that make?" "It's 22%!" I said, "Yeah? So 88% of them are sticking. 78." This is why I don't win these numbers arguments. Fine, take 78. "So out of every 100 deals we sell, we got 78 customers. So first of all, what's the customer value going to be? So let's not worry about the 22 we ain't got. Let's just adjust the math. We raise the price. We raise the shipping and handling. We plug in a second upsell. We do whatever we've got to do, but you don't kill the promotion. It's delivering you 78 customers per 100. We

8-27

want hu)ers. That's the business. We've got get buyers. If we don't have buyers, we can't do anything else. So if we can only get 78 buyers out of every 100 that we sell to in this business, we fix the math and then we live with that number."

It's just important to know the number. It's not important to worry about what the number is or that your number is better or worse or different than that guy's number. Who cares? Numbers.

So cost of lead generation. Here's what's worth knowing about all of that. First of all, high cost, low cost, often it reflects the receptivity or the resistance of the market. So one thing it tells you is the cost per lead. For example, for John Rubio to get an attorney to raise his hand is higher than the cost per lead for Chris to get a chiropractor to raise his hand. That's because chiropractors are aggressive, progressive buyers of how-to-succeed information. They're like trained, motivated seals. Show them an offer, they jump up, flop around, and they do something. Show attorneys an offer and there's more resistance there. Is that bad or good?

At this point. God knows we don't know, because it could cost six times as much to get

a lead there as it does here, but the conversion rate and the long-term value of the customer could be so much higher here than there, that the bottom line economics, he's better off than this guy's better off. Or, in all probability, they all wind up the same. It just reflects something about the market.

Reachability of the market. I talked with one of the women here yesterday. Reachability is such a key factor. Obviously if they're easy to reach, your lead cost is probably going to be a lot lower than if they're hard to reach. If you're in a niche where there's four trade journals, your lead cost is probably going to be lower than in a niche where there's one trade journal, because you're going to be able to get a better ad rate where there's four competing for your business than where there's only one and there's no competition for your business. There, the guy running the trade journal says, "Here's my price. Take it or leave it." In the situation where there's four, the guy says, "Well, what's the other guy charging you?" So reachability.

You usually cannot secure enough volume from your lowest-cost sources. Here's how you can't play the game. Test ten things, find the two that give you the lowest-cost leads, and only do the two. You usually can't get enough volume doing that. You may be able to do it for a short period of time, but ultimately you're not going to be able to do that. You may be able to use eight of the ten. So you're going to have to average all that together, and that's going to give you the cost per lead.

If you take TV, like if you take the US Gold show, usually, if we bought real small market, local broadcast, our cost per lead was real low. Like I remember we ran Modesto, California. There's an independent television station in Modesto, California. At the time, we were buying a half an hour for \$300. Our cost per lead was like \$2 and some odd cents. The national average cost per lead was almost \$9, \$8 and change. The first thing the guy says, particularly this client, "Hell, let's just run Modesto. Let's just find a bunch of Modestos." Well, there ain't enough Modestos to do \$10-million a year in business. It can't happen. So you've got to average it together, and you come out at \$7 and some odd cents a lead, putting the bad ones and the good ones in. Now you've got to make your math work at \$7 a lead. You can't say, "I'm only going to do Modesto."

Same thing's true with magazines. The same thing's true with lists. If you test ten mailing lists, in most cases, you're going to find some that are stars, where the cost per lead is a lot lower than some of the others. But you're not going to be able to do the volume you need just with the ones giving you the best cost per lead.

So your math's got to allow you to do the spread. Always test, test, test, test, test, test. And, of course, you can mitigate paid lead cost with free leads generated through manual labor, publicity, joint bartered space, all of that. You can bring your average down. So some of the things that don't give you big volume but help to bring your average lead cost down are all worth doing.

Like let's take the Internet. A niche marketer. His website's response maybe for only 2% or 3% of his total gross. But his cost per lead from the Internet is like zero. So every one of those leads brings the average cost down significantly in his total mix. So it's worth doing even because the numbers aren't very big, but the impact on the total cost per lead is significant. Does that make sense to you?

Cost of sale, which by the way, keep in mind is the more important number. Cost per lead is an interesting number. Cost per lead is sometimes a predictive number. But cost per sale is really the only number that counts. And the lowest cost-per-lead producing media is not necessarily the lowest cost per sale producing media. The cost per sale is the only thing that counts. That, too, reflects receptivity or resistance of the marketplace. It often reflects whether or not they believe you—if you want creative issues—and whether they believe they can do it, whatever it is you're telling them they can do.

Those are two very different copy message issues, by the way. There's a lot of times when people do not respond. They believe everything you said, they just don't believe it applies to them. So you've convinced them you're telling the truth. They just don't see them in the picture.

Keep in mind that in many cases, and not just with unsophisticated or low-income people. I'm talking across the board, in many cases you are selling to people with

very low self-images. They're not confident about themselves. So you can convince them totally that whatever it is you say is true.

John brought me his ab-roller stuff, to try and do a hot seat. One of the obstacles in selling a fitness device, once you get them to believe that the thing works, "Yeah, it works. I believe Susanne keeps her stomach flat and she and Patrick Duffy are using that sucker every day. I got it." By the way, it's a perfectly good product. We own one. It's not a show I did. I'll give it a plug. I think it's a pretty good product.

So you buy it mentally. "Okay, I believe the thing works. I believe the technology is sound. I think Susanne's telling me the truth. I think the testimonials are real. But, I know I don't have enough discipline to use that sucker every day. I'm going to buy it, use it for four days, and stick it in the closet."

So they believed everything you said, they just don't have any belief in themselves. And if you don't fix that, you're not going to make the sale.

So there's two belief issues, not one, which are reflected in your cost per sale. Again, you usually can't secure enough volume from your lowest-cost means, which means you're going to have to average and then you're going to have to adjust your economics to support the average. Some things are going to give you very low cost per sale. Again, we throw the Internet in the mix. My cost per sale on a new subscriber from the Internet, \$5 maybe, if I take my monthly charges and everything. It's nothing. There just aren't too damned many of them. But the cost per order is real low. But over here, I may have a cost per order of 100% of the gross. It costs me \$149 to get a \$149 sell, which by the way, I'll do all day long. I've got to get my economics now to support whatever the average is. If I'm going to use ten different ways, I've got to get an average and I've got to be able to support it.

Also, you may trade margin for speed and growth. It's a strategic and deliberate choice, particularly for those of you in limited niches. Let's say there's 30,000 in your niche. Let's say a reasonable expectation over time, you're doing everything right, is that you're going to be able to get a third of them as customers. So you've got

10,000 prospective customers. Flow fast do you want them? Because you can buy speed. You buy speed with more marketing, with more elaborate marketing. You send two videos, not one. You send 48 pieces instead of 12. You put telemarketers on the phone. You up the ante of the offer. You shrink the margin by upping the ante. You throw in more coaching and do more manual labor. You can buy speed. Instead of running a full-page ad, you run a four-page ad every month in the trade journal. Instead of faxing twice a month, you fax every week, and rotate four faxes instead of two. You can buy the 10,000 customers fast, depending on what you're going to do below the line with your backend business, it may be worth trading away all the margin to have all the 10,000 customers in place this year, instead of trickling in over four years.

On the other hand, the faster you do that, the quicker the front-end business in the niche is in trouble. So you've got to decide. Do I want to trade away my margin in order to get a whole bunch of customers in place right now, or do I want to just be a gradual, creep little machine and crank along for four, five or six years without using up the front-end. What do I want to do?

You need to know what your maximum allowable CPO is. This is the number that drives all your decision-making backwards. A real simple question: how much will you spend to get a buyer? And until you know that number, you can't make good decisions about anything else.

So if I'm going to walk up to you on the break and I'm going to hand you a buyer who buys whatever your front-end offer is, how much will you pay me for the buyer? Will you give me 70% of your gross? Do you only want to give me 50% of your gross? Will you give me 100% of your gross? Will you give me 110% of your gross? Will you give me 150% of your gross?

In the early days of the cell phone business, to give away a free cell phone and sign them up for six months of service, the cell phone companies were giving direct marketers, like Guthy-Renker and others, \$500. "Give us a guy who signs up for six months of service and will take our free phone, we'll pay you \$500." It's like do an

actuarial in the insurance business and figuring out how long it's going to take somebody to die. They figure out how long people are going to stay on the deal, what they're going to spend, what a customer is worth to them, and then they figure out what they're willing to pay to get the customer.

Now, the more negative you go, the deeper a pocket game you're playing. But those games are played all of the time.

Attendee: I don't disagree at all with trading speed for cost of margin in order to create visibility, credibility, customer base, and so forth. My question is how on earth do you find an accountant that will support that type of philosophy? Apparently, other people have had the same experience.

Dan: I've got a great answer for you. Anybody that lets the accountants run the company is going to be in bankruptcy real quick. Bean-counters are supposed to go count beans. They are not supposed to make business decisions. If they could run companies, they wouldn't be accountants. They'd be running companies. And companies that let this happen, and some big companies do.

I did a lot of work with Weight Watchers. Their company, for the three years that I worked with them, the company was fundamentally run by the accountants. And they were making some very bad decisions. I'll give you a classic. Weight

8-33 Watchers, at the time, took one million inbound calls a year. They spent money to create every one of those calls. They had an inside, dedicated phone room, which is exactly what they should have. A whole bunch of people in cubicles. They didn't even have a computer terminal in every cubicle. Only had a computer terminal in every third or fourth cubicle. The rest of those people are working out of flip books. They've got script books in front of them, and Mary's calling in, and they're flipping to find the page to talk to Mary about what Mary wants to talk about. A million phone calls a year. The average cost to generate a call, \$20. And we're not going to go buy 100 PC's.

Give you a better story. Here's Weight Watchers number one marketing problem. A million telephone calls a year. Here's how the call goes. Mary calls and says, "Hi, I

saw your commercial. I talked to Barbara, who lost..." whatever she says. "I think I want to get in Weight Watchers." The guy looks on the computer where she is, or he asks her and then goes to the book and finds Cleveland. Can you believe this? And he says, "Let's see, the next three meetings coming up in Cleveland are a meeting in the basement of St. Barnabus' Church tonight at 7:00. There's a meeting at the high school on the east side tomorrow morning, and there's a meeting at the Weight Watcher's office tomorrow night. Which one would be better for you?" Mary says. "The one at St. Barnabus' Church." He says, "Great. Here's where St. Barnabus' Church is. it's at 7:00. Please arrive a little early. Feel free to bring a friend."

Now, there's a Weight Watchers instructor who's going to do that meeting in St. Barnabus' Church tonight. They have no mechanism to let her know who's supposed to be there. She has no mechanism to let them know who shows up and who doesn't. So the only follow-up on all these leads is every so often, they send them all the same brochure.

Mary, who was supposed to be at St. Barnabus' tonight and don't show, Mary doesn't get a letter or a call that says, "Mary, we're very concerned about you. You had enough interest in losing weight to call and make this appointment, and you didn't get there. It's very important you do. I want you to call me immediately, and we'll give you a free purple tote bag if you make the next meeting." There's no mechanism to do that.

I sat there and I said, "Look, guys, I know nothing about technology. But I can tell you this. Somehow, there's a way, with a laptop and a cell phone and a thing they call a modem, so that that woman who's running that meeting in St. Barnabus, at the end of the day, you guys can send her the list of everybody that's supposed to be there. And after the meeting, she can send it back to you with who showed up and who didn't." "Can't afford the laptops."

This is the same day we have Baton, Barton, Durston and Stupid in there, showing off the latest TV commercials they've done for them. Which, if you remember these TV commercials, they were the summer commercials from three years ago, they were TV

commercials with stick figures in them. Colored, drawn stick figures of two women going to the beach, laying in chaise lounges, and talking to each other. They spent a million dollars on these TV commercials, and I got two accountants in the room telling me they can't afford 1,000 laptops. That's what happens when you let accountants run the company.

So the answer to your question is lock them in a room and let them count beans. That's not to say you should make the decision to go negative. I've always been reluctant to do it, personally, and have only done it in small, little spurts. I've traded off. You make a trade-off when you don't do that. And you've really got to do it cautiously at first, until you know the numbers game you're playing.

But once you know it, generally speaking, you can't get a higher return on investment on your money putting it anywhere else, except putting it into this process in your own business, to acquire buyers. So you might as well take all the money you've got sitting in 401(k)'s and IRA's and CD's, and wherever else you've got it. paying you 6%, 7% and all that, and put it to work buying buyers from which you have a reliable factor of what they're going to be worth.

Attendee: A question on this maximum allowable. Do you then just stay positive in a new business until you get a sense for the lifetime customer value?

Dan: Yeah.

Attendee: I guess that's the tradeoff.

Dan: If you don't know what your customer value is, you either have to make assumptions based on comparable businesses and past experiences, and cautiously inch into the negative until you have enough experience to get a feel for what is the total customer. You've got two issues. What's your total customer value, or lifetime customer value. I've always used a five-year number, because I'm not sure I'm going to live longer than five years. My customers may, but I may check out. But you figure out what the long-term number is. And you probably also want to know what's the first-year customer value. Some people may only be willing to go negative for 12 months. They may only want to go negative for six of those 12 months, whatever. But

you've got to know this.

When I ask somebody, "What are you willing to pay for a customer," they look at me and go. "I don't know." We can't do anything. I can't decide what to do with them in direct mail.

Dan: Sure. Yeah. I was taught a lot of bad stuff by this early mentor. But one of the good things the mentor taught me was a bad check's better than no check at all.

I've got a guy, I spoke to him yesterday. He's a pest control company. He's about to spend a lot of dough with me to get a marketing campaign. I said, "What are you willing to pay to get a customer?" He said, "I don't know." I said, "Well, go figure that out before we get together. Because otherwise, it's going to be a long day of me sitting there asking you the same question and drinking coffee. \$5,000 is too much to spend to watch me drink coffee and ask you the same question every hour. Without the answer to this question, we can't do nothing. I've got to know the answer."

Attendee: I find the whole business of tracking the numbers really difficult. One of the most difficult parts of my business. Have you come across any really effective software programs for tracking and crunching the numbers?

Dan: No, and I'm not going to let anybody weigh in on it either, because we'll wind up in a discussion that will last for hours. If Jeff is still in the room, Jeff and I have endured considerable financial and emotional pain having these systems built. Do you want to weigh in on this? Take the mic if you do. Take it away from this guy. I mean, we have suffered mightily trying to solve this problem. There will be four or five people who will pop up immediately who will want to tell us they've got a software program that solves this problem. Everybody who has ever told me that has been full of shit. I expect nothing less in the future.

The people I see doing it well, including when Len was doing it US Gold, they're using a combination of patched-together, off-the-shelf software and manual labor. And if they're running a decent-sized business, they've got a bean-counter with a green eyeshade and a felt-tipped pen, and charts and graphs, sitting there doing it.

All the way to the other end of the extreme, though, at least you're trying. You'd be amazed how many people there are in this business, doing serious numbers, who you can stump with the first question.

Jeff and I have a client in common. We won't name him. But he has a big boot camp mailing out right now, and it's dropped long enough that we should know something. So he comes to me a week ago, and he says, "What do you think of this postcard? I've got to do a follow-up postcard to the boot camp mailing. Should I do this one or that one? What should I do? And should I up the offer?" I said, "How are we doing from the mailing?" "I don't know." "How many people we got in the boot camp?" "77." "Well, that's good, 77 times \$1,497." "But some of them are alumni, and they only pay \$400 when they come back." "Fine. How many of the 77 are alumni?" "I don't know, but let's go make a decision on what we're going to mail next."

Those numbers, you don't need a computer to know those numbers, 77 names. Put in "alumni." put a little red check after the ones that are alumni. Barbara can do that in three or four hours during the day. And by the end of the day, we can have a report. We don't even get that from some of these guys.

Attendee: The software all sucks.

Dan: Yeah. And on that note, is Alan here yet? Alan must not be feeling well this morning. One more.

Attendee: Your basic assumption, though, is a lead is a lead is a lead. Have you found any difference in leads from the Internet and leads from joint ventures?

Yeah, so any lead has value. That's why you monitor both cost per lead and cost per order, and ultimately you've got to evaluate backwards. Because, for example, a lead that comes out of a joint venture is likely to be infinitely superior in terms of conversion rate to a lead that comes by running a classified ad. A lead from classifieds, typically, is not as good as leads from display. A lead from the Internet, a lot of our experience is right now it's a great lead in terms of conversion percentages. It's just real hard to crank the volume up.

But the one thing you can't do is only operate with the leads that come from the best sources. Because there won't be enough of them. So you've got to take mediocre leads, and sometimes even bad leads, put them all into the mix, and come up with what your averages are and build your economics based on your averages.

I have a client where there's a couple of sources where his CPO, cost per order, on a \$5,000 sale is \$100, because the leads are that good. But if he just uses those leads, he's going to make ten sales a year.

So we've got a CPO over here, in another place, where the cost per order on a \$5,000 deal is \$2,000, but we can get all the leads we want. So how do you think we have to structure the economics of the business? Now, we'll still take those goodies and they'll bring the average down. And we're always hunting for someplace we can get some more of those goodies. But we've got to structure the numbers to live with the \$2,000.

Okay, single biggest expense is acquiring the customer. Therefore, it's where you've got to pay your most attention is managing that and making that work for you.

The factors that worsen the cost. Number one, longevity in a narrow market. So the longer you live in a small market, the more likely you are to start digging into the deep ground, into the sludge, and the more those costs are likely to go up. There's nothing much you can do about it, except playing for it and build your backend business.

The second thing that can affect you are knockoffs. Several people in this room have that experience. If you are visible and presumed to be successful for any length of time, somebody will decide, often it will be a customer of yours who bought your stuff, who will decide that it's a real smart idea for them to do what you're doing. And they will think, usually, it's a smart idea to do what you're doing, but do it cheaper. So they'll come into the marketplace, they'll copy your advertising *and* marketing. they'll drop the price, and you'll have yourself a competitor you created. In some cases, you'll have three, four, five of them. Sometimes all at once, sometimes over time.

The good news is most of them will disappear of their own volition if you're just patient. Because they'll only copy the easy stuff. So they'll come, they'll copy what they saw on the surface, they'll fail, they'll go away. They'll be a pest for a few months.

Every once in a while, though, somebody gets it and they figure out how to stay around. Then you either have to decide whether you're going to divert time, energy and financial resources to kill them off. which there are strategies you can use to do that, or whether you're going to figure out a way to cooperate with them and you guys can work together. or you're just going to ignore them, look at the impact on your numbers, and adjust your numbers.

Those are kind of your three choices. But a knockoff artist who stays around in your market will affect your CPO, because now you guys are divvying them up. You've got to decide whether you can go negative, whether you require front-end profits. All of that is extremely important.

Carla, we've got another chart. You have a chart back there that looks like this.

Maybe it's the last one. I'm not sure. I think It is the last one, actually. It's the second last one. Does that help you? You guys are getting charts.

Here's the bottom line. When you do lead generation, you've basically got three choices. You've got free. You've got qualifying, like the \$1 a tape ad I showed you last night. Or you've got to attempt to do self-liquidating, where you're trying to get enough money to cover your ad costs. You've got two sales structure models, which is what's in your chart. You can start with free or cheap and move them up, or you can start trying to sell the most expensive thing you've got and step them down. Those are the two basic sales structures that exist in our business.

One is not necessarily better than the other. There are arguments for both. And ultimately, the reason answer to you is test.

We have Platinum members that use both of these models. Ron LaGran, who essentially sells—he doesn't like it described this way—but essentially he sells get

rich in real estate information. Ron is a high-priced starting point, down. Now on TV, he's doing self-liquidating lead generation. He's selling a \$29 or \$39 item, but as soon as they buy that, they're on the phone with a telemarketer who's selling \$5,000 to \$20,000 package of boot camps.

So really, his first sale with a buyer is a \$5,000 item. And then if they won't buy that, they're stepped down to smaller and smaller increments until they buy something.

On the other hand. Rolleters, arguably selling somewhat to the same market, are almost always using the model on the left, starting low, moving up. Both can exist.

In niche markets, John Hartman, in photography, starts with the high-end product and steps down when he can't sell the high-end product. Most of the other niche marketers start at the bottom and work up.

There's preference issues. For example, if you sell a boot camp first, like John Hartman does, if you start there and you sell the new buyer into the \$5,000 boot camp. then doing the boot camp is an entirely different experience than when everybody in the boot camp has started and moved up a ladder, giving you increasing sums of money a repetitive number of times, thereby becoming married to you. They're already a satisfied customer. They're thrilled to be there at the feet of the master. There's no selling involved to make them happy. They're happy because they're there.

If you sell it first. you've got a room full of people who don't know you from Adam's house cat. And many of them are coming with resistance, skepticism, fear, etc.

When you're selling people who you've moved up a ladder into a high-priced event or a high-priced product, it doesn't matter, coaching program, whatever, you can make incredible guarantees because you know 99% of them won't sting you. So you can do double your money back, you can do "We'll give you your money back, plus we'll pay all your airfare." "You can have all your money back, plus we'll buy you a plane." They're not going to sting you. But you don't want to do that with a room full of

strangers. So it begins to place restrictions on what you can do. It doesn't make it bad or good, it just makes it different.

If you look at your sample book, I'll show you some samples. Have we done one-step? Wait a minute. We may already have done this. Forget that. Don't do that. Don't go there. We already looked at these. We already looked at one-step stuff.

But those are your choices. One little kind of tricky thing, I talked about it a little yesterday, page 113 in your manual, importance of what you call this thing. Marketing issue. It will have an impact on cost per lead, cost per sale. Choices: there are sort of neutral names, that really don't have an impact. There's names specifically matched to the market, which are the best, where you are creating your entity. Like I told you about yesterday, Medical Financial Management Association.

**INFO-RICHES SEMINAR 2000
HIGHLIGHTS PACKAGE**

AUDIO CD TRANSCRIPTS

CD #9

This idea ain't new.

There's a book by Lyman Wood. Some of you have it, because we got some for people at one time. I don't know what I've done with it. I think this is out of print. I'm not sure. I'm going to give you contact information, in case these guys still exist and you can still get it, because you really ought to get it, if you can get it. But these are people you've got to beg to give money to. It's P.O. Box 118 in Charlotte, Vermont 05445. The book is *What A Way To Live And Make A Living*, by Lyman Wood.

Lyman's an old-timer. I think by now he's probably dead. Lyman's an old-timer from direct response. And like a lot of people who find their way into our business, he has an advertising background. It's certainly not required. But he does, I do, Dick Sutfon came from an ad agency. Lyman came from J. Walter Thompson. And interestingly, what he says he learned from J. Walter Thompson was how to track. He went into the ad agency thinking he was going to learn advertising, and he learned how to do math. That's what he learned.

But Lyman invented a business. Their first business was selling lucky rabbits feet in the National Inquirer. This is like in the 1930's. They were very successful. But unfortunately, the Federal Trade Commission and the United States Postal Inspector showed up one day and said, "You can't make these claims for rabbits feet." So they were out of business.

But Lyman's a very clever fellow. They sold these rabbits' feet. They sold lucky rabbits' feet. Everything's in the book. They sold rabbits' feet with a little collection book of prayers. So if you needed a financial miracle, you wore your little rabbits foot and you read this prayer. If you needed a health miracle, etc. They had been getting a lot of mail from people, unsolicited testimonials, as much about using the prayers as using the rabbits' feet. So when the feds put him out of business with the rabbit foot deal. Lyman said, "Let's just switch the offer, because they can't tell us we can't sell prayers." That's a second amendment issue.

See, the good thing about religion is you can make any claims you want, including eternal afterlife. Pretty good claim. And you can make all those claims with no proof, because there ain't no bureau of claims for religion.

So Lyman said, "We'll sell the prayers, we'll give the rabbits' feet as bonuses," which by the way, is a little trick we still use today. Take the bonus, make it the product. Take the product, make it the bonus. You've got yourself a new offer. I did it as recently as last year for Linda Miles and Greg Stanley, and Travis McFee. Take the bonuses, make the bonuses the main offer, make the offer the bonus. Lyman Wood did it in 1931.

So Lyman invented the Laboratory of Religious Research and created themselves a whole bunch of prayers. So you could order prayers by the purpose for which you needed prayer, and you got the rabbits foot free. He told the United States Postal Inspectors to go jam it.

After they were put out of business, they knew they were out of business. They also knew they didn't want to be out of the mail order business. Their assets were impressive. Number one, their own talent plus the knowledge of the mail order business they had learned by selling rabbits' feet. Number two, a small trained staff. Number three, enough money to launch a new business. Number four, a supply of rabbits' feet. Number five, a box of prayers. Lyman said, "Why don't we forget the rabbit's foot and sell the prayers? Religious freedom is guaranteed."

These guys built a business out of the name The Laboratory of Religious Research, and

they became members of the Life Study Fellowship. This led to Faith Magazine, which was the publication that went to all of the members, which really was a little newsletter. The personal analysis form questionnaire—we're using questionnaires today—that they filled out so that they could send them the right prayers and keep them on the right lists.

They got wrote up. This is an article from Time Magazine. An article about these guys, "Postal Parsons." Wait until you hear the numbers. The third year, the membership reached 450,000. This is eight people running this thing out of a barn in Vermont.

Now, I'll tell you who Lyman Wood is. He went on to invent the Troy-Bilt Business. You've all seen the ads in USA Today that sell the tiller. This guy. If he had run this business under any of these other names, Lyman Wood Enterprises, Valley of Vermont Publishing, he wouldn't have a business. He's got a business because of the identity he created for the business. This is not an unimportant issue. This is a very important issue. It's part of your message. Get the book, by the way. Fascinating. If you can get it. If not, used book store. Maybe it's on Amazon. I never go look.

Had we continued with Michael's project, which because we can sell it but the insurance companies can't underwrite and deliver the insurance, so there's problems when you don't control the product, we would have had The Chiropractic Financial Management Association, The Podiatric Financial Management Association, The Veterinarians Financial Management, The Private Pilots Financial Management Association. The Left-Handed Private Pilots Financial Management. The tighter you make it, its all part of your message. So this is a pretty important little issue.

Talk to you about some people you should study.

A guy by the name of Dean F. Duvall. Dean's old original ads, if you're an opportunity magazine fan, look like this. Dean, with dark glasses on, which you should never wear in an ad. leaning over his Rolls Royce. That was a control ad for years. and its a very basic opportunity ad. Basic in the sense that it's all the stuff we still do. It tells you what its not, rather than tells you what it is. If you compare it to

any of the ads we had last night, the opportunity ads are all the same.

Dean's a very weird fellow, but that's neither here nor there. He's been at this game a long time. I answered a Dean F. Duvall ad when I was 16 and got this book. Still got it. I don't remember what it cost me. I don't know, \$30, \$50. The title is "Grab Your Share Of The Wealth," but it's a comprehensive course on newsletter publishing. If you find one of these, find yourself one. But I'm going to give you the gist of what I learned.

Ifers is the key word. The whole book, why this business is all numbers, for every \$45 subscription, I sell. I sell an additional product of another \$135. I said, "Got it." You've got to know that number.

Attendee: Could you repeat that, please?

Dan: Keep in mind all of these numbers will have changed and they'll be his numbers only. For every \$45 subscription I sell, I will sell an additional product, another \$135. I said, "Aha!". If you had \$45 and \$135 together, and you take out your product cost, you now know what you can pay to get a customer. One dollar less than that number and you'll make a buck a customer. Got it. That's the whole business. You've got the whole darned business.

There's a whole bunch of stuff here about continuity and how you do renewals, and he's very good at all that. The other reason to study Dean, let me tell you about the Dean F. Duvall marketing model. I'm going to tell you some models you might not necessarily want to use exactly as they're described to you. You may want to only use part of them. By the way, he explains this in a course you have to pay \$5,000 for, so you're getting \$5,000 right here. Bought that. I spent the \$5,000. You don't have to. Dean's entire premise in life is not to pay for a lead. He decided he wanted to keep all \$180 of that money. "I'm not going to pay to get a customer." He'd do this chart, and on the top part of the chart, above buyer, just write "free." No boxes. No list.

Here's Dean's deal. It's been his deal off and on for 30 years. It has an unsavory aspect to it, but think it all the way through before you react negatively. Dean's deal is—and

Melvin Powers basically copied it in his own way—Dean's deal is, "I'm going to get a slew of people who want to be in mail order. Because everybody on the planet wants to be a mailer," which by the way is an evergreen topic. Everybody wants to do it. "I'm going to get a slew of people, and I'm going to make it brain-dead simple for them to be in mail order."

"Here's what I know is a reality. 90% of them are either not going to do anything, or they're going to do a little once. And almost whether they do well or don't do well, they're going to quit, because that's the way people are. Human nature." Doesn't matter. That's why everybody that was on a Weight Watcher's program puts the weight back on. Even though the thing worked, they stopped doing it. Everybody stops, even what works. That's why it's impossible to teach anybody anything permanently. Even though they get it, they stop doing it.

So he said. "Most of them are going to do something a little, and then they're going to go away. A bunch of them are going to do it in a way that they lose money doing it. But as long as they all deliver customers to me, they'll be multiplying, and I'll get customers for free."

So Dean's whole model was this. He would create products, he would create ads, marketing materials for them, usually direct mail pieces. And he would provide that direct mail piece to anybody who wanted it, as a distributor, with a little code number on it. All the orders came to Dean. So Joe Distributor could take them flyers and distribute them any way he wanted to distribute them. He could rent lists and mail them. They would rent lists to him to mail. He could stuff them in bags, he could drop them out of an airplane, he could do anything they wanted to with them. All the orders came to Dean. Once a month, Dean would write out a check to everybody, give them 80% of the money, 20% product cost, he's at break-even, he got himself another customer name. This is the caveman version of today's affiliate programs from the Net. That's what this is. These guys think they invented something on the Internet. Dean's doing this with rocks and crayons.

So here's what happens, as a practical matter. A few people are pros who use that. Like we used them as package inserts. We sold Dean's stuff for years. Why wouldn't you? Nothing wrong with product, by the way. The product's good. We get the flyer, he assigned us a code number, we stuffed them in every box we shipped. It doesn't cost anything to do that. Get a check once a month; \$300 one month, \$800 the next, \$500 the next. I'm big on that. Add up a lot of those little checks. It all adds up to big checks.

But most of his guys are not pros, so as a practical matter, what would happen is Bill Schwartz would decide, "Hey, I want to be in mail order." So he would get 5,000 of these flyers printed, which you could buy from Dean's brother's printing company.

You didn't have to, but you could. And he'd get 5,000 of these flyers printed with his code number. The real little guys would get 500 of them, blank, and write their code number in. A lot of that. But if you got 10,000 of them doing it, and they each send out 500 flyers, and even if they use bad lists and they 1/30% response, so they lose money, you've got two customers and you paid nothing to get them. If you get 10,000 people to do that this month, you've got 20,000 customers and paid nothing to get them. That's the Dean F. Duvall model.

Do you know what he was doing gross? Big year? Do you know what his gross was in a big year? I was up there once and they had 100-some odd employees running around stuffing and shipping. So I don't know. Millions of dollars, probably.

Attendee: Are you talking about Schwartz?

Dan: No, Duvall. He's still in business. He retires, then he gets bored. Then he comes back out and he does the whole thing all over again. He's been doing that for as long as I've known him. You see him disappear, and then about a year later he's back.

Latest deal he's back with is the Internet, because everybody is seduced by and fascinated with. So he's in the Internet business. He ain't shy, by the way. This is a current direct mail piece for his Cyber Cash Generator Program, which you can buy with a certified check for \$10,000. He ain't shy. Listen to part of the pitch. I'll tell you, all

he's doing is doing his model all over again, and he's charging them \$10,000 to play. "You do not need a website of your own. You never need to place ads. You don't need to mess with charge cards or cashing checks or processing money. You don't need to buy a dealership. You don't need any employees. You

9-7 don't need to stock any product." It doesn't say this, but you don't need a brain. "You need absolutely nothing, except to give me \$10,000."

I know the program, but I'm going to tell what the program is. He's going to give them a clone website, he's going to set it up for them. He's going to assign a code number. And everything that comes through that website, he's going to pay them on and he's going to give them six million ways to go out there and promote the website and drive traffic to the website. And nine out of ten of them are never going to make any money, and most of them are going to quit within 90 days. But they're all going to drive a few people in, and he's going to get them all. And they're all going to multiply.

This is not revolutionary, by the way. This is how the multi-level industry works. This is on paper. Everybody quits, but they all get three before they quit, so they multiply themselves. And as long as you can keep them multiplying, it's like him rabbit breeding. Every rabbit eventually dies. But before they die, they make more rabbits. Its the same deal.

Earth worms. It's the earth worm business. Earth worms make more earth worms, and then they drop dead. But as long as each earth worm makes three before he dies, and the three make three before they die, you're okay. It's if you ever have flu go through all of them.

I had 500 guinea pigs one time. It's the same deal. It's exactly the same deal if you breed the guinea pigs. They die, but they make more guinea pigs before they die. The problem is if one of them gets the flu, then they all die. Now you've got to start over. Plus you've got to dig holes and bury them.

But otherwise, it's a good deal, by the way. The pet shops bought the guinea pigs. It was a good deal, until they got the flu. All dead.

But in this case, they all don't die. They die in a systematic, consistent, reliable pattern. You know the numbers. They die, but they made three. They die but they made three. That's the model. You may not want to copy the model exactly, but think about the premise of the model. The premise of the model is there's a whole lot of people, first of all, like we were, who have customers who are real, who ship boxes, who send out newsletters, who communicate with their customers, who are reliant on their backend and are constantly looking for something else to sell. But it's got to be brain-dead, because we're all busy selling our own stuff.

So if somebody comes to me or any one of the Platinum guys in the room, go to Jim Fleck and say, "I've got this great product. It's perfect for your list and you should offer it to your list, and you can keep 80% of the money," he's going to say, "Fine. Where's the sales letter?" "I don't have a sales letter." "Well, do we have to ship it?" "Yeah." "Well, I don't do that."

But if you go to Jim and say, "Here's the deal. I've got this great product, I've got a tested sales letter. You can copy the sales letter exactly the way it is. I wrote the lift note exactly as it should appear from you. We'll ship all the product for you. The orders can come to you. Or, if you want, the orders to come to us. We'll code the form. The orders will come to us, we'll cut you a check. The whole thing's brain-dead simple, stupid, no work required on your part, no thought, no energy, no nothing. All you've got to do is run copies of this thing and stick it in your boxes or stick it in your next newsletter." You know what Fleck's going to say? "Great, give it to me." And so is everybody else.

Now, a whole lot of them aren't going to generate much. That's a premise. But if you've got a whole lot of them, and this one gets you ten customers, and this one gets you 12, and this one gets you 20, and this one gets you 30, and this one gets you 50, at the end of the year you've got a whole bunch of customers. That's the model. So you can play it with pros or you can play it with amateurs. It doesn't make any difference. The model

works, and it's been replicated, copied, over and over and over again. That's the Dean F. Duvall model.

Melvin Powers learned it from Dean. So a big part of Melvin's business, Melvin sells books. We talked about Melvin Powers yesterday. Psycho-cybernetics, Think and Grow Rich. Melvin's got a whole category in his book business of horse-lovers books. f le's very big in gambling books and very big in personal development, self-improvement, that kind of stuff Melvin's got a book catalog he reprints it every so often. Anybody who wants to—you can, if you want to, by the way can get them catalogs from Melvin. And you get 50% from any book you sell. They'll ship it for you. In fact. they'd prefer to ship it for you. And all you've got to do is send the order in with 50% and they'll ship the books, and you can use their catalog. It's all produced for you. Brain-dead.

We used Melvin's catalog for years. Put them in boxes. Orders came in, kept half the money. sent them to Melvin. end of story. Melvin's getting customers.

Now, some people might only send him three customers a month. Some might send him 30. Some might send him three or four and quit. But if Melvin gets thousands and thousands and thousands of people to do that, even the ones who quit occasionally buy a book. They have customer value, even when they have no dealer value.

So all the classified ads that Melvin Powers runs, which he's run for years and years and years, and you'll be hard-pressed to go to the newsstand and buy any ten magazines you want, open them up, one out of ten you're going to find Melvin Powers' classified ad in the back. "Mail Order Millionaire" is the start of the ad. I don't remember the rest of it.

so what he does is he sells them his books and he sells them his little mail order course. But the main thing he sells them is, "You should be getting my catalog, imprinting it with *your information*, and selling my books." So he *turns thousands* of these people. Some of them sell a lot. We probably moved a fair amount of books for Melvin over the years. But a bunch of them only sell a little. But the main thing

is they all deliver customers at no cost.

Now in Dean's case, it's the whole business. In Melvin's case, it's half the business. If this is only part of your marketing matrix, it's still a way to bring the average cost per lead down, so you can afford to function in other environments where your cost per lead is high.

Next model. Let me go through this list real quick first. Who else should you study? Joe Carbo, you should study. If you don't own Carbo's Lazy Man's Way To Riches book, you can find maybe the original, like John's got, laying around in a used bookstore somewhere. The new version, I'm pretty sure, you can order from Amazon. So go to Amazon, look up Carbo, and get La.", Man's Way To Riches.

Attendee: A guy named Dick Nixon.

Dan: Yeah. Richard Nixon, obviously. His name is Richard G. Nixon, and he redid it. His stuff is worthless, what he wrapped around it, but he pretty much left the original book alone. And the ad's there. If you don't have the Carbo ad, you've got to have the ad in your swipe file.

Ted Nicholas. If you do business stuff, Ted's sold \$200-million worth of books, direct, business-type stuff. I showed you some of his ads last night. Now, if you sell consumer stuff, you've got to be careful about paying attention to Ted. But if you sell business stuff, you want to pay real close attention to Ted. A good solid copywriter, good solid marketing models. He makes media work I could never make work. Made card deck work as one-step sales. You want to pay attention to Ted.

Dick Sutton. How many of you recognize that name? Self-hypnosis. Dick's alright. We used to produce his tapes. I'm pretty sure it's still Valley of the Sun Publishing. I haven't talked to Dick in a while. They're in Malibu, California. He's got his kids running the company, I think. You should get on their mailing list. You'll find their ads in the new age publications. Most of the stuff they sell is metaphysical in its bent.

Dick wrote the book Past Lives. Future Loves, which our joke was in his case it should have been titled Past Lives. Present Loves. Future Alimony. Dick's seminar

business, put 300 people in a room and pass life regression all at one time. They're all flopping on the floor and talking about Atlantis. So he's a past lives metaphysical guru. But what he really is, is an ad guy.

Dick came out of the advertising business, just like Lyman Wood came out of the advertising business. He found himself a market, he created a shtick, he created a stage personality. And most of all, he knows how to write good copy, which is why you should pay attention to him. He knows how to sell through catalogs. He writes great catalog copy for his products. So you want to be on his mailing list. He's very, very good at keeping his customer longevity time very long. Their frequency of purchase is very good. And Dick has made an enormous amount of money in this business.

I Harvey Brody. Some of you just found the Harvey Brody course. I'm so pleased. Harvey is one of the most interesting guys in this business. I don't think Harvey's doing anything any more. Do you remember the title of this thing? The Harvey Brody course? Do you remember the title? I can't remember the title. If you get a chance to find an old Harvey Brody course, buy it. What did you spend, \$200 or something? Get it if you can find it.

One of the most interesting things about Harvey, his mail pieces. Anytime somebody tells you the print's too small, and nobody will read that small print. I used to keep one around just for this purpose, I don't know how I lost it. You want a Harvey Brody mail piece. Let me describe a Harvey Brody mail piece to you.

It's usually a little booklet about this big. It's printed on newspaper paper, newsprint, 50, 60, 40, 100 pages, four-point type, orange type on blue-screened background and blue type on orange-screened backgrounds. Harvey wasn't content with just type on the page. He hated margins. So the type wrapped. The last line of the type often wrapped up the right side in the margin, continued upside down across the top, and back down the other side. Sometimes you had to pry the staple out to

in blue ink. I'm not kidding you. Everybody who looks at it says, "This guy is a lunatic." Harvey was sitting in La Mesa, California, happily mailing out hundreds of

thousands of these little booklets. I think the course originally was \$2,000 if I'm not mistaken. It's just a set of paperbound books. It's nothing. \$10 in product cost, maybe. And shipping these things like there's no tomorrow.

What I learned from Harvey, by the way, I'll talk to you about tomorrow, which has everything to do with what Harvey taught as toll position. Very important. Harvey's marketing materials are worth studying, if you can find them.

Marty Eddleston at Boardroom Reports. Boardroom Reports, Bottom Line, Bottom Line Personal, Bottom Line Health, Bottom Line Business, they play the continuity business the big-game way. Best copywriters in the country. Best bullet-point copywriters anywhere on the planet. The most testing, biggest commitment to testing of anybody I know. Got to pay attention to their stuff. Got to be on all their mailing lists. Rodale, same category. Got to be on all their lists. Subscribe to all their newsletters. Stay in the game.

You probably should put Agora there, too. You should probably be on Agora's list.

George Hailings. Tried to buy all the rights to George's stuff eight, nine, ten years ago. Couldn't get a deal done. But George Hailings, if you can find his book, which ain't easy. It's called *A Lifetime of homework*. His name is George Hailings. George started in this business in 1928. When the depression hit, he was running classified ads and selling information products which he made on a manual typewriter, living in a tent.

Keep in mind, these guys were playing the game. I tailings, Wood, Carbo, early on.

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credit cards. You couldn't place a credit card order on the phone. Sugarman was the first guy to have that happen. You couldn't get an impulse buy. Somebody had to actually go make out a check, get a money order at the bank, put it in an envelope, put a stamp on it, and take it to the post office to buy something. They had to tote it, not talk themselves out of it, not forget about it, not leave it in a car. There were no fax machines, no Internet, no e-mail, no recorded messages. And they figured out how to

make money.

So if you study what they did, and then add all the great tools and equipment we have today, you're a big winner. Here's a Hailings lesson for you. George lived off curiosity marketing. George discovered there was magic in the word "unusual." His favorite word. What George sold were compilation products. Just did a little research, found little stories from newspapers across the country, magazines, and would compile little booklets of 1001 unusual ways farmers make money at home, 812 unusual money-making projects for families, 462 unusual ways to turn trash into cash. I just gave you George's product deal. Everything started with "unusual." There would be these little descriptions of weird things. "Mary takes tin cans and turns them into pigeons, and people buy pigeons to put on sticks to scare away vultures." And that would be item 103, and then item 104. This was George's business. Huge, huge business. Big mailing list. Very successful guy.

if you can find *Lifetime of Homework*, it give you a bunch of his sample ads. His ads are perfectly recyclable today. Contemporary people now. If you want to sell top down, if you want to sell big-ticket item first, John Hartman, a guy in photography, Ron LaGran, all these guys are in the Million Dollar Rolodex, by the way, if you want to play prospect and get their stuff.

Of my Platinum members, Craig Forte is probably doing the best job of anybody with every aspect of his business, and he is in all the real estate trade publications. Mark Nolen, if you don't get his newsletter, you should. Mark's speaking at the Super Conference this year again. Mark is sort of living off the Haylings gig. Mark's doing "Weird and Unusual Ways To Make Money," unusual opportunities, and doing very, very well. And Joe Polish does a super job with his marketing, a terrible job with managing his business. So you study him for marketing. Don't study him for management. Joe's in carpet cleaning.

Brings us to Jeff. Jeff, do you want to come up? Let's go through the basic niche market model, going back to when you first did it. Early mistakes you figured out, and ultimately what you wound up at. This is duplicable in every single niche.

Jeff: The first thing I discovered was that the affinity issue is real important. Whether you have it or you can create the perception of affinity is really, really critical. The first few attempts I made at doing this marketing stuff, before I even met Dan, the old stuff is in the JP-DK course, the attempts were terrible in comparison. But the only thing that mattered was I had found a very common thread of severe and agonizing pain that these people were going through, which was cold prospecting in the case of these financial planners.

My first ad said something like. "Could you use a constant stream of new clients? \$250,000 financial planner tells you how to never make a cold-call again," or something like that.

Dan: Let me back you up a second, so you know. Jeff was a certified financial planner. He was very good at getting clients in the door. He hated being in practice.

Jeff: Yes. Can't stand clients. Financial clients.

Dan: Who's kidding who? Every business would be better if it weren't for the darned customers. He's a financial planner, very successful at bringing bodies in the door, doesn't want to be in practice, and has identified what all certified financial planners hate, which is figuring out how to get a client.

Jeff: Right. It's the worst job. They can't do it. So I identified this pain. I wasn't sure what I was doing. My wife originally told me all these things were things I shouldn't do, because they were too over-the-top. I went on, in this very bad sales letter—they got a three-pager after they responded to the ad—that talked about the misery and the nausea, the diarrhea before making phone calls, and really disgusting stuff. But I felt like I had to really penetrate deep into their subconscious and their heart to make any progress or success with this.

Another issue here is I was selling a book, which was a binder with 49 photocopied pages with holes punched in them, that we did one at a time on a really old, crappy copy machine, and was charging \$400 for. That was the product.

Now, up until that time, I had never seen a book that sold for \$400, let alone a binder like this. People wondered how I came up with the \$400 price point, and I just figured that's what I had to sell it for to have a chance of making this thing work.

Dan: You mean you didn't run a scientific price-predictor analysis?

Jeff: I hired three advertising agencies? My price predictor model was I need \$400. And, of course, everybody told me, "You can't get \$400 for a book. It's not going to sell. It's too cheap, it's too crappy." I said, "Whatever." So I ran the ad, sent out the sales letter to the first few respondents. People called up. The first guy said, "I want to order your kit." And, of course, I didn't have a kit. I had an idea. By the way, we don't do dry testing, we do moist testing. Dry testing is illegal from my understanding, so you never want to do that.

I quickly made this thing up, we sent it out to a few people. I couldn't take credit cards. At this time, I was living in my sister-in-law's basement. It's a whole boring story I won't go through. The phone I was using was whatever phone I could have access to. I had a code I could call into a line to get messages. We had to send everything out COD with the US Post Office, because there was no other way for me. I didn't want to take a chance on them mailing me a check, because I knew that wouldn't happen. So we sent them out COD and they'd have to give the postman a cashier's check for \$399 or whatever it was.

Everybody told me this wouldn't work. And, of course, it did work to a certain degree. One big problem we had was a refund problem before I met Dan, because we were getting a 58% refund rate. The thing I was selling was, "How to do telemarketing to get clients." It actually worked, but it also meant they had to do some work, which was a huge error in judgment on my part in the beginning, so we were getting half of them back. That's why I came to Dan's first Super Conference.

I talked to Dan and Rodney, and they gave me some ideas. I switched some stuff around. He said, "You know more than one way to get a client, don't you?" And I said, "Yeah. I know a zillion ways to get clients." So he suggested, "Why don't you

make the course all the ways to get the clients?"

So I went that night to my room, and I wrote down all the ways I knew how to get a client. It ended up being 99 ways. So I artificially raised it up two more and made it "101 Ways To A Six-Figure Income: How To Get More Clients In A Month Than You Now Get All Year."

Dan: Here's why that's very important, and it's why the refund rates, for example, are very high with certain biz op products. They're very high with how to get rich in real estate product. The solution to it is the same solution we talked about at the Super Conference. It's what Ron Pack and I were just talking about on the break with his competitor.

If you sell somebody one thing to do, it doesn't matter how good it is or whether it works or not. In this case, what he was delivering to them absolutely, positively worked. When they took the telemarketing scripts, they made the calls, they called the right people.

Jeff: We told them to hire people to make the calls.

Dan: They're going to have people in the room. The thing works. But if you give somebody one thing to do and they don't want to do that, your product's coming back. It's very quick and easy for them to decide they don't want to do that, because you only put one thing in front of them. The way to lose weight is drink tomato juice. The guy says, "I don't like tomato juice." The product's coming back. The way to get people in the office is telemarketing. The guy says, "I hate telemarketing." The product's coming back. It takes him two minutes to make that decision.

If you put 101 things to do in front of them, now you have really confused them. It takes a long time to figure out you don't want to do any of those 101 things. So you can't instantly reject what you bought. And the odds are you're going to find something you might want to do.

So it's much better to put a buffet in front of them than one meal. Your refund rate with the one meal, what was it?

Jeff: 50%.

Dan: 50% of the product going out the door is coming back in the door. Instantly fixed with the 101 ways premise. Nothing new, by the way. Look at every George Hailings product. 418 unusual this, 1002 unusual that. He never sold one unusual something. He'd have bought them booklets back so fast your head would spin. A real important lesson.

Jeff: Another thing to go with that, which you went over with me, was to pull out a few of the chapters and turn those into bonuses, which I did. I pulled a few of the chapters out and turned them into bonuses. Also at that time, I didn't have any audio tapes or video tapes.

Dan: Let me stop you there, because that's important. You've got to give them a lot of stuff, but don't give them all your best stuff. You kind of like need an encore. You need bonuses. You need other stuff to sell.

Bill Glassier, who's not here, a Platinum member of ours, Bill markets information products to the retail men's wear industry. He's got I forget how many strategies. Probably 101, because I think we've all copied the 101. A pretty good number. One

919of his strategies has to do with how they have their reps in the store make phone calls and get the customers in to sell by appointment. So as one of his strategies, he's got that, he's got the script, he's got how they get the reps to do it. I said, "Man, that's a product by itself." The results from it are phenomenal. That comes out of your kit, and that's a backend product. That's another \$500." And over here, one of the strategies is all about how to do the signage in the store. Well, there's a whole art and science to that. That's a bonus. That comes out and becomes a bound thing. and that's a bonus in and of itself. So you've got to be careful not to give away the store.

Now, you're going on to audio and video.

Jeff: We did audio and video. I came home, and I'm realizing that I've never shot a video, never held a video camera. I didn't know what to do. And I didn't know about audio tapes. So when I changed my sales letter after I came to Dan's seminar, it now became a 16-page sales letter. It had all the bullet points and I copied a lot of the Bottom Line stuff. I said, "And you get a free audio tape and a free video tape as a free bonus. This is a \$75 value. I know what you're thinking, 'What's the video tape and

audio tape about?" At that point, I had no clue. But I figured Dan says, "Put an audio and a video in there," so we got an audio and video in there. People called up and they said. "What's the video tape about?" We're just duplicating that now. You'll get that soon." That's moist testing.

When I saw the new sales letter, I took some of the old leads I'd accumulated and sent out the new sales letter to them, and I instantly got orders. The first two weeks, I had about 20 orders. I couldn't do anything. I couldn't accept credit cards. So this little desk I was working at in the basement, where you see the spiders crawl and stuff, it was kind of moldy, but I was able to put a corkboard up there and I tacked all the orders up. They were staring at me, that I'd have to figure out how to do this product and get these orders processed. I think at that time, the average price was about \$600. So there was like \$12,000 worth of orders sitting there.

Being the kind of person that I am, I just locked myself in this basement for a month and I wrote a course on a little laptop that I had that had one font, it was a courier font.

Dan: At least it had the right one.

Jeff: It had the one font. I wrote the whole thing out. And as soon as I finished the last page, I went "save," and I went to this printer guy and gave him the disk, and he printed up a bunch of the courses. I called all the people up, went through the COD spiel and all that stuff. We sent out most of them and the things were coming back with the checks.

I didn't know about that. I didn't care about that. People still, to this day, point out there's 107 typos in the book. I don't care about any of that. I never proofed anything. It was just a stream of consciousness thing, from A to Z and we had these bonuses.

The month before I had met Dan, we did \$2,000 in gross sales and \$1,000 in net sales before expenses. The month I got back, we did \$13,000 in sales the first month we

were back, because I couldn't process all of those orders at one time. But I did it. I'm not a fan of trying to get everything perfect. I just knew those orders are sitting there, I'm getting this damned thing out the door. It's going to be as good as I can get it. Dan had made a comment at the seminar that good enough is good enough. That was all I had to hear. I agreed. Now, a lot of you in this room don't agree with that, but I do.

The second month, we did \$26,000 in sales. The third month we did \$49,000 and change in sales. This was in the middle of winter in Chicago. By the fourth or fifth month, we were over \$100,000 a month in sales. This was all front-end. I was taking the money I was making, buying ads in different magazines. By then, somebody explained to me what a merchant account was and how to get one. So I actually got a merchant account.

I didn't have any computers to keep track of anything. Everything was in folders. My whole accounts receivable sat next to me. I kept those like when you're a kid and you sleep with your mitt. My accounts receivable file, I always took it wherever

I went to a client.

I wasn't going to forget where that money was. Then I just started doing backend things, like things Dan talked about. People would say, "This one point in your kit is really a good idea, but I have a lot of questions on stuff." So I created my first backend kit. I created a marketing kit that was a subset of one chapter from the book, and I decided to charge \$495 for this other kit. I was sending out a monthly newsletter, so I put a flyer in for this new product in one of my monthly newsletters.

Dan taught me a very important point. The way they buy is the way they bought. So these people had bought from a lead generation ad, recorded message, long sales letter, expensive product. So the backend products, the only thing I didn't do was the recorded message thing. But we did a lead generation ad in the newsletter, and then they could either call a recorded message or my office. I gave them the choice. Or fax it in. They got long-form sales letters, 16-, 20-, 30-, 40-page sales letter for a \$495, \$595 product. And all of a sudden, more orders are coming in for all of this stuff.

Dan: Did you guys all get that? The way he did his advertising in his newsletter, right up to the end, pretty much, not an ad for the product, another lead generation ad that made them raise their hand again and request information about the new box. And then another long sales letter, like the one that sold the first box, to sell the second box. The same process.

Jeff: A lot of people don't understand why you'd want to do that. Why don't you just put the ad for your product in your thing? I did actually try that sometimes, and it almost never worked.

One exception to that was the first time we did a boot camp. I just decided to throw the boot camp pitch into all the newsletters, because to me it was like a special product, a big event. That didn't work, but later on we were able to fill boot camps up with postcards, 22 cent postcards and get 60 people in the room for \$ 1,000 apiece or whatever it was.

So then I started selling more and more stuff on the backend. The backend catalog was becoming like a 20-pager each month. It was 20 ads for 20 different products.

Dan: Some of them yours, some of them not yours.

Jeff: Most of them not mine.

Dan: Some licensed.

Jeff: Some licensed, some joint ventured, some co-created with other people.

Dan: That business, what it now is, the financial planning part of that business, right now, what does a monthly newsletter catalog sell, for example?

Jeff: There's three or four different seminar packages. We do seminars where we give them the ads, the scripts, the slides, the scripts for the slides.

Dan: Tool kit products.

Jeff: All tool kit stuff.

Dan: So there's maybe three or four tool kit products, and those would sell for how

much?

Jeff: Anywhere from \$695 to \$995. There's like an ATG recorded message line deal, where we just sign them up and get an override from ATG. Brian Case college funding product is in there currently. some software. Not tracking of direct mail software. A couple software products that financial planners have. The client newsletter is a very, very successful product. Million-dollar bills. Some are big, expensive things. some are cheapo things. A mixture of stuff. We sell more of the expensive stuff than the cheap() stuff. All the clients I work with now have very similar versions of those types of things. The businesses I had created after that, we did one in real estate after that with the same exact model, all very similar, same idea, the catalog got to be about 20 pages, 24 pages. The newsletter is usually about eight pages.

Now. I choose to separate the product pitches from the newsletter content, and that's just a thing I do. I'm not saying it's right or wrong. Dan's newsletter comes and it's full of a combination of information and pitch. I just separate them because I felt if somebody didn't want to read the product pitch stuff, they could just read the newsletter and throw that stuff out. I'm not saying that's right or wrong. I'm just saying that's the way we've always done it, and it worked.

Just to give you some idea of numbers, we were doing about \$2.5-million when that business was at its peak. And over half of that, about 60%, 65% of that was backend revenue from the stuff we were selling in the monthly catalog. The federal government came down and made all these changes to the rules about how financial planners and investment insurance guys can advertise, and it just killed the business. When you sell advertising materials to an industry that the government says they can't use, it sort of has an impact on your front-end sales.

Dan: It has a chilling effect.

Jeff: : That happened literally overnight. And within six months, I had to pull all of my ads out of the trade publications, because we couldn't get any orders. But we did \$1.5-million in backend revenue the first year that happened, a little over a \$ (million the second year. It's now doing about \$20,000 a month. We do no ads.

Dan: No front-end. You turned it off.

Jeff: : The front-end has been dead for four and a half years. I tried closing it down and we couldn't close it down.

Dan: Yeah. No front-end for four and a half years, and it's still a \$20,000 a month business with virtually no cost of sale.

Jeff: We send out the newsletter each month, it costs us maybe \$1,500 to mail out the newsletter. We do \$15,000 to \$20,000 a month in sales. I've got a lot of continuity. By the way, I discovered continuity stuff. We have continuity products where we get renewable income every month, like the client newsletter and the recorded message line. I also recruited people for some companies that they sell their products and I get override checks on some of that stuff.

We have one woman working out of her condo in Oak Park, Illinois, and I talk to her maybe three minutes a week. That's the whole business. I did try to kill it, but the groupies will not leave. They will not leave. They want to buy the newsletter. I have to write a newsletter every month.

That model was taken into real estate. The first day I ran it in real estate, we did some test ads in regional publications, because I went to testing full-page ads. I got to the point where I could afford to test full-page ads. We tested a couple of regional editions of the National Association of Realtors Magazine, which has like 750,000 total subscribers. We did a couple regions for a couple grand. When we ran the first ad in the lull-blown issue of the magazine. The guys from ATG called me and said, "What the hell did you do to me?" "What's the matter?" He said, "You've got 6,000 leads in this phone box. You blew our entire system up."

So we ended up with about 8,000 leads from that first ad. That's pretty good. We did pretty good % with the real estate agents, and I subsequently sold that business to another gentleman who took that over because I couldn't stand dealing with real estate agents.

But the whole psychology here, and one very important point, is that I became a very

strong advocate for my customers. We called them "members," by the way. We switched them into a membership. They're not customers, they're members. There is no difference in real life, but there's a big difference in the perception. The whole thing became a membership. We have different levels of membership. You have the basic membership, the complete membership, the deluxe platinum membership, all that sort of stuff.

One of the things I learned was that psychologically, I was going to be me in the newsletter. You may or may not know, this is pretty much how I am. I tend to swear. Although in Dan's things, I try to keep it down because we're in public. I'm from Chicago. We just swear all the time. So when my newsletter goes out, it's exactly how I would say it if I was talking to you. When I had staff help me fix all that up, the sales numbers would keep dropping as soon as I took all the swear words out. The reason half these people bought this stuff was just because they loved reading something in financial services that had the "cahonies" to say what I really think. I would talk about the industry and the home offices, and call them the names that they deserve to be called, and the compliance people and talk about the nazis and the commies and the federal government, and all that stuff. I developed a personality.

We get the occasional person who is offended by this, and the staff, of course, would go berserk because one guy out of 3,000 would call, "I'm highly offended that you called the federal government a bunch of communists and that you used these words in here." The staff would be all upset. I would say, "Just give him his money back. Get rid of him. I don't want him."

Dan: Make three mental notes. One is this works best as a personality business. That should be good news, because it allows you to be you. When you institutionalize it, it's harder to make money.

One of the reasons that Michael sold a bunch of his niche businesses is that he didn't want to do them as personality-driven businesses. So they were corporate entity businesses and they don't work near as well.

You want your customers to emotionally bond. If you're selling certified financial planners, that's not an unsophisticated audience. We're not talking about selling to guys working in gas stations here. We're talking selling to people with alphabets after their name. But you want them emotionally bonded. We're going to talk about hyper-responsives. You best do that. It's a personality-driven business.

Secondly, don't let any professional people fix your stuff. Keep the English teachers and the editors and all of them at bay, and let it be what it is.

Third, don't overreact to those that you aggravate. If you don't annoy somebody once a day, you're not doing anything. Might as well get it over with early. So be offensive. It's okay. If you're not getting some complaints, you're not doing anything. You're not saying anything. You should offend a few people, and you should occasionally lose a customer because they're offended. That's okay. That tells you that you're getting strong reactions from people. Your staff will, as Jeff said, tend to one complaint.

A little throw-away line I use in my basic speech, like in my Peter Lowe speech, pretty much it's become the only speech I give, it's a little throw-away line that probably ain't even worth fighting over but I use it and I've used it for 11 years. We had one incident where I finally managed to offend somebody enough that they were significantly aggravated. The reaction of everybody was, "Well, you're going to stop using that now, aren't you?" So in 11 years, I got one nitwit who's mad. No, I'm not going to stop. I don't care about the nitwit. I only care about the people who give me money.

Jeff: One huge point about all this, when you're writing the copy, whether it's in your newsletters or your sales letters. I instinctively kind of knew this in the beginning but I subsequently bought the Robert Collier's Letter Book and Dan's Ultimate Sales Letter book, which I hope everybody has, and other things I've read or gotten information from, I really discovered the key is you've got to penetrate through their head and get right down to their heart, and deep into their subconscious where they really live and what's really going on with them in their life. Empathy, to me, is the single most important key to success in any of this marketing. If you can convey

empathy, they will give you lots of money. Guys that get girls to go to bed with them that they don't even think they're cute, convey empathy. So think what you could do under these circumstances.

Empathy is really, really important. But you can't say, "I understand you. I empathize with you." You have to demonstrate it through your copy and the stories that you tell and the way you relate, and the language that you use and how you express things. And if you can penetrate through their head and get into their heart, forget the analytical types. Don't sell to the analytical types. You don't want them as customers. About 10% of the population is the analytical type. It's one of the two brains, left or right. Take your pick. You don't want to sell to them. I don't want engineers and analyticals as customers. If you get through and penetrate deep into their hearts, it's amazing what will happen.

When you write the newsletter the way I'm talking and write your sales letters that way, people look forward to getting them. If we're late with the newsletter, people call up the office and say, "I didn't get your newsletter." I'm sure most of you don't get that kind of response.

I know this is true with yours. I do this when yours comes. I stop whatever I'm doing and that's the first thing I read next. My reading pile is this high. So you've got to get to the point where that's the kind of connection you have with your customers, members, whatever you want to call them.

Before you sell them, you have to have that same kind of emotional, very visceral, deep subconscious bond with their heart and where they really live. By doing that, though, you have to abandon traditional wisdom, conventional things, the polite society, politically correct society. If you can't live with that, then you're not going to be very successful with this.

And never show the stuff to your spouse.

Dan: Or your mama.

Jeff: Or your mom. My mom gets my newsletter, by the way.

Dan: I let me take you through a sequence. CFP's. insurance, real estate, all these businesses. we're all lead generation-driven. So lead generation ads in the trades, recorded message. You're late. Broadcast fax.

Jeff: Doing it now with clients, but that was before broadcast fax.

Dan: Before we knew. So they all get driven to recorded message, they all get sent the free report.

Jeff: And also using direct mail to generate leads.

Dan: Direct mail to generate leads.

Jeff: Taking the ad and making it a mailing piece to lists of subscribers and so forth.

Dan: And how many steps in the sequence?

Jeff: Initially, we started out with one step, then we went to two and then to three. Dan said we had to do three, so we did three. And then one day, it occurred to me that maybe three wasn't enough, so we did four. In that business, we got to somewhere around 15 or 16 steps before we stopped. A lot of those were postcard follow-ups. They got three copies of the same report, unlike what you teach in the model, where you change the report. I didn't, because I was just too lazy to change the three reports. We did put "second notice" and "final notice," so I did change that. But the same report, same offer. There was no step-down, no change in price, no change in terms or change in guarantees. It was the same exact offer. Then we went to four steps, five steps, and I never changed the offers.

Dan: If you look at the chart, the chart I just gave you guys, you're getting deep in the sludge. But if you look at this chart, one of the important things that you're doing is you're doing step-down offers like mini-kits, and then doing loops back up.

The way that works is like the US Gold example, we were on TV for a long time with a \$499 base offer. And then as the cost of lead began to go up, because we

were there for a long time and we were getting into sludge, we had to start getting more sophisticated. So now, beginning with the fourth step, became a drop-down to a \$99 mini-kit. "You were told from the very beginning, the purpose of buying the \$99 mini-kit is just to convince yourself that you should have the full kit and you get full credit for the \$99 if you loop back up to the \$499."

Then we played around with "You get the \$99 doubled. So you buy the \$99 mini-kit, and as long as you loop back up to the big kit within X period of time, not only do you get the \$99 you spent, but you get \$99 of our money. So you get two for one, the kit was free, plus you get a \$99 discount."

The purpose of the selling the little one is just to set them back up to sell the big one. That's its only purpose.

Jeff: I was doing some sales, "My printer made up too much inventory, Harvey the printer delivered two truckloads of this stuff instead of one and we've got to get rid of them." "My wife is pissed off, mad. I've got to get rid of them," and all that sort of stuff. So the sequence model, that's absolutely critical.

Dan: 22 steps. 22 steps. Get a lead, 22 times you guys are going at them.

Jeff: I here's my philosophy on that. Again, you have to do the math. Let's say it costs \$20 to get a lead. just to make up a number. And let's say it costs an average of a buck a month to follow up. So how much money do you have after let's say a year of following up? What's the total cost of that lead? \$32, right? In Ben's case, it's like \$42 if he goes out to two years. So what you do is figure out how many do I have to close. For every 100 leads I get, how many do I have to close to make this break even chasing them around? So if your closing rate is one out of ten and your product's \$1,000, how many do I have to sell to break even on every 100 leads I get if I'm spending \$40 chasing them around and getting the lead? Usually, it's pretty low numbers when you have products that are priced at \$800, \$900. Usually, the answer's like one or something.

Then the question is how long do you chase them. We typically follow the "buy or die" philosophy. Either they buy or they die, or they tell you, "I don't want to be mailed

anymore, take me off your damned list," which is okay too.

Now, there's other things you can do. You can recycle these leads, because many of these people have no clue they ever sent away for this stuff, don't know what they're getting. So oftentimes, one of the steps was sending them the ad that they responded to the first time all over again, and then loop them back into a different recorded message and start them on the sequence all over again. These people don't remember what they did yesterday.

I was telling people in the hallway that some people like to save money on recorded messages by asking which magazine you saw the ad in. It's too much work for the guy^y to turn to the front of the magazine, because he usually doesn't remember what magazine he's reading when he's calling. So if you think people are going to remember eight months from now they got your ad, they're not going to.

So there's no rules on this stuff. The thing is you spent money to get these people. Keep following up with them. And also determine what your lifetime value of a customer is, what your sale is.

Another thing we discovered, very important, is there needs to be options. There has to be the option packaging. I have a client now, he's not here, but I talked to him a couple days ago. He's at 90% of people buying the deluxe versus 10%. The price difference is big. It's like \$400. It's like \$699 versus \$1,099. And he broke over the \$1,000 barrier, which you're not supposed to do, of course, which makes no difference. The only difference with what they get is like 16, 20 pieces of paper and a video. Everybody's buying the deluxe, because we orchestrated the packaging so that they just...

Dan: They want that video.

Jeff: They want that video and they want that 16-page report, so they're spending the extra \$400 to get it. Now, call me mercenary, I don't know. I think it's good.

Dan: That's where all the net is.

Jeff: Right. His backend buyers, of the 10% who buy the cheapo kit, there's almost no backend and higher refund rates than the ones who bought the more expensive kit. He's doing things like broadcast fax and direct mail for his customers. He set up a service bureau. I told him, "If you want to do it, that's fine."

Dan: We're going to talk about that tomorrow. It's part of the backend business.

Jeff: I'm doing \$60,000 a month in profit from his service bureau business, which he has five or six gals running.

Dan: We're going to teach you the service bureau business tomorrow. I wouldn't touch it.

Jeff: But as a client, it's fine because I've got a piece of the action.

Dan: We all get clients to do that which we would never do ourselves. I got trapped doing that, putting that damned baby in that infomercial. If I had known I was going to direct that show, never. Good idea for you, bad idea for me.

Jeff: The point is there's a lot of stuff you can do. Once you get these people involved, they'll pay you a lot of money and do a lot of different things.

Just so you know about how I'm set up, for example, my course that I did with Dan, "How to make \$4,000 at your kitchen table in your underwear" deal, which was true and is still true, and was even true when I had 23 employees because I worked out of my house, I went from no employees working out of my house to 23 employees with an office and doing \$5M2-, \$6-million in revenue and having 23 daily things I hated, employees. A couple of years ago, I walked in one day, fired everybody, closed everything down, shut the doors, gave the landlord the key, and I'm back working out of my house again now, working mostly with clients in joint venture deals. I do sit around occasionally in my underwear or boxer shorts and I talk to people.

The thing was, for me, the lifestyle issue is a very important thing. That's the last thing I want to mention, then I'll shut up. You need to create the lifestyle that you want first, and work backwards to figure out what businesses you're going to be in that's

going to make the lifestyle happen. I happen to be hopelessly addicted to the game of golf, which was an accident of getting involved in the golfing business.

When I was doing all these things, it was starting to annoy me when I couldn't play golf, and I started realizing I'm not getting what I want. So I made some switches.

But you have to be consciously aware of what you want your lifestyle to be, and you can build these businesses backwards so that they start out exactly the way they'll lead you to where you want to go. There's no rules. Outside of the commies, there's no rules that you have to follow. That's the same as the feds. Whatever you want to do, aside from them, you can do. We have people that sell things that you shouldn't be able to sell, like a video for \$699. Or Dan said he had an audio tape for what was it?

Dan: \$500 for one tape.

Jeff: \$500 for an audio tape. These are all things that cannot happen, that happen every day. The key is if your marketing is good enough. The strength of the money you'll collect and the quality of the business you will build is directly related to the strength of how good your marketing is and how well you construct the business and orchestrate things so it come out the way you want it. That's all I have to say.

Dan: Okay, quickly describe the kit as it exists now.

Jeff: The stuff that I'm selling?

Dan: Yeah, the mail order kit.

Jeff: Okay. The only thing I've kept going is I do sell some products, which I've jobbed out. The "How to make \$4,000 in your underwear" kit, Dan would phrase based on this weekend here, basically a toolkit is more of an accurate way to describe it. It has how-to stuff, but there's all the models, all the samples, all the fillin-the-blanks, paint-by-numbers *as we* used on the TV show, to plug everything in. I have lots of people who have used the kit and have built very successful businesses

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without hiring me or going any further, just from the kit alone. It is all there. It has

samples of the letters, reports, scripts, ads, follow-up pieces, newsletters, product pitch catalogs, boot camp stuff, audio tapes of me explaining the whole thing. There's a video of me showing you guys how to actually make these cheapo, crappy-looking products.

Dan: Is that the title of the video, "How to make cheap, crappy..."

Jeff: I wanted to use that title. In hindsight, it was obviously a much better title than the one which is something like, "How to make products for dirt cheap" or "without spending any money" or something. It's a big mound of stuff. You get all kinds of things.

Also inside that is the joint venture kit, which is a very important component of that product, which is a thing I did with Dan and a fellow named Rodney Talison. It's a booklet and audio tape set, and it only comes with that kit. I do not sell it separate because it needs to go with that kit. It tells you how to do joint ventures, all different ways you can do joint ventures, how to structure them, how to approach people, how to make offers, how to negotiate with people, what's a good deal, what's a bad deal, whether you should be on a royalty deal or an override deal, a fee deal, or a combination deal.

It also has a bunch of contracts and forms. I spent a lot of money with the lawyers that I occasionally have to talk to, and those are all in there. You can use those as models. There's a disclaimer saying that we're not lawyers. But those alone are worth the price of the whole kit just to get all that stuff. The joint venture stuff is in there.

I do not normally include the checklist thing. I usually sell that separately. But if you order the stuff while you're here from me, I'll throw in that super-duper complete checklist of everything you should ever consider or include in a sales pitch offer, whatever you're selling, that took years to figure out. I took a bunch of Dan's stuff, a bunch of my stuff, and other people's stuff, and put this checklist together. It doesn't look like a lot, but it's one of those things like no one were to tap the nuclear reactor and how much it's worth. I'll throw that in as a bonus if you'd like me to throw it in for

anybody who buys a kit here. There's a sales letter pitch that you guys were given that explains that.

I also have the Instant Profits Marketing Kit in there, which is an excellent product and explains how to do direct marketing to other kinds of businesses. It has an audio tape set with that.

I also have a complete, unedited, "How to make money in your underwear boot camp," which I give really good boot camp. It's excellent. Dan's on there also, as a guest speaker. That's included with that.

I also have a copywriting course, which is called "How to write copy so good you could sell sand in the desert" copywriting course, which is a 3 1/2-hour audio set with samples, and I go through a bunch of old ads. I love these old ads. I walk you through all the psychology and also go through magazine covers, where to get the best headlines, how to create the headlines. I give you about 120 completed headlines. That's all included.

Now, the successful people in this group will be the ones that will buy the whole package, the best of Jeff Paul collection.

Dan: That's good. Okay. We could do the Zig three lines at the back of the room with the red flag, the blue flag and the yellow flag. Stay put. Ted, where are you? Okay, we can do a few questions for Jeff.

Attendee: I have two quick questions, Jeff. Let's say you're into your sequence. Whether its 15 or 22 or whatever you're up to, you were doing three special reports with the first, second and third letters. Did you do any more special reports after that, or was it postcards and letters and so on?

Jeff: We mostly tested postcards and letters, and did those eventually as controls. Although I did loop people back in to a free report and then sent the same three reports they got the first time as part of the sequence. But that was just through a lot of trial and error. That takes a year to figure that stuff out. We figured if they didn't read the third report, they weren't going to read other stuff. And yes, everybody's asking

the question everybody wants to know, you can use e-mail as part of the sequence. But it's only another tool. It's not the ultimate panacea, it's just another tool.

Attendee: Okay. And at some point in the process. in the sequence, did you do phone calling such as. "I'm calling to see if you got the special report, have you had a chance to look at it?" That kind of thing.

Jeff: It's a good question. I have some clients that do that. I didn't do that because we just don't like doing the follow-up phone call. I figured if they wouldn't order from the mail order, I didn't want them as a customer. But I have clients who do phone follow-up and they do get some good results.

Dan: In fact, what you should know about that. to be fair, is that almost without exception. if you put outbound telemarketing into the mix, with somebody decent doing it. it more than pays for itself.

Now, Jell's point is well-taken. The customer you get by selling them that way is usually not as good a customer as the one who bought rather than being sold. The return rate's a little higher, the lifetime customer value is a little lower, the customer service nuisance factor is a little higher. But mathematically, if you're trying to milk the most number of money and you have no biases against being in telemarketing, it's an important part of the mix.

Some businesses reach a point, like we did with US Gold, can't function without it. To stay on the air the last two years, we had to have a phone room. Bill Glassier, with Men's Room Retailers, has had to go to an outbound telephone marketer. But it comes with a lifestyle/management price.

Attendee: When you're talking about the economics of the different models, generally we're talking about gross cost per order and things like that. But at what point do you really factor in all the other overhead? Because obviously, a telemarketing model, enormous overhead and you may have to price things different.

Jeff: I do spreadsheets and I have a lot of pre-done spreadsheets I've created over the years that have all the variables plugged in. I can just plug in different numbers and see

if I can make it work on the spreadsheet. That's just something you have to do on your own. Or maybe I can even figure out a way to do some of those spreadsheets, I guess.

Attendee: I'm glad to have both of you at the same time for this question. I'm stuck on that thing of if you're able to sell your stuff to people who actually used it, you would have a better backend. Have you ever considered the fact that salespeople in general don't like to do administrative kind of things, and maybe instead of sell these packages to salespeople, to sell them to sales managers whose job it is to maybe supply leads? Have you ever looked at that, Jeff?

Dan: I did and it sucked, so we didn't do it. I don't know, Dan, if you have a comment, but the sales managers were terrible for us.

Attendee: Really?

Dan: Yeah, you're right about what they're supposed to do, but they don't do that. There's about three sales managers in America who are actually managing sales. The rest of them are managing their golf games. So you've really got to get to the guy who's trying to put food on his table. You're right, there's a switch here. Certainly to teach a salesperson how to do our kind of marketing, there's a switch. But let's go to your bigger issue. The ones who use it are better customers.

Let me tell you what the numbers are, because the numbers haven't changed in a zillion years. There's an old deal from the Social Security Administration from the 1950's. that every multi-level person still uses in an opportunity meeting and we still use in sales letters. Follow any group of men from age 25 to 65, for 40 years, and here's what you're going to find: 2% are wealthy, 5% are financially secure, 10% or 20% must continue to work to make a living. The rest of them are either dead or totally dependent on family, friends and relatives to put dog food on the table.

Those stats haven't changed. They aren't going to change. They exist in every niche, in every business; 2% of the people are super-duper doers and they're going to grab whatever you give them, and they're going to do it and they're going to be successful without you. they're going to be successful with you, and they're going to be

phenomenal customers. There's another 5% that are okay, and they're going to do something. They're going to use a little. And they're going to be good customers. And then there's another 10% or 20% that are going to be "eh-eh."

And the rest of them are never going to use it, they're never going to do it, and it wouldn't matter if you went there and slept with them, they're still not going to do it no matter what we do. It doesn't matter how much money you take from them. Nothing matters. We were in practice management doing \$30,000 contracts; 80% of them wouldn't come to the seminars after they paid the \$30,000. And then when they did come and it was time to do role-play, they're all hiding in the rooms. You've got to go find them, drag them into the room, make them do the role-play. 2% of them are down there going, "Yeah, yeah, yeah, let me do it again. Let me do it again!" Doesn't matter. Take \$30,000 from them, take \$300,000, none of that matters. So you make your money knowing what the percentages are. That's the deal.

Jeff: With big margins.

Dan: Yeah, with big margins.

Attendee: Dan, I know you're going to cover this later, but while Jeff's up here, did you find any difference between like a 90-day guarantee and a one-year guarantee?

Jeff: In general, I found the longer the guarantee, the better things worked and the refund rates were generally lower. One quick point about that. We were talking about packaging, the stuff that falls apart. The best packaging we ever used, and I still have clients using it, is we took those little bubble envelopes you buy at Office Max or Staples, those big bubble envelopes. They're yellow. Not the stuff with that gray crap that falls out, but the bubble stuff. We put half the product in one yellow envelope and half in another one, seal those up with their natural seals they come with, and then wrap this disgusting brown tape around three different spots on the outside, and then slap the airborne label on the outside. It's the worst-looking package you've ever seen in your life.

Dan: It's just about impossible to send the stuff back in.

Attendee: You need a utility knife to slice this whole thing open. The refund rate went down when we did that, and for whatever reason, the satisfaction rate of the customers was higher when we did all that stuff. Again, this does not look like a Nightingale-Conant box coming to their house. I want that impression right from the beginning that there's something unusual in this package.

Attendee: Jeff, can you give us any keys or secrets to getting this empathy or emotion in your copywriting? Do you work yourself up about something? What do you do?

Jeff: Well, first of all. if you're a sociopath, it's hard to have empathy for people. So if you're a natural sociopath. its going to be a tough thing to come over. Then you have to fake it. But first of all. you really should care about your customers being successful. I think that empathy is communicated by what you say and how you say it. and you have to really. really understand these people or get somebody who does.

When I got in the real estate deal and when I got in the golf business, I didn't know anything about either of them. I didn't know anything about real estate, except I had bought and sold a few properties. The words definitely changes from the financial planners. A lot of stuff had to be changed: the lingo, terminology, things they do. So I went out and got this real estate guy that came with me, and he read the letters and had me fix everything. So it resonated exactly with what they hate. And things that people hate and that they're scared of and that they're miserable about work way better than positive benefits and good feelings. You need to really shake them *up in their* heart and then show that *you can* provide Dan's formula. This is the only formula I've ever used. State the problem, agitate the problem, provide the solution. But when you state the problem and agitate the problem, that's when you have to get really bloody and you have to go above and beyond certain areas and comfort zones you may not be comfortable going into. But if you want to make money, that's what you have to do.

Dan: Last one, whoever's got the mic.

Attendee: Jeff, as a follow-up, I used to get your PPS stuff. As a CFP, the emotion of the frustrations with the home office and everything obviously resonated. From a joint

venture standpoint, if you're going into a niche where you don't have the expertise and you're interacting with someone—you answered my question yesterday about hiring your own guru—when you're trading off the issue of I've got two people to choose from; super-guru, great reputation, super-successful business, maybe a great front-end person. But as far as extracting out of them the emotions so that the sales letter turns out to be a good sales letter, maybe the super-guru guy doesn't have it and maybe somebody who actually is in more of the painful side of the trenches. When you work with somebody who is going to be a guru in a niche, how do you actually practically extract out of them the issues so that the copy is really strong.

Jeff: Dan gave you all the answers yesterday. It's in that one checklist thing that you gave.

Dan: Take your real estate guy. What he's asking is the actual human process of now taking Gerry and sucking out of him, which is a bad example. I understand. This partnership was so bad this guy's now dead. So you don't want to get Jeff aggravated. This partnership isn't just dissolved, this guy is dead.

Jeff: He's technically dead.

Dan: I mean physically. He's dead. Buried in the ground, in the dumpster, behind the old office in Naperville. their egos are so big that it's impossible to work with them. But this guy was a no-name nobody, but he had this little real estate thing he was selling and I found him through that. Actually, I found him through you. You're the one, Dan.

Dan: Remember, I tried to talk you out of this.

Jeff: Yes, you did. So it seemed like he was an okay guy at the time. I sat down with him and I asked him. "Tell me what real estate agents do. How do they prospect?" I spent a few hours with him in person and I got a bunch of information. Then I went back and modified the sales letter based on what we found out, let him read it. he marked up all the stuff that still wasn't exactly right. It has to be exactly right. It can't be close. It has to be exact.

So we got it exact. I showed him an ad, wrote the ad, fixed it up a little bit, and those were the first ads that we ran. It wasn't that hard. You've just got to have enough intuitive sense or learn from people like Dan at the seminar here, like that checklist that Dan gave you that's ten questions, I think. That's a great place to ask them all the right questions.

Dan: Stay with me for a second. It's 12:00. We've got an hour for lunch. Come on back in if you want to, because I'm going to do Q&A while you eat.

Okay, next person with a mic.

Attendee: I'd like to ask a question going back to your first backend product that you just talked about. I thought I heard you say that you did another lead generation approach for your first backend product.

Jeff: Correct.

Attendee: Can you explain exactly how that worked then versus how it does now? The 20 backend products, are they all lead generated, every single one of them?

Jeff: Yes. All my ads in the pitch part of the newsletter are basically full-page ads, almost always, with big giant direct response headlines and written just like you'd write an ad in a magazine to generate them to either call, leave a message, or fax in a request for the free report. This is going in with the customer newsletter mailing. And then they request a free report and we send it out.

Attendee: Are any of the products done one-step in that catalog?

Jeff: Only the cheapest of the cheapest products. Like if I had a \$19 book I was trying to sell, or if it's signing up for a recorded message line, then I don't have a free report to go with it. Those are only maybe two out of the 20. Everything else has a free report. I learned these people like to read long sales letters and they want to be sold. They want to know absolutely everything before they buy. So I'll give them what they want, and that's how we sold the stuff.

Dan: Do you guys get this process? He's running, maybe in a month, 20 lead

generation ads in a catalog in with the newsletter. If they're interested in four of them, they've got to request four reports. Then there's a report for each one of those 20 lead generation ads that makes the sale of that item.

Jeff: And then a sequence mailing to the people that get the free report.

Attendee: What is your sequence for those backend products, numbers of steps?

Jeff: Really, we only got up to like three or four on most of them. They're already customers and stuff. So if they don't buy after three or four mailings... I have clients who are using e-mail now as part of that process, so they're extending the number of steps because it's so cheap. But it doesn't necessarily increase the results.

Attendee: I'm going to ask a question that I realize is a big rule of thumb. But what was the difference in percentage of response on those backend products versus the initial response on the front-end?

Jeff: Well, for example, the front-end conversion rates varied anywhere from 8% to 15%. depending on the month and the price points and testing offers, and so forth. A good backend product. we could get penetration of 30% or 40% of my customers would buy the backend product. I have some products that I had 90% of the customers buy over time.

If you're only getting 2% or 3% or 4% on a backend product, it might not be a good backend product. Typically, it's way higher because you're selling to your own groupies.

Attendee: What was your price point on those 20 products?

Jeff: It varied. If it was a kit-type thing, the kits were always at least as expensive, if not more expensive, than the original kits; \$595, \$695.

Dan: Okay. this side can go as soon as we do his question.

Attendee: I would much time do you spend on rewriting versus your original writing copy? I asked this question after my experience with you in Hawaii.

Jeff: I low much time do I spend rewriting copy after I originally write it? Zero if I just write it and test it. I usually reread things the next day after I write it. I will usually give it a day to sleep on it, then I'll reread it again. And usually, I clean it up some. But I've learned the formula so well and I use that checklist to keep me on track, so I don't mess up too often. It's something I wouldn't have been able to do ten years ago. Some of these things are so formulaic that you can do them in your sleep.

Dan: Sure. There's a prohibitive point where you're not putting enough buyers into your funnel to create a business. You may be making more money on each sale, so your front-end numbers are going to be fine. But you're so slow now at adding buyers, you're not creating a business. And without testing, you don't know. It's tough to test in a niche, because everything you do is so damned visible. So you really are doing some guesswork.

My rationale with the men's wear guys to start a little higher than we start with carpet cleaners was these guys are heavily invested in their businesses. They've got stores, they've got leases, they're writing a check for a grand or two every month for the Yellow Pages ad, whereas Joe Spadotz, the carpet cleaner, \$400 for advertising in a month may be a big expense. Chris, same product, charging the dentists more than the chiropractor, and it's the same box.

You think about all these things. What are their comparables? What are they used to buying? What are they used to spending money on? What can you draw a comparison to, to justify what price? You've got to decide how far you want to press it without pressing it so far that you shoot yourself in the foot.

Dan: It's at \$1,097. And we're going to \$1,297.

Jeff: I don't buy this \$1,000 barrier artificial thing.

Dan: I don't think it's a barrier. At \$500, at \$1,000, in \$500 increments, certainly. And really, at \$100 increments, every time you click over the meter, there's an impact. I don't believe it's a barrier. I think that's a good way to describe it. 'Oust means you're making your sales job a little tougher, and you've got to take that into

account. And when you jump a few levels, you better strengthen the pitch. But one of things, too, is when somebody starts in a niche with a product like this, they may be real light on testimonials. Six months later, they may have 50 great testimonials.

It makes an enormous difference. An enormous difference. I've seen response suppressed by half because of the absence of the testimonials. So there's pain early and greater opportunity later. And it's why some guys, like when Jim did a licensing deal with Joe and started his by recycling Joe's material, he used those testimonials, kind of squeegeed, until he could replace them with his own.

INFO-RICHES SEMINAR 2000 HIGHLIGHTS PACKAGE

AUDIO CD TRANSCRIPTS

CD #10

Attendee: This is for Jeff.

Dan: Do you mind working for another half an hour?

Jeff: No, I don't care. I'm easy.

Attendee: Have you ever tried including actual information in your sales letters?

Dan: Boy, what a great question! What a great question.

Jeff: Should we say that to the rest of the group?

Dan: What a great question. No, we've got to mush on, but boy is it a great question.

Jeff: No, you don't want to put any actual information. If you explain anything in the sales letter, then why would they buy the product? In fact, if anything, you should do the exact opposite, where you annoy them through teaser copy where they are going nuts because they can't find out what it is.

Dan: And some people fall into this mental trap. Because we're calling it a report, it's got to have information in it. No, it doesn't. And it can't. It can feel like it did, but it can't. You can't teach until you've got their money.

Jeff: The key is you can disturb them and educate them on how disturbed they should be, but you should never educate them on any answers. I just had a client, I don't know why he was doing this, but he was explaining about the recorded messages in his sales letter when I first got him as a client. I said, "Why are you doing that?" He said, "Well, because it's a big part of what I teach them." I said, "Well, why on earth would you want to put that in the sales letter? Because now they know that you're talking about recorded messages or they think they know what it is, or I already did that, I heard that already. There's 100 reasons not to do it."

So he took that stuff out, and the sales percentage went from 8% to 10% instantly, a week later, from just changing that one variable. But a 2% increase is not a 2% increase going from eight to ten. What's that, a 25% increase? That's a big increase. Any mathematicians in here?

Attendee: Have you done any work in translating these letters into foreign languages and working in other countries with this, or is this mostly work that's done in the United States?

Jeff: My only personal experience is with Australia and England, where, fortunately, they speak some version of English. Except you never want to say the word "root" in Australia. You want to root for somebody is not good.

Dan: Out of the whole campaign, not an information product but our kind of marketing, the client Canadian Development Properties, they sell—through financial planners—endorsed mailing to the financial planner's clients. They sell essentially what we would call "limited partnership investments" in raw land out in the middle of nowhere, that is going to be developed into communities. So we have lead generation mailing that goes out from the CFP, we have lead generation ads that run in the newspaper, then we have a 16-page sales letter that describes this whole deal and sells them into the appointment.

He went over to Japan to sell these investments, sight unseen, to Japanese investors. I've got it in my portfolio at home. Had everything translated into Japanese, the 16-page letter exactly the way it was, the ads, the enclosures, the works. Knocked them dead. In fact, a lot of them were as fascinated with the stuff. They wanted to ask questions about the marketing, not just the properties. And instead of bringing them in for individual appointments, he used it to bring them all into a group, put them in a room, sold them in mass, and sold an entire development, some \$10, \$11, \$12-million worth of property over there in Japan. I think it moves. I think it is weirder for everybody, but I think it moves. I think the answer is the "Holy cow, ship more shoes, nobody's got shoes," not "uh-oh, nobody's got shoes, take me home." I think that's the answer.

Jeff: The stuff we did in Australia and England worked actually way better than it works here. There's a gentleman that Dan and I both know, who's name I won't mention, who's gone down to Australia with TV infomercials from here, and he's doing very well. The Australians haven't been exposed to that type of stuff. Ted Nicholas claims it works in Swedish.

Attendee: A question about lead follow-up. Do you guys have any rules of thumb about how much time should lapse between pieces of the sequence? A month, a week?

Dan: Good question.

Jeff: I would say that it's hard to say there's a rule of thumb about something like that. We space them out typically three to four weeks apart, because we don't want to inundate them with the mail and we don't want to let it get too far out. I believe in monthly mailings at a minimum. Once a month, the guy gets something from you, no matter what it is, if they're a customer or a prospect. Some people send out quarterly newsletters. I just shake my head like, "Don't even send it out."

Now, the e-mail Internet contingent of the world will tell you that you send them a daily e-mail with a link back to your website and all that stuff. But I have some people who send me daily e-mails. I get all this stuff just to get it. I don't open more than

1% of the daily ones, but I do open some if I get one every two weeks or once a month. So I think you kind of have to play around with that and make it another variable in your testing. But certainly, no more than four weeks apart.

Dan: Sometimes. the nature of what you're doing forces an inordinately tight timeline. Say an event. As you get close, I've done them every three days. Three steps, three days apart. Generally speaking though, I would basically agree with Jeff. What we're doing with most of my clients is ten to 15-day drops. My original construction of this was purely based on the collection industry model; three steps, 15 days apart, each one gets a little stronger and refers to the one before.

Attendee: A question regarding how much you give away. The question before was about whether you would do any information that you're actually providing. If we use the Rodale model and a couple of the companies like them that are marketing information on health, particularly as it relates to nutrition, oftentimes they are actually providing some information in the ad copy relating to certain nutrients. In other cases, they say refer to page 79. So they're teasing you with some, but they're giving you some. How does that fit with what we're saying here, about being able to give something as an actual useful tip or tool to convince people there really is something unique to offer here.

Dan: What I would say quickly is, first of all, study Rodale and Boardroom very carefully. Because they're doing very little of the first thing you said, but they're doing a lot of the second, where the bullet points are tied to the page numbers that the information actually appears on in the book. So on page 56, we reveal this. On page 12, there's the seven foods never to eat on an airplane, etc. You'll find samples of both Boardroom and Rodale in your manual.

Beyond that, I don't think you can demonstrate, to anybody's satisfaction, value in tiny tidbits. So my approach is not to attempt it. You?

Jeff: There's also different circumstances. They're trying to sell a \$29 book about health information. I know these guys test this stuff, so if that's what they're ending up with

as a control, then obviously that worked the best for them. But I think it's still different in the kind of models that we're talking about here, where you're going for the bigger, higher-priced items, and also if it's how-to stuff, I think you're making a huge mistake if you give them even the slightest clue of what it is. Because if you do, then you'll blow the sales.

Dan: The risks of revealing information, in my opinion, outweigh the benefit of demonstrating that you have content. The risks are it's the same problem as giving somebody one thing to do. The risk is for them to say, "I've heard that, been there, I already knew that," which now means, "I already know everything they're going to teach me." Or, "Drink green tea? I would never drink green tea. So therefore, I wouldn't do anything in this book. Therefore, I won't buy it." So the risks are high.

Attendee: In relation to Australia, I think I can speak on that, because I am Australian and I've bought the rights to quite a few American products and taken them back home. And how I've covered that issue when transporting a product to another country is by adding a comment section, an Australianization if you like, of that product. That's how I've dealt with it.

Dan: Very good tip. It's the same as the supplement technique. Do you see what he's done? I take a generic Magnetic Marketing Kit and slap a supplement on it that's just for chiropractors, and boom, I've got a chiropractic product. He's doing a "-how this works in Australia" supplement to a generic US product, and bingo, he's got an Australian product. Same technique.

Attendee: Australians are likely to become offended. Or some at least say, "Oh, it's all just American." We've satisfied that by doing that.

In relation to your part, Jeff, I think the legalities of it make it very different. There are some products that we can't transport to Australia without doing a heck of a lot of work. Because I have no affinity with the financial industry, it would be dangerous for me but not for others. It is totally different. Real estate is another one that's totally different. The way you buy and sell real estate is totally different, so that package

doesn't transfer that well.

Jeff: We had a licensee in Australia that did the financial planning package. He was amazed that probably 85% of it was usable exactly. You spell words funny down there. Like "color" has a U in it and stuff. And you guys talk about companies differently. You refer to the corporation and you say "they." And he did have some compliance things he had to deal with, but it was no different than the compliance crap you've got to deal with up here. It was fine. It was amazing how much translated.

Attendee: Getting to this sequence mailing thing. did you ever have a problem with people are getting first offer sales letter, and they didn't do it. Then they got the second offer sales letter, and didn't do it. Then they got the third one, they didn't do it. By the fourth one, they know it's from you, they won't even open the envelope. And the second half of this question, what about credibility? You're sending them a sales letter with a stamped in red deadline date, and if you don't respond by then the thing is over. And then three weeks later, they get another one, "If you don't respond by this date." Aren't you losing a little credibility?

Dan: You're the guy we don't like to sell to.

Attendee: I'm doing this. I'm worried about it, because I'm doing this. I'm worried about the credibility in a small niche market.

Dan: But you're putting a level of analytical thinking on this that your customer does not do. So our buyers, for the most part, would never think like you're thinking. They're making a buying decision in a vacuum. Offer? Yes, no, good, bad, do it, don't do it. Eight days later, they don't remember squat, pretty much, about the details of what they did or didn't do eight days ago.

Attendee: Jeff's very well known in the financial planning market. I think they remember you and aren't they going to say, "Yeah, I just got this offer."

Dan: You hope there's some kind of brand identity.

Jeff: I have an opinion of brand identity in this kind of a market. I don't think it's

good at all until later on. Because if you run the ads for four years, they've come to know who you are and what your company is. I'll answer this question in a slightly roundabout way. His lead count was going in the toilet, because he'd been doing it for a couple of years. So we reinvented his whole business, changed the name of the company, changed the whole premise, the theme, changed the ad, changed everything. It's going to eventually get to the same free report and the same stuff. We quadrupled his lead count from the previous month to this month, and it's not even over yet, by reinventing the whole thing.

Now, people know who the guy is. If I had put his name or brand identity from his other thing in there, the thing gets killed. I don't think the brand identity helps you if you're doing lead generation and they all got the free report years ago, when they didn't know who you were, I don't see why that needs to change. I think it hurts, in my opinion. They say, "I've been there, done that, seen that guy's crap. I know that crap." I don't think it helps much at all in what we're trying to do. The lead generation thing, initially, you had no customers, no credibility, no testimonials, and they still responded.

The other thing is that you are not your prospect. This is a big key. I talk to clients about this all the time. You are not your prospect. If you hate reading The Globe and National Inquirer, and you don't like watching Maury Povich and Jenny Jones, and you don't watch infomercials in the middle of the night, that makes you whatever person, good, bad, or indifferent. Your prospects do. It's hard for people to get through that concept that you are not your prospect. So if you don't like all that stuff, you should get somebody who does that writes for you or works with you, or you should force yourself to understand that you are not your prospect.

I have lots of clients who tell me, "I can't use the word 'amazing' in this headline. I can't use this because it's unprofessional," and all that crap.

Dan: "My market's too sophisticated for this."

Jeff: "You don't understand." I keep explaining to them, "You are not your prospect. You're the 10% that I hate and don't want to do business with. You are not

your prospect." I'll ask them questions. "Do you watch Maury Povich?" Who here watches Maury Povich? Raise your hand if you watch Maury Povich.

Dan: Ricky Lake, Jerry Springer?

Jeff: Jerry Springer, Ricky Lake, Sally Jessy... Who reads The Globe, The Enquirer, The Star, and The Examiner? Okay, a few of you. The rest of you are really out of touch. You are in big trouble. That's why you need my copywriting kit, because I teach you how to do all that stuff and give you examples. The rest of the world is that way. And that's what they respond to, and that's why this stuff works.

So if you're going to analyze stuff like that, you'll never be successful in this if you think about this stuff. None of this stuff makes sense anyway, so why would you think about it.

Dan: Let me tell you something real quick about that. What people don't get, let's take Springer, "My customers would never watch Springer." The number one most-watched television show on Wall Street. When they take their lunch break, they go watch Jerry Springer. Stock brokers. Number one watched show on college campuses. Jerry Springer. It's what everybody's watching. Don't think your customers aren't reading The Enquirer. They're reading The Enquirer. They're sitting in the first class section of the airplane. They hide it, like you hide Playboy. But they're sitting there, they've got The National Enquirer inside of Forbes, and they're reading The Enquirer. It crosses all lines.

The portion of the market that is very logical and very analytical, like you are, is a tiny percentage of the market. Any market. Most of them are us. We're watching World Wrestling Federation and having a ball.

Jeff: I have a guy who's the CFO for McDonald's. He's a friend of mine, my neighbor. When we go out to the golf course, we're talking about, "Did you see what happened on Oprah yesterday," or "Did you watch the sopranos or The Family Guy? It was the funniest Family Guy I've ever seen," which is a great show, by the way.

Dan: I love The Family Guy. A little dog and that obnoxious little kid.

Jeff: Who here watches The Family Guy? Raise your hand. We've got a few people. You guys have got to lower yourselves down tremendously psychologically and mentally in order to succeed in direct marketing. You are not your customers.

John Carlton talks about the somnambulant sloth. I refine that concept slightly better, to Homer Simpson. For those of you who don't watch the Simpsons, you're missing the greatest show ever in the history of TV. They've never had a bad episode in 12 years. It's the funniest thing ever. Homer is your prospect, whether he's the CEO of McDonald's.

Dan: The CEO of McDonald's is just Homer that accidentally got promoted. That's all he is.

Jeff: It's not Marge. it's not Lisa. it's not Maggie. it's Homer. That's your prospect. Homer's laying on the couch with a beer positioned sitting up on his belly, balanced correctly. The phone rings, and he can't move his arm far enough to get the phone. because it's one inch away from his arm.

If you want to learn how to market to those people, just watch the Simpsons and study Homer very carefully. That's your prospect. And if you don't think that's true, you're making a huge error.

Attendee: Which leads right into the worst question in the world. What about the use of statistics, graphs, charts, anything like that in your marketing material to build pain or to build credibility for your end product?

Jeff: You're talking about using graphic devices?

Attendee: Either graphic devices or statistics. The evil government takes 90% of our money until June r, blab, blab, blab.

Dan: That's an understandable, shocking statement. Now, if you're going to do a bar graph and you're going to show which percentage of taxes come out of each

demographic and gender group's income, and you're going to complicate this thing, it's almost worthless unless the caption underneath it does the job and the chart is just there. Even though nobody's going to pay attention to it, understand it, comprehend it, think about it, it makes the caption credible. So we have this complicated chart. And then under the chart, we say, "This proves that if you don't eat my grape leaf diet, you'll have cancer within the next seven years." Great, now the chart did something. It made me believe the caption. But if you want the chart itself to sell, no, no, no. No good.

Jeff: Another quick answer to that is with the client I have in the golf business, we sell \$6,000 sets of golf clubs, without the putter. If you want the putter, it's \$6,500. And there's a 24-page sales letter to sell the golf clubs, and maybe the first time in the history of golf that clubs have been sold without any pictures. But I knew from the beginning that if we put pictures in, it would kill the whole deal. Even though these are the Rolls Royce of golf clubs, if you look at them in a picture in a sales letter, they just look like the crap you can buy at the Sport Mart. I knew that would hurt. It's a 24-page sales letter in tiny type, about buying golf clubs. There's no graphics, no pictures, no nothing. It's just words on paper.

I'm not a big fan of graphics. I use them occasionally, when I think they help, like Dan says, amplify the sales message and the caption is a great headline underneath the graphics. But typically, you're not going to see too much of that in my stuff.

10-11Dan: There's one other way to approach this kind of thing. If you are stuck going to a market where there's an inordinate percentage of analyticals or they need to prop up a decision with this stuff, what I've sometimes done is done it as an insert in the sales letter. So there will be a reference to the charts, "What the eight charts prove is thus and so. If you want to study the charts and have all the statistical data, it's in the enclosed gray folder." And then the guy can go play if he wants to play, and get his calculator out and do the numbers, but it's not in everybody else's way.

Attendee: I have a question about lead generation. In a particular market and with a particular publication, could you compare and contrast doing space ad versus renting the mailing list?

Dan: That's a good question.

Jeff: Cost per lead and cost per sale are the two things you have to measure. Sometimes find that you get a difference in the cost per lead. I've had circumstances where the leads generated from the space ads were at a higher cost than the leads generated from the direct mail, but the conversion rate and the cost per sale was lower on the space ad-generated leads versus the direct mail-generated leads. I've also had the experience of the reverse being the case. One of my clients right now has the reverse case, where the direct mail leads are a lower cost per sale, even though they are a higher cost per lead.

So the answer is you have to test. There's no necessary correlation between the cost per lead or cost per sale from the subscribers to the publication versus the people who actually read it.

Dan: Sometimes you're forced into doing both, even though one is worse than the other, either because you're trying to buy speed, penetration into the marketplace, or because there's so few magazines and so few lists and so few options. Let's say it costs you 30% more to make a sale by mailing a list than it does running the ad in a magazine, but you wind up having to do both anyway, averaging the two, and adjusting the economics to support both.

Jeff: The one answer everybody hates is you have to test.

Attendee: If you were going to do like a biz op for an interior design company, would your packaging be different than like carpet cleaning and plumbers and so on?

Dan: You're going to put people in the interior design business or you're going to established interior designers? Which is it?

Attendee: Established interior designers.

Dan: You're going to established interior designers and selling them an increasetheir-business package?

Attendee: Right.

Dan: Okay. Now you've got the question.

Jeff: Well, is this primarily a female market or is it mixed?

Attendee: I would say predominantly female. Snobs.

Jeff: Well, the snob issue I can handle. I personally wouldn't go after a female information product too aggressively. It might work. I don't know what you think about that, but I have not had a lot of luck. The majority of my customers have been male. Except in the real estate industry, we did get *a* lot of females that ordered, but the better customers were the males. This is no sexism whatsoever. This is just how it is. You can like it or not like it. I don't know your opinion.

Dan: I think what you encounter is price sensitivity. Here's John Hartman's model with photography studio owners. Very visual people. His model is 90% of his print matter is just a tad better than ours. Like a goldenrod piece like this, John would still do goldenrod, but he'd put it on coated stock. Then he'll do one glitz piece that's an enclosure, that he just uses over and over again with everything, that is on nice coated stock and it's got his logo gold-embossed. It's almost like a, "Here's proof I can do that stuff. Now here's the 16-page sales letter that does the job."

Jeff: I think you definitely would have to test that and just see how it goes. Again, a lot of these things are things that people don't like hearing.

Dan: Some markets, by the way, kind of interesting, like in real estate where it's a mixed gender market, sometimes the women, even though they're price sensitive, the responsiveness will be higher because they're having to compete with the boys. But I would be afraid of a market that was 90% women business owners, frankly. So I'd test eery cautiously.

But w hat we found in chiropractic. we slam-dunked every woman doctor. They bought instantly, and they bought everything. And it isn't because they loved me, necessarily, or loved Foster. Its because they felt, "80% of our competition is male, so we've got two problems here and we need to crank it up. We've got to get our hands on everything that will help us." I suspect the same dynamic occurs in real estate. But

in a single-gender market, I think you're going to find that you're carving a tougher road to hoe. Of course, if you want to split test, sure.

Jeff: Yeah, you can split test. This brings up one very interesting comment. The market is the most important thing. Dan covered this yesterday and I'll just repeat this. The market is the most important thing. The market is the most important thing. The market is the most important thing. I cannot stress that enough.

Probably the only reason I got into the golf market and others I've been involved in, I'm working with a client in the bride-to-be market, is because they're nuts. The best characteristics are they're completely irrational about what the subject is, they're incredibly passionate about the subject, money is not an object to accomplish whatever it is they want to accomplish with the subject, and they're easy to reach.

So if you want to identify markets, golfers, brides-to-be, salespeople, there's all different kinds of categories where that fits. Go there first, in my opinion, because it's a lot easier and it's a lot simpler to have the results you want. The irrationality factor is important. Nobody should spend \$600 on a book and a tape.

Dan: Last question.

Attendee: My question is dovetailed on one that was asked earlier about the trade publications, using a space ad versus a list that's rented from it. Would you give us some information and some statistics, rules of thumb about the broadcast or fax list in the same niche, and card decks in the same niche.

Jeff: I've got a lot of clients doing broadcast fax for lead generation. I'm sure you do, too. The cost per lead is real low.

Dan: The cost per lead is very low. You can do a lot, and the conversion rates hold up pretty good. It's a very effective tool. Card decks tend to give you cheap leads, low quality. But again, it's math. You can make the math work. When I've been willing to go negative to acquire subscribers, I've used card decks generic for my newsletter offer. In one year, I used it a lot. Typically, to get \$149 sub, I was paying \$205, \$210, \$215, somewhere in there, generating a lead from a card deck and then sending

them the package. I could live with that all day long. I'm just not happy. But you can do it.

Let's talk about buying media, which should be page 116 in your manuals.

Here's something that should be painfully obvious, but it cost me money to learn it. What you pay for your media is as important as what you say once you've got it. Because if you overpay for your media, you can't make that up with message.

So for the most part, if you're going to buy print, for example, the first thing that you have to keep in mind, especially if you're operating in an environment where there is not a lot of direct response advertising, is that you have to educate the people you are buying media from that you are not a big, dumb, company idiot like most of the other people they sell media to.

You have to say. "Let me explain to you that we count. We actually have an abacus over here. And when we get a response, we move the red ball from the left side of the abacus to the right side of the abacus. And at the end of the month, we add up how many red balls we've got on the right and we divide them into what we paid you for an ad, and we actually know how much we're paying to get a lead. None of your other advertisers do that, so you can rape them for however much money you want to rape them for. But we actually count." And in fact, a lot of publications actually have a special rate for direct response advertisers for this very reason. That's an important thing to say. It's not true, but gradually, if enough people say it, we change the world of media.

This is not true of the big guys, but a lot of publications want to make a deal, but you have to let them have face. They have to be able to justify making the deal. So they invent all sorts of things. Remnant space, half of all the space that's sold as remnant space, is not remnant space at all. It's just a way for me, the publisher, to justify letting you have a page for \$3,000 less than I let the other guy have. So we wink at each other. I call you up and say, "Hey, somebody dropped out. We've got a remnant space page." And you wink and say, "Oh, good." It's nonsense.

We used to do this with Success Magazine almost every month. Magically. We had three

ads we could run. They magically had three last-minute remnant pages available for precisely what we were willing to pay, because they knew we were not going to give them any other money. That's important. Because if you let them get you once, you can never now play the game the other way again.

That's why if you're in an environment where there's only one or two magazines you can advertise in, by the way, that's ugly. And ultimately, in many cases, you wind up not being in the magazines at all. You'll wind up using direct mail and broadcast fax, and everything else, and you won't be able to even have a presence in the trades.

If you're in an environment where there's five, six, seven, eight, now you can pit one against the other. You may have to sit some out, until they finally give up and bend. In the opportunity category, we sat one out for almost 14 months, I think. They saw our ad in every other magazine, except theirs. And finally, it came down to the phone call, "What do we have to do to get you in our magazine?" "Well, we know we can afford to pay you X, and that's all we can afford to pay you. And if we pay you X and run the ad and find out, magically, that you're better than everybody else and we can afford to pay you Y, we'll let you know."

You'd be amazed how many people muck this up. Now you've run the "test" ad. Media guy calls and says, "How did it do?" The guy says, "Great! Best publication we've been in. Knocked them dead." No, that is not the correct response. The correct response is, "Well, it was alright." It's very important to sound like you're in pain when you talk to this person. Because two bad things happen. Not only do

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they jack your rates, but now they tell your competitors how good you're doing. And then everybody copies your ad.

A lot of times, when we run our kind of ads, everybody thinks we're idiots. The media thinks you're an idiot. They try and talk you into changing it. Your competitors think you're an idiot. Let them all think you're an idiot. Play dumb. Better to be dumb and rich. Just take the money.

So there's all sorts of things they'll talk to you about. You deal with agency discounts. and you will see this wording. Agency discounts only available to accredited agencies?' Nonsense. Anybody can get an agency discount, unless you're dealing with Time or Life.

Cash discount. If you go pay, you always want a cash discount. Frequency discounts. Everybody's media card is pretty much set up one-time insertion, three-times insertion, six-times insertion, 12-times insertion.

Then you have what I call the "special direct response rates." We're direct response advertisers. We get discounts because we count.

Test discounts. Often test discounts get to become permanent discounts, especially if you change the ad every three months, because you're always testing.

Remnant rates. Sometimes there's legitimate remnant situations, otherwise an excuse.

Here's basically what you need to know about all that. If you want a big thumb rule, here's the big thumb rule. The most you can afford to pay is rate card less all this, less the 12 times rate even if you're not 12-timing, less the agency 15, less the cash two, less something as a test rate or a direct response discount. There you're at a number you may be able to live with. But if you're paying one-time insertion rate card less 15, you're going to get killed in our business. Very hard to make that work.

There are brokers who specialize in discount and remnant space for the direct response industry. Some of them are in your Million Dollar Rolodex. The biggest guys in the business are Novus. They place the Troy-Bilt, the World's Longest-Flying Golf Ball ad you see everywhere. Those guys, the Swedish Mattress, the miracle mattress thing, none of those people are paying anywhere near rate. if they're anywhere near rate, they couldn't survive. So they're buying at 40 off, 50 off, 60 off, or they can't play the game.

A lot of these companies will not deal with you if you're a tiny player. So you have to start out struggling and doing it yourself. And then if you get up to a decent number, then you can start to use these guys.

But what happens with a lot of major publications, you take like USA Today, USA Today has eight regional editions. So 80% of their space is national. "Hilton Buys USA Today." But then the reps are selling regional deals. So maybe for the southwest region, they get Scottsdale Vantana Resort decides to run a quarter of a page to promote their summer rates, but they only want to run it in the southwest edition. Well, as soon as that rep made that sale, he created a hole in the other seven editions for a half a page. Somebody's got to sell that hole and get somebody to go in there, or ultimately you wind up with American Cancer Society free advertising in there. So anything above free is a good deal for USA Today, and the race is on.

"Harry just sold a quarter of a page in the southwest edition. Hey guys, get moving. We've got a quarter of a page hole in all these other editions. Let's rock and roll." And at the last minute, whatever they haven't filled, a company like Novus has said to them ahead of time, "We'll take it for X. Whatever you guys have got, you can call us three days before the close day, we'll buy it, and we'll pay X." And then they're turning around and selling it and marking it up. So they've got guys like us, the golf ball, the Swedish mattress guy, we're all sitting around saying, "We'll wait." And they're in the middle waiting. And at the last minute, boom, they get' pages in the southwest edition and 1/2 page in the Rhode Island edition, a page over here they can sell. Then they start calling their people and saying, "I can put you in here, I can put you in here, I can put you in here," and it all happens.

And with USA Today, it's happening every day because it's a daily paper. A paper like Wall Street Journal, it's happening every day. Time, they sell, I think, 12 regional pages. So every time somebody sells one, it creates a hole in the other regional editions. There's a company that handles Time. I've got them around here somewhere. MI or TMI. They're in the rolodex.

The smaller pubs and trade journals, mostly remnant space, for them, is an illusion. They're just making it up in order to do a deal with you. And that's perfectly okay. Generally speaking, any magazine that doesn't do regionals, when they do remnant deals, nine out of ten times they're just making it up to do the deal.

Now, they may have a last-minute cancellation. Because what happens is they've got somebody that hasn't paid the bill for six months, and he's got an insertion order in for this month. And this is the month they Finally decide to cut them off. It happens like three days before they're going to press. Somebody's looking over the records and says, "What are we doing putting this guy in here. He hasn't paid us in six months. Get him out of here." Now they've got a hole. Now they've got a page that they can sell, and they can sell it cheap. If you're the standby guy, you get it.

There is a remnant game played. It doesn't work real well with magazines, it works great with small newspapers. The remnant game that's played with small newspapers, any number of us have played it. Halbert's played it.

There used to be a buyer. I don't know what ever happened to Nancy. I can't think of her last name. Nancy Jones. Is Nancy still around? She was really good at this game. It works great with weekly newspapers. Phoenix, of course, Arizona Republic's the daily paper. But we've got Paradise Valley puts out a weekly paper, I think Glendale, Tempe has a weekly paper. Then, you dictate the price. If you've got an offer that will work in newspaper, then you send all these weekly papers your full-page ad, and you send them a check. "Here's a check for," whatever you make the check out for. "Here's a check for \$1,500. Feel free to cash it and run the ad anytime in the next eight weeks that you have remnant space available and you're willing to accept the \$1,500. If you're not willing to accept the \$1,500, just send the check back." It's real hard to send back a check. I mean it's painful. They even start to do it and can't do it. Can't put it in the envelope. So you buy a lot of space that way. But you've got to be able to take whatever you can get. You've got to have the kind of ad that you can run like anywhere.

Carbo had that ad, "Lazy Man's Way To Riches." Joe was to the point where the first of the month, his secretary was buying the media. We're going to spend \$100,000 this month. Buy whatever you want." "I think I'll buy Soap Opera Digest." "I don't care. Buy newspapers, I don't care," because the ad worked everywhere. Hard to find those.

We had it for a little while, the JP-DK ad. But within a range of magazines, it worked just about everywhere. We may have it with a consumer product ad that just did. It looks like we got one.

So you've got an ad that works in weekly newspapers, you can play this game. It doesn't work very well anyplace else.

Free editorial. Most trade journals and a lot of specialty magazines will, "Okay, we can't give you another 10% off." "What else can you do?" "We'll give you *free* editorial." Money-Making Opportunities Magazine, every time we ran the US Gold ad, we got a free full-page article. All that is, is two ads for the price of one. It's just that he doesn't want to save that. The guy publishing the magazine can't say, "Well, I won't give you a discount, but I'll give you two ads for the price of one." He doesn't want to say that. So he says, "Well, I've got to charge you this for the ad. But, we could do an article about you." "Well, how much space can we have for the article?" "We can have a page." Well, it's two ads for the price of one. You just can't say it. If you ask him for two ads for the price of one, he'll say, "Nol" "Can I have an article?" "Yeah."

Neat articles. So the article becomes—I wrote every one of them—the articles were all testimonials. The articles were all success stories about Harvey and Marge, who got in the US Gold business in Tupelo, and schlepped out to the swap meet and made \$15,000 in a weekend. The next one was about the handicapped woman with no leg, a bad eye, and a dumb dog. All those kinds of articles.

Attendee: Are those articles identified as advertisements?

Dan: No. And they talk all the way through about US Gold, US Gold, US Gold. And like Rory did with his, had the pitch at the bottom. "You can get the free information kit. Here's the number," and all that. I always got them separated, not together. So we've got our ad, and then 18 pages later in the magazine we've got another ad. Two for one. That's okay, it's a 50% discount.

So we've got agency 15, cash, and then we've got 50% off after that. See, that works.

The numbers are fine. So there's lots of ways to skin the cat. And a lot of trade journals will play the same game. Or they'll let you do a how-to article. That's okay, too.

So you're a reigning expert in Interior Design and how to build interior design businesses, and they won't quite discount your lead generation ad as far as you want but they'll let you do a monthly column, fine. You've just got to count that space. Now you're paying the right money for the space.

Positioning. For the most part, it doesn't matter. Or it shouldn't if you do your job right. So rarely is it worth paying extra money for positioning, which is another lever you try and use to get a discount. "I don't care where you put me. Left page, right page, back of the book, run it upside down if you want to, I don't care. Knock another 5% off. Stick me where none of your other advertisers want to be." It doesn't make any difference, especially when you're in the right market. When you're in a magazine read by rapid people who are passionately interested in what they're doing, they read every page.

Think about whatever it is your rabid deal is. If you're a golfer, you read the golf magazine. They'll read every page. Got to see my deal. Now, they don't read every page of Time. They don't care. The Bird Talk person, you can send her a golf magazine all day long. But Bird Talk, she reads every page. So positioning doesn't matter much.

Newspapers, it matters, of course, because you're reaching people who aren't passionately interested and all that. But when you're in a passionately interested environment, positioning doesn't matter much. It's rarely worth paying extra for.

Therefore, you can sometimes use it as another excuse for them to give you a price break.

Editorial calendars. Almost every magazine gives you in their media kit, their editorial calendar for the year, what the theme is going to be of each issue. This issue, we're going to talk about opening new stores. Next issue, we're going to talk about running bankruptcy sales. The month after that, we're going to talk about family-

owned businesses. So they've got an editorial calendar. Their pitch to you will be, "You want to tie your advertising to the editorial matter. You want to take more space in this issue, because it relates to your topic." All that's pretty much nonsense. For us, it doesn't make any difference.

Bonus distribution. "This is the month we go to the XYZ show. We give out an extra 50,000 copies of our magazine at the XYZ show, which is why you should give us more money." No. That distribution is, in nine out of ten cases, worthless. Worthless. In fact, if you want to skip an issue during the year, that's the issue to skip. Because in reality, that's the month you should give them less money. Here's why.

If everybody in the niche is traipsing off to the XYZ show, they ain't reading the magazine. That's the month they come back from the show with a bag full of crap. It's too much. So now they don't read the magazine. The months where nothing's happening, they read the magazine. And, a special trade show issue with the 50,000 extra distribution, what do you think happens in that issue? Yeah, 50 extra advertisers. So where you were a half-page ad in a magazine with 50, now you're a half-page ad in a magazine with 100. That's no good. You're now paying more to be in a more cluttered, competitive environment where nobody pays any attention to you. "Explain to me why I should give you more money for that." "Well, we hand out 50,000 extra copies." "Yeah, maybe you drop five million of them out of an airplane. It doesn't matter to me. It's not as good of a selling environment."

Reader service cards. I think we talked about this. Never, ever, ever, ever, in a zillion years, do it. I put a couple pages in your manual, just of a rate card and a pitch letter, and so forth.

Jump over to page 119.

Attendee: Is there a general rule for remnant space offers?

Dan: No. A lot of it's in the 50%, 60%, 70%, even 80% off range. It's deep discount. Let me get through this, and then we'll take a chunk of questions.

Once you've got an ad that works a few places, you will want to expand the number of

places you can run the ad. The first secret is you've got to build it into your economics. Remember, this is math. Every company has to have research and development. In our business, part of R&D, once we have a reliable stable of places to advertise that work for us over and over and over again, now we've got to start testing less and less certain magazines.

So take an opportunity offer. Brand new opportunity offer, like, "How to make \$4,000 a day at home in your underwear." There's obvious Income Opportunities, Money-Making Opportunities, Spare-Time Magazine, Entrepreneur, Success. There's about eight obvious candidates. And if the ad don't work there, it probably isn't going to work anywhere. And in all probability, it is going to work there. And out of the eight, I think we wind up with six that we can be in month after month after month, and they're going to perform.

percentage of your money devoted to R&D, which means testing weird magazines that probably won't work, that logically shouldn't work, but you're not going to know until you test, and you've got to find some more magazines.

So you've got to have a certain amount of money every month that you're willing to flush. You're going to try five and none of them are going to work. But each one you find now moves over into the stable of reliables, and you can keep using it over and over again.

So like in JP-DK, we found Mother Earth News worked. No reason to think Mother Earth News would work. I can justify it after you know it works. I can tell you all kinds of reasons why it works. People out in the middle of nowhere, they like being self-reliant, they grow their own food, make their own water, sew their own clothes, the mail order business is perfect for them because they're way far from the city, they don't like to go out. I can tell you all that after the fact, but that's because I know it worked. Before we ran it in there, there was no reason. There was a reason, which I'm going to reveal to you, but there's no logical reason to assume it would work.

American Spectator. For those of you who don't know, American Spectator is a very conservative, right-wing publication. It's not as conservative as Spotlight, where I

think we also worked. Did we work in Spotlight? Yeah. Spotlight is for people who are politically to the right of Attila the Hun. These are the people who want to keep the flag up in South Carolina. That's who reads Spotlight. And for the most part, they're a bunch of old farts and they want to change the monetary standard back to gold conferences and that kind of thing. That's who these guys are. But our ad works there.

So it works in Mother Earth News, which is a bunch of sackcloth and ashes, sandal-wearing ex-hippies who've moved out in the middle of nowhere and got a pet pig. And over here, it's working in American Spectator with the members of the American nazi party who hated Nixon the whole time he was in office because he's too soft on the Chinese. We're working in both of them. How can that be? But those two move over into the reliable stable.

Jeff's worst pick, I think, was the Monthly Nurse Magazine. A bright idea. Well, a bunch of nurses want to get out of nursing, they'll want to get in this business. I think we took it in the shorts there. My worse pick, far bigger numbers, however I have an excuse, which is they made us change the ad, was United Airlines. What did we dump on United Airlines? \$12,000. Nothing. Nothing. I've made opportunity stuff work in the airline magazines before, but nevertheless, nothing.

But that's what you've got to do. Every month, once you're to a level of control and reliable performance, now you've got to start testing the weird stuff to try and find another one. And if you went all year, if you tested two a month, if you tested 24 and found one winner, over time it was worth finding the winner.

Increase the size or the frequency. Logic stuff to test, right? We've got a quarter-page ad that works, let's see what happens if we make it a half-page. Got a half-page ad that works, what happens if we make it a full-page. Or we're only running four times a year, what happens if we run six? We're only running six, what happens if we run eight?

Third, multiple ads in the same publication, in the same issue. You've got a magazine

that works great. We've got only a few magazines that work great. Well, let's try two ads in the same magazine, separated by space. US Gold, we did it for four years. Every time I've made it work, the ads have to look very different. So in

US Gold, we had a very pictorial ad. big color picture of all the crap they get. It was a pretty simple ad. It was his control ad. Then I did an all-copy ad, like the ad you see in the sample book, that he hated, with no pictures. And we ran that in the same magazine and we got almost as many leads from the second one as we did from the first one. Lead cost about the same, hardly any dupe. Now we've just turned five reliable magazines into ten reliable magazines, because we can run two ads in every one of them every month.

I never got him to test three, but we should have, because that would be the next thing to test. What happens if we do three?

Ron, you and I talked about on the break, what if you run two simultaneous but different front-ends? So it works for me, so we've got a free lead generation offer with a full-page ad. Well, let's make an ad that looks totally different over here, and try a self-liquidating lead generation offer and make them give us \$19 for a video tape. Maybe we can run both those ads at the same time, wind up with the same lead cost, double the productivity in the magazine.

Two front-end offers simultaneously. Compete with self. Two completely different businesses. The second one, they don't know it's you, and you're your own knockoff artist. It's done. It's done a lot in the opportunity marketplace. I showed you two front-end, same guys getting the cruise business as getting in the laser-cartridge business. You don't have to be a rocket scientist to look at the ads and detect they're the same people. They're running two front-ends.

Now, here's the big secret. This is real easy. It's the McDonald's story I told you. At peak, I had seven different clients who were running in all those magazines, plus our JP-DK ad. So some issues, eight full pages worth, essentially mine. Here's how we picked the magazines. Here's how we found American Spectator. Here's how we decided to run in Mother Earth News. If we had just stuck to this strategy, we never

would have tried United Airlines and we never would have tried the nurses deal, and we'd have saved about \$16,000 come to think of it.

The strategy is simply find a leader who you know is productive and go where he already is. Don't make any decisions on your own. So at this time, in this particular marketplace, there was a guy by the name of George Douglas running an ad called "How to make \$4,000 a month at home with your computer." George tested a lot.

All you had to do was follow George. Anyplace he was and had been consistently for four or more months, go there. Real simple. So he was in Mother Earth News, we went in Mother Earth News. He was in American Spectator, we went in American Spectator. He was in Spotlight, we went in Spotlight. You just follow the leader. I don't need any media kits, I don't need to do any demographic analysis. I don't need to test small ad before I run big ad. I don't need a brain. All I've got to be able to do is find his ad, and then go make sure it ran four times. Because his minimum test is a three-time insertion. In for the fourth time, let's jump in.

That's it. That's all the decision-making ability you need. You've got to make sure you're following a winner. You've got to make sure you're following somebody who's selling a comparable, they're selling to your customer, and you know that they can do math. You know they're tracking their results and they're making intelligent decisions. And then you just follow a leader. And in almost every category, you'll find one. You'll find somebody who knows what they're doing. It's kind of like my first job as a salesperson, a territory salesperson, and anybody who's been on the road knows the draft behind the semi-truck trick. Save a lot of gas. You just get behind the semi and suck along behind him. That's the deal. We're just going to get in the winner's draft and let them drag us around.

You'd be amazed at how many people don't get it, don't do it. So just for practice, take a look at this LA. You're going to see this ad a lot right now. It's running in a whole bunch of places. This pitch resurfaces from time to time. I think they're in about 50 magazines right now, plus the tabloids, plus the newspapers. Started in two a few years ago.

This is a pheromone pitch. Put this glop on you, and it's like stuff to attract deer out of the woods. Put this glop on you, and you will be instantly irresistible, in spite of your crummy personality and your bad dress. It is, by the way, of course, it's what I call the "incredible pitch." Anybody with the brain of a flea knows it's untrue. But still, you want to believe it so much, you buy the stuff anyway.

Now, here's the two smart questions, just as an experiment. One, who should follow her? What kind of advertiser should follow her?

Attendee: Ross Jeffries.

Dan: Yeah. Exactly. If I'm sitting here placing Ross' ads, here's what I'm doing. Ross Jeffries sells the "how to seduce women" ad. I gave you the sample. So if I'm Ross, I'm going to find some places I'd never think to test an ad, because look where this ad is. This ad is in Herbs For Health. That's where this ad is. Now logically, I'd never think to test this ad there. But they've been there for four issues. So if I'm Ross, even though there's no logical reason to put his ad in this magazine, I'm following her. Let her spend the money to test 12 and only find one. I'll just spend the money to test the one she's already found. My win/loss ratio is going to be a lot higher, and I'm going to find stuff I would never find otherwise.

Somebody asked about classified. Let's talk about classified real quick. There's the good news about classified ads: 80% of all classified advertisers continue. Anybody in the magazine business will tell you if we can get ten people to place classified ads once, direct response people selling stuff, eight of them are going to be running classified ads with us forever. Well, that tells you they work. It's a very effective media.

Here's the bad [news](#): it takes a lot of classified ads to do any serious numbers. Melvin Powers, god knows how many magazines he's been in and how many magazines he's in in a single month. For all I know, newspapers and tabloids. I know one advertiser who's in 100 and some odd publications every month with a little classified ad; 12 leads here, 18 leads there, it all adds up to a business. Very ponderous, but highly effective.

The multiple ads in the same magazine trick works really well with classifieds, because classifieds are categorized. That's the nature of classifieds. So it's not at all unusual to find the same ad under "Business Opportunities," "Work-at-Home," "Money-Making Opportunities," "Career Education." You find the same ad under six categories. They're all working, because people aren't reading all the ads. They're going to a category, reading the ads, answering the ads, moving on to something else. So that trick works even better.

Here's some stats. Classified ad under "Business Opportunities" pulled 60 to 80 inquiries a month. Then they put it under "Education and Instruction," pulled an additional 52 inquiries. Put it under "Money-Making Opportunities," which pulled an additional 51 inquiries. Put it under "Printing Outfits and Supplies," because it was for an opportunity involving screen-printing, and pulled another 48 inquiries.

So one ad is now five ads. That means one magazine is five magazines. That's what it means. You've got ten magazines that work, figure out a way to run five ads in each one of them, you've got 50 magazines that work.

The quality of the leads and the customers is almost always lower when they come from classifieds than when they come from display. You have to factor it in to your economic game.

Free versus self-liquidating. It is almost, without exception, a mistake to try any kind of self-liquidating classified. When you see classifieds with "Send \$1" "Send \$2," "Send \$3," "Send a self-addressed stamped envelope," etc., stupid. Stupid. You're not saying enough in a classified ad to justify any of that. And all you're doing is suppressing your response.

Free. A lot of classified advertisers make the mistake of not doing multiple means of response. They only put an address in there, they only put a phone number in. Put in the phone number, put in the address. If you want to put in a website, put in a website. Give them multiple means of response.

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getting other people to pay for it. It has its pros and cons.

So one option is you create your own media. Is Reed here? Are you here? Get a mic, will you? Because I'm going to ask you a couple things.

Here, for example, this is Dr. Tom Orent. He sells information to dentists; seminars, info kits, etc., etc. Don't come up, because I'm only going to ask you one question. So he's created a four-times-a-year whatever you want to call this, newsletter, magazine, whatever, that he mails to all however many dentists there are. Does anybody know the count? Is Chris here?

Attendee: Yeah, 110,000.

publishing business. He wants to be a little miniature Bill Phillips and own his own magazine.

So here's the deal. Here's a magazine. One of the articles on the front page is Tom's. This article is Tom's, all of which is promotional, of course. This is a paid ad. Sold ad space to somebody else. Here's an ad to get other people to advertise in the next issue of this thing. Here's Tom's. Here's Tom's. Here's a paid ad. This is Tom's paid ad, a vendor to the industry. Paid ad. This is all Tom, Tom, Tom, Tom. paid ad. Good advertiser, by the way, because they don't track. That's a stupid equipment manufacturer. They're not tracking this, I guarantee you. They don't know what they're getting, so they're happy. A pretty picture. Paid ad, Tom, Tom selling his cruise, paid ad, Tom, Tom, Tom, Tom, Tom, Tom, Tom. Here's his game. Enough ad revenue so I get to mail free. That's the deal. That's his game.

If you're in a niche, you can be a publisher. Now, Reed, you've been doing this with both direct mail and with broadcast faxes.

Attendee: Right.

Dan: Can you kind of give us a thumbnail of a specific?

Attendee: Let's see. The idea is to take a vendor who is peddling products to some niche.

Dan: So Tom might take these guys. They're selling denture-bond products that the dentists resell.

Attendee: Okay, so the idea would be that I'm a guy who sells patients that product and it would be like a broker speaks out and tells the truth of a specialized firm who sells products to that niche. So it's a testimonial type ad which tells how I was skeptical. and I tried them. And now. I'm doing really well with their stuff. It plugs them, plus me.

Dan: And you charge them. So let's say it's a full-page broadcast fax. Like in your niche, where you're selling to mortgage brokers, so maybe it's a software company that provides software to mortgage brokers. So what you've written is an ad for them in which you're endorsing their software deal and saying how wonderful it is. And also describing who you are and what you do and all that, within the context of this one thing.

Attendee: Right. Then they pay for the actual ad or fax.

Dan: So the vendor's paying for everything.

Attendee: Right.

Dan: The faxing. And you're riding along for free.

Attendee: Right.

Dan: So if you can get five vendors to do that, you've got five faxes to rotate through the market, you've got five weeks of free advertising, five months of free advertising, or whatever.

Attendee: Right. Plus then that piece can also be used as a direct mail piece, plus a trade rag piece. plus a fax, plus there's piece two or three, and you can strictly create piece after piece, too. Plus, we also do the Fax Times, which is a one-page fax with spaces we sell. So like you can have one page with a small square that you sell for one price, and then a larger square for some price more. And you have them paying for your fax, plus they also can try a faxed ad, which then you can sell them an ad too.

Dan: Think about the logic in this. The reason these guys are giving Tom money is

because they don't know what to do. So this is an even better story. He goes to the software company and he says, "You guys have got great software for mortgage brokers. We both know you don't have the earthliest idea how to get any leads. I'll show you how to do that. I'll write the ad for you. The ad will be by me, about you, and I'll take care of all the faxing for you. This is brain-dead simple. And you guys are paying \$8,000 a month to run this pretty picture ad in this trade journal, which you know you're not getting anything from. This will only cost you \$4,000. Do you guys want to do it?"

Attendee: Now, what's really neat is that can work for every niche.

Dan: Okay, thanks. So he's writing an article about how great this software is. Right? So at some point in time, he's got to describe who he is to make sure he's the crediblized endorser. So, "I'm Reed Hoisington, leading advisor on marketing to mortgage brokers. And over 2,642 mortgage brokers belong to my network already. I want to tell you about the greatest software tracking device." And four paragraphs later, "One of the reasons this is important is when you use great marketing, like the kind I provide to my clients, you suddenly get a whole lot more leads than you had before. It's really important to have tracking," and there's a plug and a direct referral to his 800 number to get his free report build right into the article. So you've snuck along.

The other reason it's good is because if you're repetitively faxing or mailing to the same niche market, this now fools them again. If somebody has mentally said to themselves, "I'm not going to read any more of that stuff from that Reed guy," they chuck that. But wait a minute. You don't know this is from Reed until you're a fourth of the way in it. And now you're interested, so we've snuck up on them again.

10-35

Same kind of idea. Most of you will have seen it. I think it was in a recent newsletter. This is a retail example, but it's the same idea. Glassier did a newspaper. You guys all see this? Glassier did a newspaper article advertorial. Bill spends so much money for his men's wear stores that occasionally the paper gives him a remnant deal just to kind of keep him happy. So he usually runs half-page or quarter

page. So they'll call up and say, "You can have full-page for the price of a half-page."

So then he's got a couple consulting clients, this sporting goods company is one of them, so he'll run and say, "You can have half and I'll take half." He charges them more than half, so he gets most of his space for nothing. He creates ad for them and charges them for that, too. So Bill's been running advertorial-type *ads* for a long time for his stores, and finally the client wakes up and says, "But I want an advertorial-type ad too." Bill says to me, "I don't think I want to put two advertorials on the same page, because it will diminish the effectiveness of mine."

I said, "Well, you're trying to confuse everybody, cheat it even further. Write one article about both of you, and stick both of your ads in and make it one big one-page deal. So he's got, "Local retailers still strive despite onslaught of national chains." It's an article about how his stores and this other guy's stores are surviving even though Wal-Mart and Men's Wearhouse and everybody is trying to kill them. And then there's a sample of the sporting goods guy's ad, with his big sale, and there's a sample of Bill's ads with his big sale, which is talked about in the article. So it even more appears to be a local business-type article. The response from this is even better than what he was doing before. This thing's a huge winner.

Now, there's absolutely no reason you couldn't do this with an advertising partner in a niche, for example. We sell to chiropractors. So you sell marketing information to chiropractors and you go find a software company that sells case management software to chiropractors, and we think up some kind of idea. "New technology providers to chiropractic profession turn way the office is operated upside-down." The whole article is about new marketing technologies and new management technologies, and how they're changing the face of the profession. The guy providing all the new marketing technology is me and the guy providing all the new operational technology are these guys, and it's one big article about both of us. All our pictures are smushed together in one place, plus we stick both of our ads in. We've got one big ad that looks less like an ad than any ad ever looked like an ad before, and we're really sneaking up on them. And we charge the other guy enough so we are free.

Attendee: Can you get a copy of that?

Dan: Wasn't this in last month's newsletter? It's in this month's newsletter. You're going to get a copy of it, because it's in this month's newsletter.

Attendee: How does he deliver that to people?

Dan: It's in the newspaper. It's a newspaper page.

Attendee: Oh, it's an ad?

Dan: Yeah. It's just that you get the other guy to pay the whole cost. But you could turn it into a fax, you could turn it into a tear-sheet mailing, you could do anything you wanted to do. But the idea, of course, is to get the other guy to pay all the money so you advertise free.

Same concept, two-sided, two-offer postcard, Val-Pak coupon, whatever, get the other guy to pay the money, you ride free, split-page I just showed you. You can sometimes subsidize your advertising. There are advertisers who immediately sell their leads. They find it doesn't make any difference. We started doing it the last

10-37year of US Gold. No delay, no nothing. As soon as we got a lead off TV, the guy that sells the machine that puts your photograph on cups and glasses and t-shirts and all that as an opportunity, and people can go set up at fairs and horse shows and stuff and do that, he bought the leads for \$4 a lead the minute we had them. So we're working a lead, he's working a lead. Turned out it didn't make any difference at all to the conversion rate, but it brought the \$12 lead cost back down to \$8 a lead, which is where we had to be. I'm not sure it would have made any difference if we sold them twice, three times, four times. I don't know. I don't know at what point it would have made a difference. So you can sell the leads.

Let's see, we showed you lead generation faxes. You don't need to see those. Frequently used tools. This will get to some questions people asked the other day.

Audio tapes. Should you put audio tapes into your mail pieces to boost the response? Maybe. A) It's economics. Adds 70 cents to each mail piece. Multiply it out. I3) Sometimes it works and sometimes it doesn't do anything. And sometimes, incredibly, it hurts. Now we have no idea why that is, but sometimes it does. JeIT and I had an experience with the mail order course. The first tape we made that we tried

was an interview with you. So we get this tape done and we liked this tape, and we're excited about this tape. This has got to boost response. We put the tape in, and not only doesn't it boost response, it hurts response.

Miraculously, somebody sends us a tape. Ben Cummings recorded this tape and sent it in to tell us his story about how he'd been sleeping in his car and to get the money to buy the deal he gave blood six weeks in a row down at the blood deal and scrounged up all the money, got the course, and then he gave some more blood in order to get enough money to run his first ad. And now they've got a house and two cars and a better looking dog, and \$30,000 in the bank.

We didn't ask for it. We didn't prompt it. He just did it in order to tell us his happy story. Jeff said, "What do you think we ought to do with this?" I said, "Well, I think it would be a good idea not to screw it up. Let's just try testing it just the way it is." That tape gave us a pretty big boost. I don't remember what, but a pretty big boost. So yeah, the tape works, but you've got to get the tape right.

So there's a lot of stuff you can do. You can do testimonials. It's generally hard to go wrong with testimonials. Many of you have heard the "Spill the Beans" tape I did to sell the Speaking Business Boot Camp last year. Very good tape, very effective tape. We're continuing to play with that tape, use that tape. You can do interview, which could be elongated testimonials. Bill's just done a tape we're testing now, where he's on the phone interviewing his testimonials. Could be an interview with you. Could be roundtable conversation. The expensive experience tape in the ad I showed you last night, that was just a straight pitch. That was a 90-minute monologue, me talking.

I have a couple clients that now are using reads of the sales letter on tape. They're operating under the assumption that some people won't read and some people can't read. So you put a 16-page sales letter in front of them, no good. But they'll listen, and they can listen.

I did a tape for the multi-level industry two years ago, celebrity-hosted. We had Alan

Thicke host a roundtable conversation with a bunch of doctors who were in this mutli-level. So it's a celebrity-hosted tape. They'd listen because there's a famous person on it. A pretty effective tape. So there's all sorts of things that you can do with these things.

A couple of issues: length. When you go do audio or when you go do a video that sells, you will be told the same thing that you're told about print. "Keep it short."

Almost any video company you go to is going to tell you, "Well, a corporate tape, that should be about eight minutes." The audio guys will tell you, "Well, 15 minutes, 12 minutes, 18 minutes." Expensive experience was 92 minutes, because it's the most tape we could pack into a shell without dropping down to the lower grade of tape that falls apart after you listen to it just once. So my question was how much can we do? 92 minutes. We could get 92 minutes. Good. I'm going to do 92 minutes. That's what I'm going to do. And if I could have done 93, I'd do 93. I don't know how many words there are in a 92-minute script, but there's a crap-load of words in a 92-minute script. It's more than 16 pages, I'll tell you that. It's a lot more than 16 pages. And they'll listen to a lot more than they'll read.

So the length issue is the same answer as always to length: long enough to do the job. If you've got enough to say without being boring, the longer, the better, almost without exception. The more you tell, the more you sell. 18 pages is better than 16, 24 is better than 18. 36 is better than 24. Now, you may have economic issues with all of this, but not effectiveness issues.

The selling versus teaching thing, we beat that up before about print reports. The exact same answer applies.

Variety, diversity, obviously you want a listenable tape. So the ways to make it listenable are a mix of monologue and interview and narrator, and all of that. And that probably becomes more and more important as we go on. It's a great place to tackle objections, to have your testimonials matched to the most common reasons not to respond. So the first testimonial you're interviewing says, "I was really skeptical." The next one says, "I live in a real small town, so I thought..." The next guy says, "I live in

a skyscraper in Manhattan, so I thought..." The next person says, "I've only got one leg, so I thought..." You cover each one of the objections, you match them up with the people. A tape's a great place to do that.

The best thing I can tell you about videos? Once they plug the video tape into the TV to watch it sell them something, they're watching television. That's what they're doing. So TV is supposed to look and behave like TV. That's why infomercials work. They look like real television. A lot of people still can't tell them apart. People are trained to watch certain types of TV. There's very few TV programs where one guy sits on a stool with his product on his lap and talks to you about it for a half an hour. That's tough to make work. There's talk shows, there's news programs with field reporters.

So when you do videos that sell, even if you're never going to put them on television for broadcast, you do them like you were going to put them on TV for broadcast. You do infomercials.

Attendee: It takes away a lot of customer service issues.

Hen! Yeah_ That's n whole other issue is mini; the tools to solve nneratintual problems, rather than sales problems. But the frequently asked question format, it's frequently used in print, in selling, often as a loose insert, "Here's the answers to the seven most common..." So there's no reason you couldn't and probably shouldn't do it on tape, just as you would do it in print. When that's done well, by the way, it's actually a standalone pitch. If you study most of the print examples, if all they read was the questions and the answers to the ten most commonly asked questions, it really has duplicated the entire pitch in the sales letter. So if they read that instead of or ahead of the sales letter, they still got it and they can buy.

Let me show you one other thing, and then we'll take some questions about all this, since you've got questions.

This is atypical enclosure to get a tape listened to. This went with the spill-thebeans tape. Here's a quick preview of what you'll hear on the enclosed spill-the-

beans tape. You'll notice they are testimonials. And to some degree, it's okay now if they don't listen to the tape, because I just told them what they're going to hear on the tape. But in this case, it's in a niche market.

Now, this is contrary to what you do in print. There's no names. I deliberately did it, because on the tape, they're all identified. So I wanted to arouse curiosity, "Who's saying these things? I'll go listen to the tape to see if there's anybody here I know.- But if they don't listen to the tape, I've got the impact of delivering the testimonials. It's main job is to get them to listen to the tape.

Let's take a couple minutes of questions.

Attendee: In the lead generation and advertising aspect, you said that you followed the leader after seeing the same ad three times in the same publication.

Dan: Four.

Attendee: Four times. excuse me.

Dan: Hie fourth time is a charm.

Attendee: Right. Because they test for three.

Dan: Some people will test a three-times insertion.

Attendee: Should you then test three-times insertion?

Dan: No.

Attendee: One is enough.

Dan: I here's the good news, bad news about DR. Works or it don't. I said good news. bad news, because you spend \$25,000 on copywriting, and for \$500 you find out it's no good. We produce a quarter of a million dollar television show, and for \$3,000 on a weekend, we know it's no good. But spend another nine, it's still no good. We just spent \$6,000 more. Because this is advertising in a vacuum. They're either picking up the phone and calling or they're not picking up the phone and calling. Is there some build? Yeah. More so in TV than in print, but sure, there's going to be a curve. Same ad appears four months in a row in a magazine. People see it the first

time, see it the second time, finally they can't resist it the third time, so there's a build.

And then there's the taper effect. If it's a limited circulation, everybody who's going to respond saw it, and now you go into eyeballs that won't respond under any circumstances. So it goes like this.

But you can't live off that. You've got to live off this. That ad's got to work right now. And then if it gets a little better before it gets worse, fine. But you can never buy the argument in direct response that is made with traditional advertising, that it will get better, you just need more exposure. We don't live off of exposure, we live off response. And here's why the argument's no good. We do salesmanship in print. That's what we do. So Joe Salesman, your best salesman, goes out to Harry and Marge's house and spends three hours tonight demo-ing pots and pans. He cooks them a meal. He flips the pennies in the pot to show them how much money they save. He stacks the pots to show how you can cook 22 meals on one burner. He does everything he can do. He rips out the 22 closes. "You do love your wife enough to..." He does everything that can be done to sell these pots and pans. And when it's all done, they don't buy them. You going to send him to the same house tomorrow night, and have him try them again? How many times do you want to do that before you face the fact that either those people aren't going to buy pots and pans or this guy can't sell pots and pans, get me another guy?

So that's what we're doing. We're not doing brand-building, where over 30 years, everybody's going to remember the rabbit. That's not the game we're in.

**INFO-RICHES SEMINAR 2000
HIGHLIGHTS PACKAGE**

AUDIO CD TRANSCRIPTS

CD #11

Attendee: I've got this fantasy about running hundreds of classified ads through a company like National Mail Order. They'll run them for us. You talk here, on page 121, about the quality of leads from classified ads suck.

Dan: I don't know that I said that.

Attendee: Well, they're not *as* good.

Dan: Yeah. It is different, you know.

Attendee: I know one of the ways to get them better is to use a voice mailbox where you have a chance to expand your message. What are some other ways—I'm curious now—to get those quality of leads up, to enhance the quality of leads that come from classified ads?

Dan: You can't. To my knowledge, you can't. And here's why. The person who reads the classified ads is a different person than the person who doesn't. That's why. In fact, only a small percentage of readers of a particular publication read the classifieds. So it's a different person. So the quality that we get out of that group is the quality there is to get.

I'm not rabid enough about hardly anything to wade through the classifieds, nor am I cheapskate enough to go through there and look for the freebies. You're never going to get me with a classified. I don't read them even in the magazines of profound interest to me. So it's a different pond.

It's okay to ask the question. But the smarter question is not, "How can we improve the quality?" The smart question is, "How can we make money with the quality we get?" I here's what we're going to get. It's the same answer with card decks. Here's what we're going to get. And now, if we do everything right, here's the result from our test. They ain't as good. It costs us \$20 an order more to sell to them, and they're worth \$500 less on the backend. But, there's 500 magazines we can run this dinky little ad in, and it will bring us 5,000 leads a month. So now, how can we

structure our business to make money with those numbers? That's the smarter question of the two.

Because again. it's like if this process has a bunch of dials. This one's lead cost, and we tinker with that as much as we can, and now we can't fix that dial anymore. So we've got to go fix one of the other dials. It don't matter which dial we fix, as long as we somehow get the same end result. In your case, you're kind of picky, you're not interested in anything that doesn't bring you like a million a month or you're grumpy. But that's your criteria. But you don't care how you get a million a month. It don't matter to you whether you do it with leads that cost \$20 or leads that cost \$60, or leads that write in by hand. We don't care about any of that. You just want the million a month. So you've got to adjust all the dials so you get the million. That's all.

Attendee: Dan, I'm familiar with using something like ATG to use lead generation. But back on page 123, I think I've seen maybe a Joe Polish ad or maybe just in the . Yellow Pages, where they put together a testimonial hotline. Could you just quickly explain the mechanics of interfacing with half a dozen customers and actually getting that recorded and getting that onto a recorded message system? How does that actually work in the process?

Dan: Oh, you're asking me a technical question.

Attendee: More of an approach question, and a touch of technical.

Dan: I have no earthly idea. I imagine you get them all on tape, have Steve edit them, and then send them to ATG and have them plunk them on there. But I don't know. You've got me. Ron, where are you? Is Romano in the room? Jim? Good, that's fine. Take that mic back. Take it over there to the bald-headed guy in the Hawaiian shirt. He's going to tell us how to do this. Stop putting tips in his belt there to get the mic.

Attendee: The easy way Dan would do it is the teleconference line. But we just hook the tape recorder up to our phone. We've already approached our clients and

they're willing to do basically a testimonial for us. They know ahead of time. They call up and we just ask them questions. We always angle the questions to get dollar figures out of them, percentage increases and everything. And then when that's done, we just send it off to have it edited. We listen to it.

Dan: That's what I said. You get it edited and create a master, essentially, and send it to the phone guys.

Attendee: We use the counter on the tape player and say, "Keep one through ten, cut out 11 through 15," and put it all together. You can do it two ways. I've got the tape recorder hooked up. You can call in to ATG and transfer it like you do your voice, or just send them the tape and they'll do it for you.

Dan: Carla, we're supposed to break at 3:00, right? What are you guys all doing back there? It's only 2:15. Weak bladders. Pm up here drinking a pitcher of ice tea a minute. You don't see me going anywhere. What's the matter with you guys?

Attendee: Just curious, because you said you hate doing manual labor. I'm wondering, in terms of selling the Magnetic Marketing course, whether you ever tried doing just a direct mail piece. And if it worked, why you went on doing low?

Dan: Its a fair question. First of all, we do some direct mail, and have for quite some time. For example, the direct mail works pretty well when you mail everybody who was there who didn't buy. The reason why I did speaking, however, is because of my aversion to going negative to acquire customers. It's pretty efficient manual labor.

So I don't like it, but I don't dislike it as much as going negative financially to acquire customers. So as a customer acquisition mechanism, let's take a Peter date. I'm going to go, I'm going to get paid. All the dust settles, Pm going to net \$8,000 for the day, and I'm going to come back with 200 customers. If I had to go get those 200 customers by direct response, it's probably going to cost me \$10,000 to get them. So I really made \$18,000, plus I got 200 customers. So it really is which pain do you want.

So for me. for some years because I had no alternative and for some years because of an aversion to going negative, my preference was to do the labor. I'm decreasingly willing to do that.

Michael's now testing, with some early success, cold direct response, cold direct mail to generate leads and to sell Magnetic Marketing. We've done a new tape to sell Magnetic Marketing and so forth. Also, it's not that I dislike the speaking. I enjoy the speaking. I hate everything required to get to and from doing the speech. That has gotten worse with each passing year. You become more averse to it. When I started. it was, "Hey, you get paid to travel first class, they bring you a drink, they pat you on the head, nice hotel room, pick you up in the car. Hey, I'm going to Wichita this week. Isn't this exciting?" It's only five, six, seven, eight years into the game that it's like, "I'm going where? You've got me booked in Wichita, for Christ's sake? There's nothing in Wichita! Do you know how hard it is to get in and out of Wichita?"

So it's changed.

Attendee: You had mentioned immediately reselling leads. How did that come about? I assume you can't just look in the Yellow Pages. Who wants to buy one lead?

Dan: Well, not one lead, but if you've got a flow of them, you can. It's the same way you get a joint venture or anything else. In this case, Len knew the guy. But here's what we would have done if we had wanted more. We would have taken a number of opportunity advertisers who were his competitors, but competitors only that they were in the same Category but not se⁶g "Get in the jewelry business" We would have sent them all a letter and said, "We're on TV, you're not. And we're generating all these leads. We've got X number of thousands of leads coming in every week. We think you could directly work those leads, and *we'll let* you have them. If you want to buy them, call us."

Attendee: Dan, back on page 120, we had the pheromone ad that we were looking to follow. If you want to follow a particular ad, but don't want to skim 1,000 magazines a month, do you use a clipping service? If you want to chase an ad, how do you do

that?

Dan: I don't know, other than to do it manually. Maybe there's a better way that I don't know about. Somebody's welcome to quickly raise their hand. But my answer is I'm always hunting through magazines. I would go down to the library, the main city library that's got almost all the magazines, and I would start with the one on the left and end with the one on the right, and hunt for it. It would be a day well-spent.

If I was Ross Jeffries and I can eliminate a million dollars worth of testing to find ten more magazines that will work for me, that's good pay for a day. I wouldn't even delegate it, because somebody might mess it up.

Attendee: Dan, I once heard you mention a story about some company that had red bricks. white bricks and blue bricks.

Dan: That was George.

Attendee: You never told us what the company was.

Dan: That was George Douglas, "How to make \$4,000 a month at home with your computer." A big barn in Sheraton, Indiana and more leads than I've ever seen in my life.

Attendee: is he still doing it?

Dan: No. George had some serious regulatory problems and then a heart attack. No, they're out of business.

Attendee: I've got two friends in Evergreen, Colorado, Dan. They go to the library *once a month*, each one of them with two roles of dimes. And they do exactly what you did, start at the left, go to the right, photocopy what they want, and walk out of there with a gold mine.

Dan: Yeah. It's like finding her ad in Herbs, certainly you'd never think to look there. I'm going to tell you something else. She's somewhere else I'd never think to look. If she's found one weird place where that ad works, I bet she's found five of them.

And the only way to know is to look.

The other thing, from a content standpoint, it was on one of the lists earlier that I didn't spend any time on, but you've got to stay in tune with the marketplace. So you should be going through magazines that you don't normally read anyway, because you never know when you're going to learn something.

My habit is when I travel, that's one of the things I do. I go to the newsstand before I get on the airplane and I buy 20 magazines that I don't normally read. I look for the weird stuff that I haven't seen, so I'll get a Black Belt this time and I'll get a Cosmo the next time, and I'll get a Teen People the next time. I'll schlep them all on the plane because I can leave them behind, and just go through them to see what I can find.

Attendee: Dan, I like the idea of the audio tape, because of people's aversion to reading. My question is would you give them both the written and the audio? I know Jeff recommends that you call the leads. Would you maybe ask them which they'd want? Would that be good?

Dan: No. That I would not do. I don't know that you call anybody and say, "What would you like me to send you to sell you something?" I don't know. It's pretty rare that we've done audio only. About the only place you see that is in MLM, where the distributors are being trained to pass out tapes. There, the tape has to do everything on a standalone basis. Because if you gave the distributor a tape and a brochure or a sales letter to hand out, that's now too many tasks. If you said, "Here's what you do, you hand out this tape and hand out this letter," they'd give the letter to some and the tapes to others. They'd say, "Well, that adds ten cents," and all that.

I had it down with the expensive experience tape. Basically all we sent was an order form and a little piece of testimonial stuff, and a free bonus thing. We didn't send a sales letter. The tape did the job by itself. But for the most part, I'd be sending both. John?

Attendee: A couple of years ago, you mentioned about the discount to establish an ad agency. Has that changed? Is that like 17% discount or something?

Dan: It will get you 15 and two, unless you're dealing with the big guys, you don't even need to fake it. It's just, "We have an in-house agency. We're our own agency." "Okay."

Attendee: That's it, then, and they just go with it?

Dan: That's it.

Attendee: The company names, Dan, I understand about setting up those different association names. Can you elaborate on the type of name that works best for the information publisher? For example, you used Empire Communications, JPDK, Inc., and Kennedy Inner Circle.

Dan: They're all in the neutral category on my list.

Attendee: Are you recommending neutral names?

Dan: No. Especially not if you're niching. Especially not if you're niching. And when we niched, like with chiropractic and dental, if I knew in 1983 what I know now, we certainly wouldn't have called the thing Success Track. I would have called it the Chiropractic Practice Expansion Institute. I would have had a name.

Attendee: One other thing. When you said agency discount is 15 and two, what is the two?

Dan: Cash.

Attendee: Are you aware there are any legal ramifications in calling a business an institute or something like that?

Dan: Yeah. You can go to jail. Next question?

Attendee: Thank you very much.

Dan: Next question?

Attendee: Can you call it an association?

Dan: Well, there's legal ramifications to that, too, if you want to get technical about this. Yeah, there's potential problems with everything. For example, college. Some of us will remember Gary's College of Millionaires problem. But listen, I had it here in Arizona with a business called "The Self-Improvement Center." I had the same problem Gary had with college. The Arizona Board of Private and Technical Schools decided that they should have jurisdiction over this thing, because it was a permanent facility where training was being done. So they decided that you should be licensed by the Arizona Board of Private and Technical Schools, just like the guys teaching people how to become welders.

The bad news about that is they get to approve your curriculum, they get to approve your advertising, and they get to approve all of your instructors, who must have academic credentials, which I ain't got. So that was a real bad starting point. We spent money, they sued, we sued, we fought, and we ultimately won. Halbert lost on college.

Let's think about it. Success Motivation Institute, for example, has been around since you were in short pants. A long time ago. So yes, you can have problems. These are the kind of problems that are either weird or aberrant, that you can have no matter what you did—Self-Improvement Center—or that you have for Al Capone reasons. We can't get them for this, so let's find something we can get them for. So if you're not doing the thing that makes everybody say, "Let's find something we can get them for," these problems generally don't happen. But can they? Yeah.

I can take anybody's stuff. What's the old deal? Is it Kipling or somebody who said. "Give me six lines written by the most honest man, and I will find something to hang him with." It's close to that quote. I can take anybody's advertising, including the Catholic church. You can make about any claims you want to in religion. But let me work at it hard enough, and I'll find something to prosecute them under. It's just a question of whether somebody wants to work that hard.

Attendee: Maybe it's just me. I don't see that many programs with these kind of tape things for software. Do you have any idea about that?

Dan: What do you mean "tape things?"

Attendee: These knowledge programs like "How to use your software to make \$10-million." -I low to use Word to create great advertising."

Dan: Why do you think that is?

Attendee: I imagine they're more geeky types who may not be interested in this.

Dan: Yeah, it's a lousy market. They're analytical.

Attendee: But everybody uses computers today. Everywhere I go, the kids, let's just say ten years younger than you, perhaps.

Dan: Bad assumption. Very bad assumption. Everybody owns one. I'll give you that. You're a high-tech guy and you've been dying to do something anyways.

Attendee: I just wanted to say that the difference between the audience and what you say to them. My mailing list is composed over 50% of people with graduate degrees in chemical engineering and microbiology. My most popular headline was one that said, "80% of your brain is water." So these people are human. They're just like the rest of us. They're curious.

Dan: But the reason why people aren't selling "How to use your software program to get rich," is because these are all geeky guys and it's a harder market to sell. And back to the other assumption. You be real careful about these assumptions. I hear these, "Everybody's using e-mail now." They're not. "Everybody's on the Internet." No. "70% of the homes, the primary user is under the age of 18." How much are you going to sell him? Yeah, it's there. They're signed up. They're paying the monthly bill. They're on every list. But you've got an 18-year-old kid there trying to get into the porno sites when his parents aren't around. That's what you've got going on.

Attendee: Let's say you're on an airplane, flipping through Cosmo. You see a DR ad that you like and you say, "This is interesting." How do you qualify that ad? Do you just get back issues to see if it has been run?

Dan: Sure. Now if I wanted to know, the first thing I'm going to do is go to back

issues of Cosmo and see if he's been there four times. Okay, been there four times. Now you've got to be careful, because he might have a reason to skip a month. So you've got to check six, seven months worth. Okay, he's there repetitively. Then my next question is where else is he? Is he in the other obvious places. Okay, he's in Cosmo. Let's see if he's in Good housekeeping. Let's see if he's in Vogue. And then I'm going to answer the ad. Because now I want to see what he's doing.

Attendee: I don't want to seem dumb, but there's an awful lot of information here, and sometimes we go brain-dead for a second. Could you just comment again on your feelings towards starting with all I know you could call this a self-liquidating lead generation--low-priced product and then selling up, versus a high-priced product right off the bat? Like your graph that you had.

Dan: Neither one better than the other. In a given situation, you wouldn't know for sure until you tested. When all the dust settles, it may be the same in a given situation. Or one may be better than the other. There are also non-economic issues to consider. For example, you're probably going to turn more numbers quicker bringing them in low.

So if you rent your list or if you swap your list, if you want to use your list for leverage, you want a lot. If you've got a phone room, you've got a bunch of people who are going to do telemarketing. On the other hand, if you've got really good telemarketers, maybe you want the big deal first. If you're going to sell them into events. a different dynamic when that's the first thing they've bought versus the fifth thing they've bought. If you're going to sell them into coaching.

Is Jeff in the room? Is Ben in the room? You're not front-ending them right into coaching. are you?

Attendee: Are we front-ending the coaching? We're not doing coaching right now.

Dan: Okay. Now Cummings, he's front-ending coaching. Same market. So Ben's selling them right into coaching. No product, no box, nothing in between. Chiropractic. They're all competing in chiropractic. Different dynamic. You've now

got a guy on coaching calls who A) doesn't know nothing, and B) isn't sure he should be there. That's neither bad or good, it just is. And it means now you've got to do that differently. So they're both viable models.

Attendee: As far as the purchasing media for discounts, how does that apply to direct response radio and/or TV?

Dan: Same game. Television, for example, is let's make a deal. There's remnant space. Small stations can be bought like you buy small weekly newspapers. "Here's a master, here's a check. Run the show. If you don't run the show, send back the check."

Small radio stations can be bought that way. Half-hours are all over the place. There's radio stations you can buy half-hours on for \$200 and there's radio stations that will cost you \$20,000. Buying media is buying media is buying media. It's let's make a deal, everybody's lying to each other, it starts out with the media guys telling you nobody's getting any discounts. When it's all over with, you're buying at 60% off rate card. It's a fierce, ugly, down-in-the-trenches, smack-people-around, brutal deal. And anybody that's a sizable player winds up having somebody either in-house or outsourced who does it.

In US Gold, we wound up with one person who's job was every day, all they did was get on the phone and grind out TV placements. Call TV stations. "What's a half an hour? No, we won't pay that." "Well, you've got to pay that." "No, we won't pay that." Then they'd call back a half an hour later, "Well, we can't do that, but we can give you eight spots." "Well, we don't want spots." It goes on all day. And that's all the guy does is sit there until you find him dead one day and you've got to replace him. But that's the deal.

Attendee: I low creative or how far can you stretch a pitch? "My cat knocked over the paint, so now I can discount this and keep out of trouble?"

Dan: Oh, justification. Trouble's another issue. But let's talk about effectiveness. Justification is how bad do they want to believe it.

One of the most revealing things to me was the focus group stuff we did with Tony

Robbins' buyers after the first Personal Power show. Not viewers, buyers. To a man, to a woman, nobody believed the castle was his, nobody believed the helicopter was his. They thought all the testimonials were paid. They didn't believe nothing. These are the buyers. Imagine what the non-buyers think. These are the buyers. Why? Because they wanted that so bad, they're willing to suspend disbelief.

"My accountant's out of town and I want to drive him crazy when he gets back," that sale works over and over and over and over again. I mean, that's like no justification, it's just a funny story. The "I made a bet with Barbara" story. I made a bet with Barbara, on my staff, that we could get a 70% response rate if we cut the price in half and threw in eight hours of free coaching and a trip to Paris. And Barbara says we can't. Whoever wins is going to get a free trip to Hawaii. I don't want to send Barbara to Hawaii, so please help me out and buy something." It works over and over and over again. It ain't much of a justification.

In niche markets, none, because there's no regulation. You go do that on TV maybe, or you do it with 500,000 mail pieces like Publisher's Clearing House, to every little old lady in America, you'll probably wind up behind bars. I don't know. And as far as embellishing stories themselves, that's what you do when you tell a story. You add details and make it more interesting. But there's a core truth there somewhere.

Attendee: Regarding the man that asked about establishing an institute, I've had a corporation for 18 years and it's the best bullet-proof thing you can get. But you can have institutions and wholly-owned subsidiaries of a Nevada corporation. I've had an institute for years, and I have a big advisory group on the letterhead. Very impressive. I got the names off of cemeteries. You don't have to have real people.

Dan: That's perfectly okay. Hillary is talking to Eleanor, so what's the big deal? But let me tell you, you'll write about all that, but that still doesn't mean that tomorrow you couldn't have a problem in Nebraska with the Private and Technical School Board. And whether you'd win or lose is a whole other conversation. You're absolutely right. Somebody that's looking to be impervious to disaster, and I'm sure that wasn't Barry's intent when he asked the original question, but if you're looking to

operate in this business in a manner where it is impossible for you to get into trouble, go find another business. Because you can't. It's impossible to do it. So many of the regulatory climate is written big enough, intentionally, that you could drive a truck through it. So I can decide you are or you aren't, based on whether I like you or not or whether I think you're a bad guy or not.

So you cover your bases as best you can, and then you play the game.

Attendee: On Tony Robbins, does he use the same sort of things that we're talking about, like lead generation ads and direct mailing?

Dan: For years, Tony's primary front-end has, of course, been the Guthy-Renker television programs. They have produced such huge numbers that it has not really been necessary for Tony to do anything else.

They have a very sophisticated multi-step upsetl process, all the way to the Mastery University. "Come spend ten days on the beach and jump from poles," and whatever else they do over there, "for a lot of money." The Guthy-Renker upsell stops with Power Talk, the continuity program. Then the customer belongs to Tony for everything else that wants to be done with it. They're very aggressive out-bound telemarketers. Lee's been on the list since X number of years ago, and they're still calling you. 1987 was the last time she gave them any money. She will get a telemarketing call sometime in the next couple of weeks, trying to get more money. They ain't fooling around.

So Tony's front-end is books, like mine. You can get them from the book, Nightingale-Conant product, products sold through alternative distribution. Personal Power's in a lot of catalogs, has been in a lot of catalogs. That all causes a trickle of people to come to him. But TV is the big flood. Publicity causes a trickle of people to come to him.

So if you do his matrix above buyer, you would have TV infomercials, you would have product sold through catalogs and alternative distribution, you would have radio and

TV appearances and publicity. You'd have five or six things. And then once they get a buyer that moves to them, yeah, there's a whole matrix of things.

Now, are they doing things exactly the way we're describing them here? No. I don't know for sure, but I doubt, for example, 18 or 22 program steps in a mailing sequence. Probably not. Probably more because they don't know than anything else.

Attendee: Would he do something like a 16-page sales letter in the infancy of his career?

Dan: Yeah. Tony and I will never hold hands and sing "Kumbaya." We do not have that kind of relationship by any stretch of the imagination. But there are certainly some things to be learned from Tony and some good things to be said about Tony. One of them is Tony knows how to sell. Tony knows good from bad when he sees copy. Now, I don't know that he's ever written a word of copy, but I can tell you when things go to him for approval, like from Guthy-Renker, this guy knows what motivates people to move. Now, he makes some mistakes—judgment mistakes—and they're often out of arrogance. One show for that reason. But you don't get a better interview on TV that sells something.

Personal Growth, it's a category in television infomercials that's been deadly. There's been two successes in the entire history of TV infomercials. The only other success was the Mental Breakthrough shows, one of the three I worked on. And by comparison, you could hardly call them a success. They made money, but Tony, you're talking \$100-million worth of business and a cultural icon out of nobody. There's not a night on TV that he's not referenced in some sitcom or Leno's monologue. More people know who he is than know who Gore is. We hope. Not that we want Tony elected. That's a whole other bag of manure.

If you want to see great pitch, you watch Personal Power and you transcribe what he said. He's been able to make this work. He makes this work on QVC. Nobody's ever made personal development work on QVC. He goes on QVC and turns big numbers.

He knows his stuff. I should also say, very quickly, Tony's been very good over the years at endorsed mailings, joint ventures. Most of the seminars are largely filled off of endorsed mailing deals. Abraham, Nightingale-Conant, Mark Victor Hansen's Chicken Soup For The Soul mails their list, cover note from them in their identify, selling them into their seminars. They're pretty sophisticated direct marketers. There's stuff you know, by being here, that he and his people don't. But what they do do, they do pretty darned well.

Attendee: Regarding books this morning, how to get an agent and how to get a publisher, do you want to touch on that at all? Is your answer, "Don't?"

Dan: No. no, no. It's not don't. We talked about it this morning. The agent process is go get the directories, compile a list of a dozen agents that you think makes sense for you, put together a good package and a pitch letter, and send it out. its no different than selling anything else. Both of the agents, in sequence, got started with the C team, moved up to the B team, now I'm hoping to move up to the A team. It's been the same process.

And then the publisher part, hopefully, they do a good percentage of the work. I will tell you in my case, I prefer to get to the publisher and do a pitch meeting, hePa ▶ lse I get to negotiate on the spot and control, and I'm a pretty good pitch person. So if I can get in front of somebody, I can do a deal. I'm a better pitch person than any one of the agents that I've had. But still, you really need them for access.

We'll talk tomorrow about QVC and Home Shopping. You can get there on your own, but there's so many submissions you're better off with a broker. So it's the same deal here. This is just a grunt-work process. Just put together a great pitch package and land it on the desk of an agent that sells the kind of content. If you do business books, you want somebody that places business books. If you do metaphysical self-help, you want somebody that's done a decent job selling a metaphysical self-help book. And if you're only going to be happy with a \$100,000 advance, then you can look at the books they've placed and pretty much see that this agent ain't getting \$100,000 out of anybody. On the other hand, he gets *a* lot of first-time authors deals.

Attendee: There's another trick for getting agents. Find the editors, the acquisition editors of the books that your category is in. Call them—we did this and we got a great agent this way—and ask them, "What agents do you like?" That gives you a short list of people that are successful.

Dan: Working backwards. Very good.

Attendee: Yeah, it works very good. It's very fast.

Dan: Very good.

Attendee: Dan, just for people who are interested in exploring mainstream book publishing, there are two books they might want to look at. One is a classic called *How To Be Happily Published*, by Judith Applebaum. It gives a lot of basic information on how to be an author, how to approach an agent, how to get one, all of that. And then there's another book, which I think is actually out of print. But if you can get it in the library or from a secondhand place, it's worth looking at. It's called *How To Be Your Own Literary Agent*, by Richard Curtis.

Dan: A very good book, and I don't think it's out of print. I think you can get it.

Attendee: I haven't seen it recently.

Dan: I think you can get it.

Attendee: Amazon would be probably your best source. First of all, I would never recommend trying to be your own literary agent. I would never do that. But it's very helpful. It gives you a lot of the information about the ramifications of book contracts, which can be very peculiar. So I do recommend taking a look at it.

Dan: Richard Curtis.

Attendee: How do you overcome the objection, Dan, of the prospect not believing that they themselves will take the necessary action to succeed with the product that they recognize as good? One thing would be the testimonials from other people.

Dan: Absolutely. So you need people who look like them and are kind of like them,

who say exactly that.

Attendee: Is there anything else you use to overcome the objections?

Dan: "I got this mail piece six times before I responded to it. I saw this ad 52 times. I watched the show eight times. And the reason I never responded, even though I wanted to lose all this weight and have buns and abs of steel and all that, is because I knew I already had 56 exercise devices I wasn't using. But this one is so easy and so much fun, that I've now used it for 92 days in a row. I've never stuck to anything in my life for 92 days, and look at my gut." You load it up with testimonials. You can go statistical evidence: "92.6% of the people who get this are still using it 90 days later, according to our surveys." You use anything you would use to counter any objection. This one's no different. It is just one that is often neglected or overlooked by marketers, because they don't understand how easy it is to convince.

Glen Turner told me the easiest thing in the world to do is convince everybody that other people can become millionaires. The hardest thing in the world for me to do is convince you you can become a millionaire. We underestimate the fact that they're quickly willing to admit that XYZ works and that other people can do it, but have all kinds of reasons why they can't. It's especially true when you are selling anything linked to how to succeed, whether that's how to get more customers or how to get more leads in the door, or how to be more successful as a certified financial planner, dog groomer, whatever. The successful ones you sell to who want to be even better, that's painless. But now you're selling to the ones that are struggling.

So Ben Altadonna's going to sell a course tomorrow to a chiropractor who's been in practice for eight years and has never made more than \$8,000 a month. He's barely paying the bills, and there's a chiropractor diagonally across the street from him who's got a new Mercedes. He's got a problem of all he's got are his excuses. And if he gives us his excuses, he's got nothing left. So he's going to cling to them. There has to be a reason why he's not doing well that he can use to explain himself to his family and his friends and himself. And to give up that reason is asking a lot from him. Otherwise, he'd already have been doing well. It's not like you're the first person that's ever

offered him some kind of doohickey that's going to help him do better. After eight years of not doing well, all he's got left is the reason.

They used to flock to Maltz thinking, "I need my nose fixed. People don't do business with me because I've got a big nose." "I've got two big ears, that's why people don't do business with me." "I don't have a good education." "My sales manager gives all the good leads to Suzie, who's having sex with him, and I can't have sex with him so I don't get the leads."

But believe me, everybody that's not doing well has got one of these. Most of them have got a list, but there's one paramount on the list. Talk to overweight people when you sell weight loss. "My mama was fat, my grandma." "People keep putting desserts in front of me. If they weren't putting desserts in front of me..."

People will go to extraordinary lengths to stay unsuccessful. I shot an infomercial, Danny Glover was the host. A black actor, Lethal Weapon. We shot this show for an adult literacy product, for adults who can't read. Which, by the way, the statistics are astounding, and they're at every level of society. One of the testimonials we interviewed, well, two of them, they're both fascinating, this guy was a UPS driver. Couldn't read a newspaper page. Couldn't read the words on a street map. The guy's a UPS driver, been a UPS driver for ten years. This guy had gone through the most incredible gyrations to be able to function as a UPS driver, unable to read, that he could have learned to read six times with less effort than he put in to devising this entire complicated matrix of things that he did with the help of his spouse at night, In order to be able to function without anybody realizing he couldn't read. Now why would he do that? Because he had a reason why he couldn't learn to read, and he wasn't going to give up that reason.

Another guy we interviewed, short order cook, the guy can't read. They're sticking the slips up on the deal, this guy can't read them. He's a short order cook.

Attendee: I can't read them either.

Dan: Well, me too. Can't read the slips. Boss never found out. He had every

waitress in the conspiracy, the dishwasher guy helping him. It's incredible. He was running a conspiracy like Watergate to operate in this minimum wage job so his boss don't find out he can't read the slips. With all that effort and energy, he had a profound reason why he couldn't learn to read.

So when you start to get deeper in mainstream marketing, you start trying to sell to people who are clinging to these reasons. That's why a program like EST was run the way it was run, where you've got to put them in a room and spend the whole first day taking them apart before you can put them back together.

So this guy's got this reason, and you're trying to pry it out of his hands. It takes some doing. He's got to be totally convinced that when he gives up on his reason, he's not going to sink. He's actually now going to get the results you tell him he's going to get, and he's going to be able to do it. So it's a Herculean task, and it's one of the most important things we do in a sales pitch. A lot of people don't understand it and they neglect it, or they think, "Everybody in my market's confident."

Iacocca told me that the biggest problem he had with promoted executives. He said, "We've got guys making a half a million dollars a year that are afraid to make a decision." They don't have a process for it. They don't know how to make a good decision. They're making tons of them, but they don't have a process that they rely on, that they're confident about. So we're asking them to make a decision, aren't we? If they're not confident about making decisions, we've got to give them all that. That's why 100 testimonials are better than ten and 1,000 are better than 100, and on and on.

Attendee: Dan, I'm just a beginner at this. I couldn't wait to get to this seminar, and I already have all kinds of ways listed on how I'm going to get better. I'm the kind of guy that usually shoots first, then aims later. Two mistakes that I made that turned things around recently, I went on a friend's radio show. I have a program that cuts three to four strokes off someone's golf game just like that. A fellow in Toledo at a radio station used the technique and shot a 79, broke 80 for the first time, never shot 84 before this. Had me on his show, and when I went home we had over 40 sales, but we only had one person answering the phones, talking to the people for ten minutes. I need

some help, if anybody can help me.

Dan: Right here. The guy up in this corner. When we talk about radio right after the break, he'll be up here for a second. But right here.

Attendee: If I have 300 people calling me, I want to know a way to do that.

Dan: It could have been worse. There are people who have done that and had the phone on an answering machine.

Attendee: We did really well. The second thing we did, the fellow that has this television show is a big child abuse proponent. I used the wrong words, but you know what I mean. He's against child abuse.

Dan: Let's fix this. It's alright though, 40 sales I'll put up with anybody.

Attendee: I said, "Anytime I make a sale on your show, I will donate \$5 to the Prevention of Child Abuse Program the National Exchange Club has. So I sent a check to the National Exchange Club in his honor. Well, two days later, I got a call from the National Exchange Club. They sounded like they were really upset, so I thought, "Oh boy, I really did something wrong." It turns out the vice president loves this idea. He's here in Phoenix right now. They're having their meeting across town, where he has okayed the idea of having a golf tournament in Greensborough next year, where all of the National Exchange Clubs are coming in. They're going to give me one full page of advertising in their monthly newsletter up until that event, and were going to continue this.

Dan: JelT. this is the bride-to-be deal. Right? This is golfers who are going to be in a tournament.

Attendee: Right. By hooking up with an organization like that, this seems to be something I just stumbled upon that could be a good idea for people to do. Could I have learned that last year by coming here sooner?

Dan: Ma^ybe.

Attendee: Thanks for all your help. I'm learning so much here.

Dan: Okay. so what's the deal? how do you get on all these shows?

Joe: Well. I saw a little ad in a magazine, Success Magazine, years ago that says, "Authors wanted for talk show interviews?" I called this guy in New York City. He says, -I'm a publicist and I charge \$60 a show. I was ready to say, "Give me three shows." and he says, "20-show minimum." \$1,200 I didn't have. But I checked out his references and I borrowed on my credit card and sent him \$1,200. After 20 shows he said, "Do you want to do it again?" I said, "You bet." He says, "\$75 a show."

When he went to \$100 a show, I said, "This isn't that difficult." I'm a philosopher that says, "Do something, write about it, sell it." Very simple. So I said, "What can I do? Start getting on talk radio, start calling radio stations? It's easy. Every time I call three stations, one of them says, "Yeah, we'll book you." It's that simple. So that was the formula that I had in the beginning to sell a book called How To Get The Job You Really Want And Get Employers To Call You. And that's the one I sold over 23,000 copies of, full retail, and did very well. Then I made a \$25,000 error.

Dan: How much a copy? What was your retail selling price?

Joe: \$17.95. Cost then was about \$1.32.

Dan: That's alright. That's fine.

Joe: So ten times. See, I was here when Jeff Paul was eating peanut butter sandwiches. How many years ago was that? Anyhow, I've just been listening to Dan. And finally, people started asking me, "What do you do and how do you do it?" That's when I wrote this letter called "Denver Author Reveals Secret." One of the highest compliments I get is when people say, "Wow! Who wrote your letter for you?" I said, "Well, I went to Dan's seminars, listened to his tapes, his videos, read his books. I've got every book on my shelf that you've written, Dan, and I add a little bit of my own to it and out comes this letter." This letter has sold over half a million dollars worth of product. The radio talk show system.

So nothing new or original here, it's a case of just following the leaders. You've said that several times today.

Joe: The postcard deal?

Dan: Yeah. To get on the radio talk shows.

Joe: You get on the radio talk shows, and invariably they're looking for two things. If you're interested in talk radio, they're interest number one is something controversial. Controversy sells. That's the number one thing they're looking for. The number two thing they're looking for is somebody who's passionate about their product. I'm passionate about How To Get The Job You Really Want. The only thing is people don't want jobs. So when I get on the air, I say something like, "Let's tell all the listeners here of WSTV to throw away their resumes. Because if resumes got people jobs, everybody would have one."

The other tip that I give people about talk radio is never, ever sit down. We do a telephone interview like this. We're hunched over, our chest is caved in, we have no energy, no enthusiasm. So I usually have a 25-foot cord, or better yet a cordless phone. I'm pacing around my living room doing the interview. Don't ever sit down during a talk show interview. When you stand up, you're in seminar format. Those things work.

Now, the postcard that you might have reference to, Dan, is in my How To Get On Radio Talk Show book. I used to call radio stations, then I created a giant PR postcard. 5 1/2 by 8 1/2 on goldenrod paper. Goldenrod and black has the largest contrast, sharpest contrast. So when you're looking around and you see all this stuff black on white in front of you, and you see something that's black on gold, that will stand out. I was getting about a 6% return. I'd send out 100 postcards and six radio stations would call me. I simplified this to the point that says, "Why doesn't everybody do this?"

Well, if you like to talk about your product and you're passionate about it, and you've got some controversy to stir up, every time I'm on the show I earn about somewhere between \$600 to \$1,000 for a half-hour's work.

Dan: How do you pick the stations that you solicit?

Joe: Just go down the list.

Dan: Are you throwing mud against the wall? Would you postcard mail them all?

Joe: Yes, in batches. For example, sometimes people get my list--I'll talk about that in a little bit—and they want to cherry pick the 50,000-watt stations. I say, "Why do you want to do that?" "Well, that's where the big audiences are; New York, LA, Chicago, Dallas." They forget all about Phoenix, Denver, Peoria, Columbus, Ohio. So I just take them all. We never, ever know. Albany, New York started out with a 30-minute interview last year, turned into a 60-minute interview, turned into a 90-minute interview. I sold \$2,000 worth of books because of Albany, New York. I couldn't figure it out. Oh yeah, that was the day that AT&T was announcing a mass layoff.

The very next day, I was on a New Jersey station 60 minutes. Now, New Jersey is the headquarters of AT&T. A 60-minute interview, sales zero. So go figure. I don't know, Dan. So I just don't cherry pick at all. I just say, "Give everybody a chance."

Dan: Any time of day biases for what you do? Morning show? Afternoon show? Dead of night?

Joe: My experience has been somewhere from 6:00 a.m. to 12:00 noon. Some afternoon shows work pretty good. Drive time. And sometimes, length of shows you never know either. WBZ up in Boston, a 50,000-watt station called me one day.

11-27 They said, "We need a guest tomorrow morning." "What time?" "Well, it will be 8:00 Boston time.- So I backed it up, that's 6:00 Denver time. That's why I do the bathrobe. So they called me, "Well, we've got six minutes, Joe. What can you give us in six minutes?" So I turned my book over on the back. I said, "Here's our choices: deciding what you want to do, getting employers to call you, or how to turn every job interview into a job offer. Which do you prefer?" "Give us the last one."

So I had six minutes to tell them how to turn every job interview into a job offer. Bingo, another \$2,000 day in six minutes. So there's no rhyme or reason as to

length of show or time of day. Just do them all.

Dan: Okay. You want to give us the book pitch?

Joe: The hook pitch. More than a book. Listening to Dan long enough and reading his materials. I'm learning that you don't have to be good to start. You have to start to be good. I know where Dan's speaking anywhere in America, with the Peter Lowe seminars. Zig Ziglar uses this quote wherever he goes. He always says, "As my friend, Joe Sabo in Denver would say..." So people would call me and say, "You know, they've got Zig and Dan on this Peter Lowe program."

The radio talk show system, as I refer to it, turn to the last page here, black on yellow, black on canary here. Here's what you're going to get today. Today only. The radio talk show system consists of a book, 19 chapters on all the how-to's. What do you say when you call the radio station? What do you say when you're on the air? How do you make sure to get in the 800 number?

Dan: By the way, that's a real important thing. They will try and use you, in some cases, without ever letting you pitch. And without ever letting you give out the phone number. So being prepared for that and knowing exactly what to do to make sure that you don't get screwed and work for free is extremely important when you do these. It's also true on TV. They will tell you one thing and let you do another. You've got to be prepared for it. That's real useful information.

Joe: And start watching the clock. Let's say you're going to be on for 60 minutes. About eight minutes before the top of the hour, you start watching the clock. They say, "Joe, we're going to take a break and come back for a few more callers." I say, "Before we take a break, Charlie, is it okay if we get our listeners to get pencil and paper? Because I've got three tips I want to give them on how to turn every job interview into a job offer."

Now, why do I want them to get pencil and paper?

Dan: You're a sneaky little bugger, aren't you? It would be easy to underestimate you.

Joe: Here's how it works, Dan. My car radio has five buttons; three of them are tuned to talk radio stations. My wake-up alarm, which I don't use, I just wake up when the sun comes up, has talk radio. You become a consummate student of talk radio. That's why the winners are all here today. I've already interviewed a couple people, "What's the best idea," there's been so many I'm just overwhelmed. But we're going to take one best idea. That tip about get pencil and paper handy, when the host comes back and says, "By the way, Joe, how can people get a hold of your book," that's ideal. But if they don't say that or ask that of me, I say, "Hey Charlie or Sally, my book is not available in all the bookstores. Is it okay if I give out a toll-free 800 number?" These people love it when you ask them questions.

My sixth interview, a guy in Chicago, hung up on me, Dan, because I was monopolizing the conversation. I didn't learn how to talk in sound bytes. I forgot it was his show, not mine. These are the little things. He hung *up* six *minutes into* a 30-minute interview.

Dan: Sorry, I derailed. I know better.

Joe: That's okay. We're on track here. So you get one, two, three. First of all, a database of 950 shows that interview guests by telephone, both AM and FM, small towns, big cities. By the way, this database is updated every six months. It was updated January 20th. By July 20th, by the time I get back from Phoenix, it's just going to be about ten days away from being updated again. So you'll get the January 20th now, and then as soon as the July 20th or 25th is updated, you'll get those.

The hook on how to get on talk shows is 19 chapters, and then an audio tape that was done before the publishing group here last year, all three of those for \$198. Dan said, "What are you going to do for the Dan Kennedy family here?" Well, I'm working on another product right now called "Have Fun, Make Money, Stay Home: Building A Successful Home-Based Business." It's a four-pack audio tape. The reason I decided to make this as a gift to you, those of you who want to fill that out at the bottom, name, address, credit card number.

Dan: They ain't as dumb as they look.

Joe: Carla and Lee are going to take the orders back there. But here's why I went to this four-pack audio tape album versus another book. Al called me from Ft. Lauderdale, Florida and says, "Joe, I'm using your radio talk show system and I'm not getting any sales. What am I doing wrong?" I said, "I don't know." So he said, "I've done ten or 20 interviews, and I'm doing a lot of interviews, no sales." I said, "Tell you what, Al. Send me a copy of the tape of the next three shows you do." The host would give him a perfect opening, "Al, how can people get a hold of your book?" He had a book that he was selling for about \$29. Al's response was, "Well, my 800 number is blah, blah, blah." One time. So I role-played it with Al. It went like this. "Al, you're the host, I'm the guest. Ask me how can people get a hold of your book."

Here are the steps that I walked Al through. "Thank you for asking. My book is entitled *How To Get The Job You Really Want And Get Employers To Call You.*" You notice on commercials on television, the voice goes up? Well, I slow myself down when it comes time to close a sale. "The book is only \$17.95, which includes shipping and handling, and will be shipped out the same day, US Priority Mail. Offered on a money-back guarantee basis when you call 1-800-945-2488. That number again is 1-800-945-2488." We've done a trade. They've given me a half an hour of the best of their time, Dan. I've given them a half an hour of the best of my time. So now comes payoff time. So that last two minutes, we've got to reserve for ringing the cash register. It's rung 23,000 times. And at my rate, on this book, 86% profit. It was all done from home-based business.

Dan: Can you stay up with us? Because after a couple people, we're going to go Q&A. Can you just stay with us?

Joe: Pd be happy to. By the way, you will get this four-pack audio tape album as a gift from both Dan and me. Fill out the yellow form.

Dan: Bill, Mike and Lee, if you would. One of you can have my chair. I'll park somewhere. You've got to share your mic with whoever takes this chair. For a

second there, I thought I sat on something.

Mike: When the telephone rings, it means money. It's the cash register ring for me, Dan.

Dan: There's a stool li1r you. I counted, right? Okay. Quickly introduce these people to you, then we're going to let you ask any or all of the questions that you want. Let's see, let's start with you.

Tell them your story. What you do.

Mike: Actually, Dan, I got started in this about ten years ago with Kevin Trudeau. Some of you guys may have heard that name.

Dan: Jeff just threw up. Clean-up in aisle four.

Mike: I'm just trying to get some background. Don't take it out on me. But anyway, Kevin was actually my first client. We were selling the Mega-Memory program. Thousands and thousands. And that's when I realized the power that radio had.

Dan: You manage an in-bound phone more than an^ythin^g else. M-Book.

Mike: Absolutely. I take all the in-bound calls. I've been working with someone you've been speaking with for years, Dr. Ted Brower.

Dan: If you've been to the Peter Lowe deals for three years, Ted was the nutrition guy on with us.

Mike: Right. Ted and I have done close to 3,000 shows together. There's a lot to know.

Dan: You've got five minutes.

Mike: I've got five minutes.

Dan: And then they're going to ask you questions. So go to your core expertise. A lot of them are going to want to know how to get the phone answered.

Mike: For one thing, when you're doing radio, what I look for is a guest who's

passionate. Someone who wants to be on radio, number one, but you've got to be confident in your product or service, whatever you have. You want to make sure it's not too niched.

For instance, I was talking to someone at the break a few minutes ago, and they had a product, I believe it was stone masonry. That's what I call a niche market. You want to make sure it's something that applies to the general public, if you can.

Now, as you well know, there's AM and FM radio shows. For years and years and years, everyone wanted to do the AM talk show, because you get a lengthier interview and that type of thing. But I'll tell you, in the last five to seven year, what has happened is the FM drive morning shows are having guests on. And if you've got a product or whatever that you're going after, go for those FM drive morning shows. Don't just go for the lengthy AM talk shows. I've found that between 7:00 and 9:00 a.m. or in the afternoon drive is really best as far as productivity.

Another thing, too, that you had said earlier today that is so true, is if someone comes to me with a book that they're wanting to promote on radio, I won't talk to them. The margins just are not there. What I look for are products that are \$59, \$69, \$79. And here's why, Dan. We've found that there's no difference.

Dan: No difference?

Mike: None.

Dan: Take the Ted model. Ted drives them to the call, which you guys often are running the in-bound, and he does it with a dollar offer of...

Mike: Right. What he'll do is say, "You get half off if you call today." What you don't want to do is say, "If you call today, you're going to get a free whatever-it-is." I'm going to tell you what's going to happen. Whoever is taking the calls, they're going to hate you, because everyone who calls, they're going to want something free. It's very hard to bring these people around. You're much better off giving a percentage off as just giving away something for free, because they don't want to talk to you about a

product because that's the only word that they hear.

Dan: Now, your starting point with a Ted caller is at what price point?

Mike: I don't have him give the price in there, but it's \$89. And I'll tell you now, we've tested this. We tested this way back with Howard Bird's program, Mega-Speed Reading. That's another client of mine we've been working with for about eight years. There's no difference in call volume or close rate, whether we start out at \$49 price point and went all the way up to \$149 in the sales. The close rate was the same and the sales went through the roof. It was amazing to me, because then I realized there's no sense in working with books anymore. These people are willing to call in after a ten-minute interview, and they'll spend the money.

Dan: Have you done anybody recently—more a curiosity question than anything else—not doing paper, not doing info, but doing consumables? Are you doing anybody that's doing a diet product?

Mike: I've got another client who has a product that's a continuity program. It's ingestibles. It's a health product.

Dan: And how about half-hour radio infomercials? Are you taking calls?

Mike: I'm taking one actually now for a TV infomercial, Radiant Health. It's actually doing pretty well. I did the CTL on that as well, but we're taking the in-bound calls. But as far as radio goes, I'll tell you now that it's amazing. I'll tell you, no joke, I've seen \$108,000 made in an hour on the radio. It was WGN in Chicago. I've seen many, many times where my clients would go in and do \$40,000 and \$50,000 in sales. But you've got to have your pitch down, you've got to know what you're talking about.

Dan: Ted, I think, consistently does over a mil a year.

Mike: Yeah. Like I say, we're nine years into this and it's going strong. I'll tell you something, Dan, I've got another client that's got a parenting program, and we're doing phenomenal with it. But like I say, I coach them, I consult with the clients, and

make sure that they've got it down. Like Joe was talking about the 800 number, don't think that they're just happily going to pluck, because they're not. They're there to extract all the information out of you. You've got to make sure that you take control. Don't be overbearing, but let them know, "Hey, here's how people get a hold of me."

One more quick thing I'm going to let you know. If they ever say, "Okay, let's roll tape," you better be careful. Because taped interviews, a lot of times, what they'll do is they'll tape you and they'll promise you the moon. "We're going to air at drive time tomorrow morning. Don't worry, 7:00 to 7:30. We're going to keep your number in." It doesn't happen.

Dan: The number's gone.

Mike: So you want to try to get live if you can, every single time.

Dan: Okay, you stay put. Bill Harrison.

Bill: I'm Bill Harrison from Bradley Communications. We publish Radio and TV Interview Report, which we pitch as the effortless low-cost way to get on radio and TV shows. So if you don't want to go through all the work of writing your own copy and sending it out, you can basically send us a copy of whatever you're promoting, your book or whatever, and we'll have a copywriter come up with a good angle and write some copy, fax it to you for approval, and go back and forth with you. But eventually come up with copy you like, typeset it in our magazine, send it out to over 4,000 radio and TV producers across the country, and you just sit back and wait for producers to call you and say, "Hey, can I interview you via telephone?" We also have a lot of people who do both. A lot of our customers have bought Joe's system and proactively do their own mailings and call stations, and also advertise with us, which truthfully is the best thing. You should probably do whatever works for you, and as many things that work for you.

Dan: Multi-media reinforcement. Why not be in front of them two, three, four, do broadcast faxing too, which don't even talk. Run a campaign.

Bill: Right. In terms of tips for getting the 800 number in and getting the phone to ring, I think Joe's tip, we call it the pencil tip, about telling people, "Be sure to get a

pencil and paper, because I'm going to give out a few great resources after the break, or a few great tips," we've had a lot of clients who have had a lot of success with that.

Dan: What works best and what has worked worst in the ads in Radio and TV Interview Report?

Bill: Timely stuff. Stuff that's timely. We just had someone get 250 calls because their subject is how spare parts can cause airlines to crash or something, and there was an airline crash, unfortunately, somewhere, and this guy got just inundated with response. That's actually a really good idea for getting publicity in general.

Dan: The personal injury attorney just perked right up. "I've been waiting to hear this!"

Bill: But if something happens in the news that you can possibly piggyback on, by all means, get your press releases out there. Because when you're timely, your odds of getting media play are just a hundred times higher. So the ability to tie in with timely events.

Dan: The biggest mistakes your advertisers make, sometimes that you can't break them of, that they insist on doing, that screws up the whole thing?

Bill: Number one would be not having a backend. Number two would be insisting that the title of the book be the headline of their ad. We tell people the person doesn't care about your book because they're not interviewing your book. So a lot of our customers have difficulty recognizing that.

Dan: Next, Lee?

Lee: I'm Lee Milteer. I've been in the speaking media world for 20 years. I started off my career as a rock and roll disk jockey on an all female station. I have done a lot of things in radio. I bought Joe's kit 15 years ago, did that for a while, very successful. I've also advertised on Radio and Television Report. I've worked with talk radio. One year, did 265 interviews. I sell a four-audio cassette program called "How to Break Any Habit In 21 Days." It happens to work on a more seasonal basis. Anything around the first of the year, where people want to break habits, it works very well.

The whole thing about radio, one of the things Joe was saying, stand up, have lots and lots of energy. You have to be super-aggressive about getting your point across, getting that number across. If you're nice, you're not going to sell any product. The truth is you have to be assertive. You have to say your product, you have to get in there and be pushy. Some people find that hard to do. But the whole thing is it's fair exchange for value. You are giving their listeners entertainment *for your* education and your knowledge.

So radio has been very profitable for me. I sell on TV also. The whole thing about selling is you just really believe in your product and you just keep pushing all the benefits of the product over and over again.

Dan: What's been your biggest score?

Lee: \$100,000 in one hour on a TV station. By the way, we just had one number.

Dan: It was at the Deanie show?

Lee: The Deanie Petty show in Canada.

Dan: So there was probably another \$100,000 there to get.

Lee: And we lost it, because we didn't know. And by the way, Deanie never set me up.

Dan: The Deanie Petty Show, for those of you who don't know, she's off the air now I guess, is like the Oprah of Canada. This is big-time TV.

Lee: I'm watching the clock and were on 50 minutes, and I know we're going off in 55 minutes. She never sets me up. I just picked up *my* product and I said, "By the way, I have a six-cassette album called 'Life Strategies,' and if you call this number you can find out information." They did not set me up. So that's why we sold all that.

Dan: Okay. Ted, are you here with a mic?

Bill: Can I give four more tips, and then I'm going to tell a story that embarrasses you?

Dan: Yes. You ain't going to be the first or the last.

Bill: We've had a lot of customers have success with affinity 800 numbers. So if I were Joe, which he probably already thought of this, I would have a number like I - 800-getajob. Also, you better be sure you're listed in local and 800 directory assistance. So for instance, I'm in Landsdown, PA. It's right outside Philadelphia. If I go on a radio show, I'm probably going to say, "I'm from Philadelphia." Well, somebody better be able to call 215 information and say, "I need a number for Bill Harrison," and I better be listed. Because otherwise, I'm going to lose that customer.

The other thing is I've had a lot of customers who really believe in making sure that the station's switchboard operator has their 800 number, and they swear that's like the secret to their success.

Dan: I have a client that did a lot of radio a couple years ago. And as soon as he got booked, he called up, found out the switchboard operator's name, and the next day had a little basket of candy, flowers delivered before he was on the air, to the switchboard operator. A thank you gift in advance. Said it was the best money he ever spent.

Bill: My last tip is if you have a trade book, you've got to be on [Amazon.com](https://www.amazon.com). You just have to be there. And preferably, you should be in Amazon's Advantage Program, which I think you have to give them an extra 5% discount, but R makes your book available in 24 hours. Being on Amazon is just an absolute necessity if you're selling books.

Dan: Nov what was going to embarrass me? I don't want you to forget, because people will be asking later.

Bill: Right. I've been getting Dan's stuff for a long time and reading his books, and trying to practice his techniques. I thought about hiring him as a consultant, but frankly just thought his fees were just outrageous. But I remember a quote that we were actually starting another business in. Tom Phillips of Phillips Publishing has this quote. He says, "Hire the best and only cry once." I finally broke down and hired Dan to help me with this new product. I try to practice Phillips' philosophy, which seems to have paid off for him.

Anyway. after this long consulting session with this new product, we had some extra time and we said to Dan, "Dan, let's talk about our existing business. If you had our business, what would you do?" And then Dan started throwing out some ideas, and 80% of them were things that we were already doing or we kind of already thought of. But we're like. "Well, we already thought of that." And then he said to us, "Do you guys have a package where you have everything you sell?" And we're like, "No. We should do that."

So the following week, we did a broadcast fax to our customers or a segment of our customers. We spent about \$312 for a \$3,000 package. Within 14 days, we brought in \$62,000 in sales. So we now call Dan "the 200 to one man." He's rewarding me by telling me he's going to raise my rates.

Dan: Well, you'd be happy at 100 to one, wouldn't you? So we can charge you enough to double your costs, and you'd still be bragging.

Bill: Can I mention two quick things?

Dan: You know I don't do that. Yeah, two quick things, and then we're going to go to questions.

Bill: Two quick things. When you're on a radio show and you get off the show and that host loves you, when they're still in heat, they're like, "You're one of the best guests I've ever had on, this is incredible," make them give you the name of three show hosts in different cities that they know. They will know them, because a lot of these guys go to broadcasting school together. They're buddies. I lived off referrals forever. It was great because I'd call, "Hey, John up in DC says give you a call, because I've got a great guest," and you're in.

Another thing, if you have a website, here's the rule in the last few years I've found. If you're only going to get five to seven minutes, and on an FM morning drive show that's common because there's so many songs that they have to play, go ahead and plug your site. Normally, I wouldn't say that because it detracts from the number of 800 calls that are going to come in. But if you're going to get 15, 20, 30 minutes or an hour, your main focus should be getting your number out. Because if you give out your

website, you're going to lose a lot of calls. People want to go and look. They want to do research. You're going to lose them. And what you want is sales, not research. But if they crunch you into that five to seven minutes, you don't have an *affinity with any* of the listeners, so *you're* better off just sending them to the site.

Dan: Terrific. Okay, questions?

Attendee: The first speaker over there, I don't understand exactly what you do. Are you a fulfillment house?

Mike: No, I'm a publicist. I have clients that I get massive exposure—over 5,000 shows to this point—interviews, and also have an in-bound phone room that takes the calls to make sure that the sales are made. Mike, I'm sorry. I'm not promoting anything. I have some cards. I'll be happy to give *you* the website. *I'm* just trying to give you some good information.

Dan: What's the website?

Mike: It's PRmillions.com, and it's a new site. But there's some good information on it.

Dan: Nice domain name.

Attendee: Should you namely be concentrating on selling books at \$19.95 or do you sell them, get the number, and try to send them a nine-page letter?

Dan: There's more than one way to be right. You've got two dogmatic answers here. You can pick one of the two or you can test. Mike's dogmatic answer is going to be, "Don't waste your time with a \$19 book. We can sell a \$49 or we can sell an \$89, or we can sell \$149 item just as easy." i think Lee's answer is probably the *same*. Joe's been phenomenally successful with a \$17 and an \$18 item.

Mike: The answer is sell them whatever you've got. You can't sell them whatever you don't have. Let's not wait around until we build a Jeff Paul...

Attendee: I'm saying if you had your druthers. Because you can create a product so quick from the information that you already have.

Dan: Now, you've played around with price points with habit busting, haven't you?

Lee: Right. I've gone from \$29, \$49, \$69, \$89, \$49 usually sells the best. The same product. I can tell you this. If I had a book and I was trying to sell it, I'd put it on tape and sell it for \$49. I certainly wouldn't sell it for \$17. No offense, Joe, but tapes are a lot easier to sell than books and more profitable.

Mike: I'm switching to tapes also. My friend, Al, in Florida said he went from a book, zero sales, and after I coached him for a while on how to close the interview, he says, "Now I'm selling \$49.95 tape albums, same information, putting it in a book, \$1,000 a show regularly, click, click, click." But sell them what you've got.

Dan: Next? Who's got the mic?

Attendee: I guess this question could be for anyone up there. Can you expand on someone trying to promote a product that may be a real niche product, and the success of a radio talk show through that process?

Bill: One thing you have to do is make sure if you have a business-to-business product, make sure you have a consumer angle. I was just speaking before with, is it Nancy in the back? Nancy has a book coming out on how to set up an e-mail policy for your corporation. Sounds pretty dry.

Dan: Pretty dry?

Bill: However, Nancy could probably get on a lot of shows with the angle of can you get fired for surfing the web, and e-mail horror stories about people thought they were sending an e-mail to their boyfriend or girlfriend and they sent it to the whole company. You could really do a lot with that.

So the answer to your question is you have to have a consumer angle. You have to be able to make it pertinent to most people, because the average listener is not a business owner.

Lee: There are talk shows. Business talk shows.

Dan: There are business talk shows.

Lee: And you just want to research those business talk shows and you just want to pitch those and not go through the whole thing. I'd like to add a tip about when you're doing this. Those 1,000-watt radio stations, to me, this was a total waste of time. You're talking to two people. Whenever people call, I always interview them. "How many watts is the station?" If they would not tell me how many watts the station was, it was 1,000 watts.

Mike: If you're in a niche market and you're interviewed by even a small station that you get no calls from, you can then do a promotional mailing to say that, "I'm the expert who is nationally known and interviewed on

Joe: At the same time though, if you were in a niche market and you're interviewed by even a small station that you get no calls from, you can then do a promotional mailing and say, "I'm the expert, nationally known and interviewed on radio and TV shows across the country," and you could even use the tape as a sales mechanism.

Dan: By the way, he does a great interview. The interview was great. It's just nobody was listening.

Joe: That's another benefit about publicity is you do get that third-party endorsement from the media.

Dan: Joe just made a note of one radio show. He mails them all, but he's got one. This one, he's making a note. Larry who?

Joe: By the way, Dan, segmentation is important. You mentioned that a little bit earlier. A lady in South Carolina, Emily, sent me a neat testimonial letter. She said, "Joe, I got your list of 950 shows, and it was almost overwhelming." So where did she begin? First of all, she eliminated all the guy names. Her book is How To Get Paid For Shopping. Guys don't shop. They buy, right? They need a shirt, they go buy a shirt. Women shop. So she eliminated all these, and she got a tremendous response.

And then timing is everything. A client up here in Prescott by the name of Ron, right after Columbine last year in Littleton, Colorado, he's an educator and a member of NSA, he gives seminars on school safety. Bingo. He faxed out these 950. Within seven days, 65 shows booked. What's faxing cost? A nickel or dime?

Dan: Nothing. Next question.

Attendee: I've got Joe's stuff, and he does a great job of showing you how to design the postcard that you mail. But I'm wondering what are some other ways you might present yourself to these producers besides a postcard?

Dan: Radio and TV Interview Report, fax.

Joe: The very, very, very best way is pick up the telephone. Radio is a vocal medium, not a written medium. I don't care how good the postcard is, how good the magazine is, how good the fax is, they want to hear your voice and your passion for your subject.

Dan: When you're booking a client like Ted, what's your procedure?

Joe: I send a fax first, so they know who I am. And then I will follow up with a call, knowing that half are going to say, "I didn't get it." But you know what? They know who I am. I make an impression. I let them know who I am. I say, "You've got to get the facts on this guy. Here's what it's about."

The next day, when I call, they'll have the fax. But you have to walk them through the process because they're getting 100 to 600 faxes a week, because everyone and their brother is sending them a fax. You know why? Because of broadcast fax.

One other quick thing. A lot of these companies out there that are charging people per show. I work on a results basis. If we don't make sales, I don't get paid. But here's the thing. A lot of companies will say, "We'll get you on 22 shows, \$2,000." You're going to be in Paducah, Kentucky, on a 1,000-watt station, and the cows are listening. And you're going to be upset because you're not doing sales. The reason I mention that is every client I have, they've had that experience first of being booked on all

these shows and they're all excited, dismal sales because markets and shows do matter. Most of the sales that we've done have been in the Midwest, in markets 50 through 100. That's important. Not one through ten.

Dan: The Midwest is also important.

Joe: It is, and here's why. The believability index. If you own a show in the northeast, number one, they don't trust you. Number two, you're lucky if you get three or four minutes on the air in some of these major cities. Now, we have in the past, but it's mainly with clients that have got testimonials from Rick Dees or Scott Shannon, or some of the big boys. You're much better off, especially starting out, markets 50 to 100 in the Midwest. You'll be getting results.

Attendee: Toll-free numbers, 800 or 888, or is there a difference?

Joe: Yes, there is a big difference. People out there are programmed 800 is free, 877. 888. they're still scratching their head, "Who pays for this call?" They have not gotten the same credibility as an 800 number. So stick in there until you get an 800 number.

Dan: I'd agree. It might not make a big difference, but this, like TV infomercials too, is really a business of small numbers multiplied, not big numbers. So if it costs you a call and you do 100 radio stations this year, it costs you 100 calls.

Joe: First of all, before we leave that, always precede the 800 number with "Call toll-free, 1-800." Every time there's a hyphen, put a pause. And it's "Toll-free, 1800," it's not "1-800." How do you get one?

Lee: They're out.

Mike: It's very hard to find. Use what you have. Don't say, "I'm not going to do shows if I don't have an 800 number. But Joe's exactly right, 800 is better. But don't put it off. I won't go into demographics, but that's important too.

Attendee: I've had quite a bit of luck promoting my steel artwork by publicity, and I've always promoted the benefits on it and done very well both from a financial and

publicity point of view. Over last Valentine's Day—I get Hartunian's stuff—decided to pull a stunt to sell some tapes. Because it's Valentine's Day, we have a deadline, we have a holiday, I put myself up for auction on E-Bay for a day and then faxed that out. They went crazy. And probably in a week, 30, 40 radio interviews, TV, Fox National News, everything

Dan: Get any bids?

Attendee: Nothing. I got bids. I got bids, but I didn't sell nothing. I was on the Rory Green show with 20-million listeners, everything. Here's the question I have. What's the difference in efficiency between promoting a straight product with benefits of the product to the audience versus creating an event and then linking a product back to that? If you guys would comment on that.

Mike: I think in most cases, you're better off creating the event. Because the producer isn't interested in your product, in most cases. I think your strategy was a pretty sound one.

Lee: By the way, just being on big national TV shows, like I did the Monte! Williams Show, I had to fight with him to get an 800 number. And then I got on the show, and two minutes before we aired, they said, "Oh, we're not putting your number up." I said, "I'm not going on." And then they double-timed it and they would put the number up. But what happened was the number they put up, most of the audience thought was a number for ideas for the show. It cost me a fortune in 800 number calls for people who wanted to know how to get on the show, not with my product.

I was also on the Sally Jesse Raphael show, they played exactly the same game. My thing is fair exchange for value. If I come on your show and spend my time and offer my expertise, then I want a plug. They always promise you that. And at the last minute, they do that switch and bait thing. Not all of them, but a lot of them. And you have to be very clear about that, about what you want and what's going to go off, and what's going to go on the screen. So be aware that just being on a big show doesn't mean you're going to have big numbers. In fact, it cost me money, versus making

money.

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Mike: I'm going to go back to this Midwest again. I'm going to use Des Moines, Iowa. I can't tell you how many hundreds of thousands of dollars. It's because you're going to get more time on the show, you can build an affinity, the host trusts you, and he'll sit there and plug your product all morning long and he won't have a problem with it. You're not going to find that in a lot of the major cities. You're just not.

Joe: Another tip on talk radio. WHIO, Dayton, Ohio, I've been on there five times. Mike Cintos' been the host each time. He would say, "Now Joe, we're going to take a break for traffic and weather. Would you stay tuned?" And when I stayed tuned and started listening to traffic and weather, they would say things like, "Now the weather in the Miami Valley is..." Oh, that's good. So when I come back from the break, I'd say, "Hey Mike, we've got some ideas here to help the people in the Miami Valley." You've got to speak their language. In Pittsburgh, Pennsylvania, it's Three Rivers. Dallas Texas, it's the Metroplex. Here we're Sun Valley, Valley of the Sun. So we've got to be talking in their language. Once you stay tuned in to the weather and the traffic report, and speak their language, you've bonded with them. They love you.

Attendee: First a comment. My understanding is the reason they have 888 numbers is because 1-800 is no longer available. They basically sold out.

Mike: Every now and then they become available. You just have to call them.

Dan: That's right. They keep coming available as people fall out of the saddle. Defunct businesses that can be bought. There's ways to get them.

Attendee: My question was I got Paul Hartunian's program and I got the Publicity Blitz Database. I actually had trouble figuring out how to use it to do broadcast fax, so I ended up using Paul Krup. He'll bang out 2,000 broadcast faxes for a couple hundred

bucks. But I'm wondering. Joe, if you explain in your book exactly how to broadcast fax out of your computer and use those databases and segment them successfully.

Joe: Each computer and each platform's a little different. If you call toll-free, 1800-945-2488, I'll walk you through it.

Attendee: First of all, I've done a lot of radio over the years as a regular trade author. I've never actually tried to sell my own book. I just say, "Go the bookstore.- It would be very interesting. I'd love to try to get an 800 number and sell my own. So my first question is this. My current book, the list price is only \$13.95. Would it be more advantageous to package it with a couple of existing tapes?

Joe: Absolutely. Without question, do it.

Attendee: To create like a \$30 price.

Joe: Or more.

Attendee: Thank you. Thank you very much. I appreciate that. My second question is none of you have actually mentioned fulfillment. Do you have the products in your garage? Who types the labels and sends them out?

Lee: In my garage, my staff does it. We fulfill. Now, I have worked for Talk America. I had a contract with them before they went to chapter 11. They fulfilled. Their bookkeeping and my bookkeeping were slightly different. I was doing lots and lots of shows, and the checks certainly weren't what I thought they should be. It is a pain to do that, but it depends on the numbers that you're doing.

Attendee: It would be a fascinating experiment I'd love to try.

Lee: You just have to have good staff.

Joe: Now, keep control. I've had neighbors who are high school students, at \$5 an hour. I've hired my stepdaughter at \$10 an hour, \$12, helped her build a private business where she just does personal assisting for a lot of people. There's a lot of retired people, young people out there who will do this, and you keep total control of the

product. I don't need inventory control. It's all there in my place.

Lee: And by the way, if you do this, make sure when you send that out that you're selling something else.

Attendee: I've got existing books and I've got also audio tapes. I would be acting as a book seller, because the prices are controlled, in my case, by the publisher.

Dan: But when you bundle, you get to disguise.

Mike: One more quick thing. I want to tell you how you can make money on a four- or five-minute interview. I had a client of mine on Fox news channel about a month ago, and I knew he was going to be crunched for time. What you do is if you've got a website, offer them something for free on the website. Have them opt-in. I collected about 700 opt-ins from that five-minute spot that I wouldn't have had now. I market to them every month, and every month I'm making money off those opt-ins. If you don't do that, if you just give them the website and you don't have any way to capture their information, what are you going to do? You can't go to them.

Joe: Mike, this is not an electronics seminar today.

Dan: You were just even quicker than I was. I was giving him another minute. He's absolutely right. You need to capture, regardless of what you do. You need capture.

Attendee: Stephanie. you mentioned about fulfillment centers. Most of our clients are trying to drive bookstore and [Amazon.com](https://www.amazon.com) sales, but I have heard good things about Book Masters in Michigan, I think, and Book Clearing House in Harrison, New York in terms of doing fulfillment. I would say it would be great if you could find a fulfillment company that will take the inbound order and do an upsell offer. Good luck finding it.

Mike: I'm maxed. but what I'm saying is you can train people to do that yourself. I started out with two reps on the phones and just grew from that.

Dan: But the upsell, regardless of how you get it done. Once you've got them on the phone. why not try and upsell as long as you have something to sell them. This, by the

way. is true. We're going to talk about it in backend, but it's not necessarily limited to radio. If you're taking inbound calls yourself or with your dedicated people into your office to take an order for anything, and they're not trying to upsell them while they've got them on the phone, you're just leaving money on the table; 10% to 20% of the people are going to say yes, even if it's done badly.

Joe: Fulfillment centers want about 50% nowadays, so be aware of that. If you do it yourself, you cut it way down.

Dan: Okay. we can do one or two more.

Attendee: I have 800 inbound calls. I do a lot of talk radio and I have an 800 number, but I'm not in my office all the time and I don't have a full-time staff. I know I'm losing sales because people will not leave messages on the voicemail. Do you have recommendations for services that provide that 800 inbound service? Do you give them a script? How reliable are they?

Lee: They're not real reliable, because they're just reading from scripts.

Dan: There's a few in the Million Dollar Rolodex that are listed. We use a company called Tel-Assist *for* some stuff. The bottom line of all that is that they're all bad, because everybody that's working there got fired at McDonald's for being too dumb.

Joe: Dan, I've got one exception.

Dan: Good. I'll give the exception in a second. But, they're also necessary, and horrible is better than nothing at all. There's no justification for taking your time to do talk radio and drive calls to a number that's not going to be answered by somebody that's going to sell something. That just makes no sense whatsoever. So it is a problem you must fix. The best way to fix it is somebody that you have control over taking the calls. But if you can't do that, you're going to have to find a service, and Joe's going to recommend one he likes. But you've got to find a service and you've got to get that hole plugged.

Joe: The one I've been using for 12 years, Mountain West Communications, is located in a little town called Hotchkiss, Colorado. About a dozen miles from Grand Junction on the western slope. It's a family affair. The town is 714 population, so you're not faced with Omaha, New York and LA type attitude. These people care. They recognize my voice when I call there. Mountain West Communication. I don't have their 800 number memorized. I've been using them for years.

Now to be fair to you, when I started. Dan, a dollar and a half per call, period. And, of course. over the years they've grown and we've all grown, now they charge maybe a 5200 set-up fee, so much a month and so much per call. But check out Mountain West. As Mike said here, be careful and check out three or four. There's some fulfillment centers, but most of them want 50%. I just want somebody answering the phone and putting it on a bulletin board and faxing it to me or e-mailing it to me. and I fulfill the order.

Attendee: What town?

Joe: Hotchkiss.

Attendee: But they do not do upselling, they just take the name?

Joe: I imagine they'll do anything you want.

Mike: One more quick thing. and I'll shut up. Make sure that you tape your interviews. Make sure every show you do. tape it. Because here's what's going to happen. When you listen to your show the next day or the next hour, you're going to go. -I can't believe I said that! This guy opened the floor up and I didn't get the number out." or "I should have said this and I said that." So make sure you tape your interview so you can critique yourself every time.

Lee: And not only tape it, but one of the things that I do is I have these big cheat sheets all over the room with notes. If you're doing an interview at 6:00 in the morning, your brain isn't thinking all that well. You're literally almost reading your notes. You're not reading, but you have all those notes right there in front of you. It just makes you sound much better.

Dan: Ken, and then we've got to go. Okay, Ken didn't have a mic. The question was if you've got a high-priced item, do you give the price or do you not give the price? We'll catch you, and then that's it.

Lee: I always give the price, because I want to qualify. So I give the price.

Dan: Anybody else want to weigh in?

Joe: I have a client in Akron, Ohio, Jim Catuso. Calls himself "Jim the juicer man." Got my system and I lost track of him.

Dan: He's been at this a long time. I know Jim.

Joe: He was on WBZ up in Boston, this 50,000-watt station, 10:00 at night. At 10:30, they said, "Could you stay another half hour, Jim?" And then at 11:00, another half hour. Another half hour. He was on three hours. I said, "What happened?" "Well he told me to use his room number."

His answering service was sending out brochures for this juice machine. A \$200 juice machine sold over \$10,000 worth of juice machines on that one three-hour interview. if he had asked me on the front-end, "Could you sell a \$200," "Save your money. Forget it."

Mike: if you've got a room full of closers, do not give it out. If you've got some guys in there that are trained salespeople, like I've got, never give it out. Your call volume's going to decrease. But if you don't, you want to give it out and you want to qualify them.

Dan: And you, sir?

Attendee: I might have a small plug for that problem, Dan. What I used on the radio just recently was a free offer that was synergistic with the product I was offering, leading to a 1-800 number where any number of people could call me. So I got hundreds and hundreds of people to call that 1-800 with no labor cost to myself except downloading it. I got the names and addresses, gave them the free item, which

was offered through the radio station and that was helpful to what I was talking about. And then I made them another offer that was synergistic with it, and made a lot of money that way.

Dan: Good. I've got a few things we've got to do before the dinner break. But this group is done. Thank you very much, folks. Thank you, Joe. Thank you, Joe.

Let's see, the last publicity thing. You guys may want to get some information. Some of you may find this interesting. Richard Smith runs a company called News USA. There's two companies in this deal. There's only two doing it. They're essentially a publicist firm, but here's what they're doing. They're furnishing pre-done articles to the media, and a lot of media. particularly secondary newspapers given to them. So they're kind of like a news wire service, but it's all paid stuff. But it's done so well and it's done by journalists, and it comes to them so it looks like journalism, a lot of them take it and run it the way it is. So they charge you by the published item.

You can get information from them. It was supposed to get here to hand out to you and it didn't get here. Let me give you the information. You guys want the website, I suppose. The website's newsusa.com. The 800 number is in gray type. It's invisible. Some graphic designer here. It's light blue, faded screen on white. You come up and read it, smart ass. It's 800-355-9500.

I think they're pretty sharp. I think they know their shtick and they may be of interest to you. This is sort of miscellaneous stuff. Is Alan in the room now?

Anyway, Alan, whom I've also had a relationship with for a very long time and is a very astute information product marketer and seminar marketer in Canada, a number of our Platinum members work with Alan. Ron LeGrand does a lot of things with Alan. Alan is looking for products and looking for lists. So he's somebody you might want to get to know while you're here.

We've got time, I hope, before dinner, to get through a couple of things. So we're going back to the book. We are going to page 127, guarantees.

There are different types of guarantees, and you have to think strategically about

what you want to do, what you don't want to do, what you can do, what you can't do.

So first is the issue of satisfaction guarantees versus outcome guarantees. A satisfaction guarantee is if you're not happy for any reason, you can send the stuff back and we'll give you back the money. There's 5,000 ways to say it, but that's a satisfaction guarantee.

An outcome guarantee is if you don't make at least \$9,642 in the first 90 days you have the box, send it back and we'll refund all your money. If your acne doesn't go away in 31 days or less and you have clear, beautiful, perfect skin, send the stuff back or send the empty jars back, and we'll refund the money. Those are outcome guarantees.

So do you want to do satisfaction guarantees? Do you want to do outcome guarantees? Do you want to do both? Certainly, the outcome guarantee is the stronger sales tool. It carries with it, of course, a whole host of problems.

Unconditional versus conditional. There are marketing issues and there are legal issues. I will only belabor this twice during our time together; once now and once when we talk about how to stay out of trouble. Some people in the room, they're already going. "Geez. do we have to listen to this again?" Yep.

The single best piece of advice anybody is going to give you as long as you live in this business is no conditional guarantees, at least not as your primary guarantee. That means don't do "you can have your money back if you prove that you went out and made 17 sales calls and you sent out 42 demo tapes on a rainy Tuesday, and you made at least three stops at gas stations in Tupelo, then you can have your money back. But if you can't prove you did all that stuff, you can't have your money back." That's a conditional guarantee. Don't do it. It is an invitation to regulatory involvement and litigation. The amount of money you save by refusing refunds because they did not meet certain conditions will disappear in the blink of an eye when you need the attorney to try and keep you out of jail.

You think you're okay because you very clearly made a condition. You cannot win

this battle. This is not about being right, this is about staying in business. You do not want to create a level of complaint volume that causes unpleasant scrutiny from people who don't like anybody making money, which pretty much describes the government. They are philosophically opposed to anybody not working who makes more money than they do. They consider us in that category. You do not want their scrutiny.

Here's the deal. Make the strongest guarantee you can. Make it an unconditional guarantee. If you're selling something you can't give an unconditional guarantee for, go find something else to sell. If you're selling to a market that is so bad and so abusive of you that the return rate on unconditional guarantees is so high you can't make money, go find another market. But don't try and solve the problem by saying no to *people* who want a refund. *If they want a refund, give them the refund.* Do it first. The first thing when you get in the office every day, issue the refunds. Do the credits before you process the sales. Don't sit on them. Don't delay them. Don't obsess over them. Don't worry about the story. Just give the refund. This is the cheapest money you'll ever, ever spend.

Now, the only exception to conditional guarantees is when you do it as a plus guarantee. Then it's just puffery. Now you're really just doing marketing. So you've got a 90-day unconditional guarantee. If you don't love it, if you're not thrilled with it, if for any reason you're not happy with it, we'll give you all your money back, If you go beyond the 90 days, then the second guarantee kicks in. You get another six months, you get another year, but you have to have filled out a form. you have to come to at least one coaching call.

However, regardless of what conditions you put on it, if they come to you for a refund and have not met the conditions, give them their money back anyway. If they don't have all the product to return, give them the money back anyway. If they send the product back and they clearly copied it and there's highlight marks all over it and their dog pooped on it, give them the money back anyway. If you've got a 90-day guarantee and they surface three and a half years after you sold them the product and they want

their money back, give them their money back.

No matter how unreasonable they are, no matter how wrong they are, no matter how abusive they are, give them their money back. Because the nuttier they are, the more likely they are, when you don't give them their money back, to be a problem. And it doesn't take too many problems before you've got bigger problems. Because if somebody wants to look, no matter how clean a shop you think you're running, they can find something to hang you on.

You asked about George Douglas with the \$4,000-a-day make money at home with your computer, George was running a very clean shop. There was nothing wrong with what George was selling. There was nothing wrong with what George was claiming. George was a good guy. But George got his back up about refunds, and he made them conditional, and he refused to give people refunds unless they could prove that they had tried to do something.

Ultimately, that brought the Federal Trade Commission, Postal Inspector, 17 attorney generals, and it put him out of business.

William McCorkel is doing time. I could tell you horror story after horror story after horror story, and they all brought their problems upon themselves by this one single thing. Who was telling me about Carlton Sheets before? Carlton is on TV selling - Get Rich In Real Estate." That's a clean shop. That's a good operation. For years, they've been doing the deal. Somebody calls up, wants their money back. They step them down to, "Keep everything and we'll give you half your money back." They just abandoned it. And I assure you, they abandoned it because it finally got around to biting them in the butt. They never should have been doing it in the first place.

So if you want to do conditional guarantees, second guarantee, third guarantee, part of your live-star pledge, your ten guarantees, line. But don't make it your primary guarantee and don't hold anybody to it.

Multiple guarantees are better than single guarantees. Of course. Just like multiple bonuses are better than single bonuses. So two guarantees are better than one, three

guarantees are better than two. I low many creative ways can you say your guarantee?

Creative language and presentation of. Like anything else, how you say the guarantee is at least as important, if not more important, than what the guarantee is. So you strengthen a guarantee by the way you describe it and the way you present it. Is the guarantee in first person? Is the guarantee in corporate institutional language? Is the guarantee on a separate big certificate or is it buried in the copy? Those are presentation issues.

How the guarantee is said. One of the great examples I use all the time, because I think it was one of the best ones every done, Halbert gets credit, was the tweak in the Nancy Quan Pearl Cream guarantee from 30 days satisfaction guarantee to Nancy Quan looking into the camera and saying, "If your friends don't actually accuse you of having had a face lift, return the empty jar anytime in 30 days, and we'll refund all your money." It's a 30-day satisfaction guarantee, but it's a hell of a lot better when it's said that way. So how you say it is real important.

There are some people who will tell you, and somebody usually asks a question at every seminar, "Well, isn't that guarantee stuff all worn out?" No, not any more than, "My accountant's out of town and let's have a sale," is worn out. We've seen all this stuff before. And in some cases, your market has too. But that doesn't make it any less important. If anything, it makes it more important. So why would anybody want to buy something from you that didn't have a guarantee on it? There are a few tweaky ways you can do this where you make a big deal out of there being no guarantee, but generally you've got to be selling to your house list, not to anybody else, to get away with it. And it's creatively tough.

Guarantees are so powerful that, in some cases, you build a whole offer around them. It's a thing you lead with. So you've got to give some real thought to how you structure the guarantees, what you're going to guarantee. Are you going to do outcome satisfaction, a combination of both, or are you going to do unconditional/conditional, a combination of both'? How are you going to say it and how are you going to position it? Are you going to make it the most important part of your offer? Or are

you going to make it an "Oh, by the way," of *your* offer? Are you going to build it into your offer? How heavily are you going to lean on it?

My own experience is that rarely do you make your refunds worse by making a big, big deal out of your guarantee. The bottom line is, legally, you've got to do it anyway. If you're going to survive, you've got to give them their money back. So since you're going to do it, you might as well go ahead and do it in a big way.

Attendee: Dan what's your feeling about press releases?

Dan: I don't know that I have a feeling. It's a valid tool, like any other tool. Personally, I haven't done much, so I'm not a great proponent. I've neglected it, because it requires work. And often, I haven't sought media interviews. I don't want to do 100 radio talk shows. That doesn't mean you shouldn't do 100 radio talk shows. I just don't want to do it. And it doesn't matter. I might change my mind in two years, but I don't know. But I haven't wanted to do that.

So pretty much, the ones I have done have been forced upon me by publishers, and I've done just enough to pacify the publisher. I'm not real accessible for interviews. So you send out a press release, somebody might actually want to talk to you. That's a problem.

So I have not pursued it. But look, publicity in general and press releases in specific are very valid, very effective marketing tools. Hartunian's a very good friend of mine and I'm consistently impressed with what Paul does. A lot of my subscribers are his subscribers, in part because of my recommendation. We've brought Paul into virtually *every* boot camp we've *ever* done, except this one, just because I didn't do full-blown guest speakers.

I know people who make an enormous amount of money just doing news releases to drive business. So does it have a place in somebody's marketing matrix? Probably. When you go out of here with your to-do list and there's 17,642 things on it, and you start to prioritize things, it's just like when we talk about the Internet tomorrow. Jeff and I had a conversation last night. I'm not anti-Internet. I'm pro-Internet. When Ken

comes up tomorrow, I'm all for making money on the Internet. I love the fantasy just as much as everybody else. And actually, the reality is okay.

But like we have a client in common, Jeff and I, who this week, this guy's spending his whole week locked in a room with web designers and whatever else they call themselves, working on revamping his website for the umpteenth time. He's going to spend his week on this.

In the meantime, he's got his recorded messages tied to ads that he's already spending money on, ads that work. He's got so many recorded messages now that

variable at a time, he's done five variables. So all of a sudden, several of his recorded messages are up to a 50% hang-up rate. A whole another week is going to go by without him working on solving that problem, while he's over here screwing around with his website. Well, bad priority choice. It doesn't make the media bad. But for him, this week, that should have been way down the list.

You've only so much time to go around. You've only got so much energy to go around. You've only got so much money to go around. So in part, what all this becomes is like a cafeteria. So here's all this stuff, and it all works. And here's how it can all be done. But now you've got to pick how many can I really do and what order should I do them in?

Attendee: Dan. I've received at least one mailing from you that said that if you don't find the content of this letter worth far more than \$25, I'll refund the \$25 just for reading it. I'd like to have you tell us how that has worked and if you've ever had any problems.

Dan: Sure. I've got a sample in the sample book. P11 show you. Not only have I done it. but a lot of clients have done it. Michael has a campaign now that he's doing it with. Reed and Marie are using it. I've used it. Ten ■ cars. I've been using that in various ways. in various applications. And I have one client who does a \$250 guarantee.

What I can tell you is that A) you damned well better know your market. I mean you better know them. I don't mean it necessarily has to be your house list, but you better know what to expect. Because if you try that in a real mooch market, you could get bombed. And, of course, the answer is test a small number.

There is absolutely no doubt in my mind that it boosts response. I have enough trackable evidence to support the conviction. Obviously, you can't overuse it, like any other thing. If you do a penny attached to a letter and you do that 56 times with the same list. you'll wear it out just like you'll wear this out. But it's a powerful, powerful tool. We printed it on the outside of envelopes as teaser copy. We used it last year in promoting the Speaking Business Boot Camp, where the whole package that was sent to them had two audio tapes and a video tape, and a long-form sales letter in it. It was \$50.1 think. Wasn't it? \$25?

Attendee: *I'm here* because that was on the envelope.

Dan: Okay. It was on the package. "Listen to the tapes. If you think we wasted your time. well pay you for it." You shell out a little money, and some markets are worse than others. Speakers. pretty much one of the cheapest, so they'll abuse. Do you know, Carla, off the top of your head, what we paid down, like on that promotion? Okay, so maybe \$100. You've had two out of 14,000. That tells you something. I've paid out four out of 3,500 to professional speakers. These guys, 14,000 mortgage brokers, some of which you know were used car dealers yesterday, present company excluded.

Attendee: That's like on page three.

Dan: See, ours are on the top. Like in my case, it cost me an extra \$100. How many extra deals do I have to close? Not even one. Now, if you're selling \$10 books, problem. I was selling a \$3,000 seminar. if she had said we paid out \$500, you wouldn't have seen me blanch. I didn't even care. And it's a very powerful tool.

What he's talking about, if you haven't seen it, you'll see a sample when we get to direct mail, but it's simply, the sales letter itself is guaranteed. "Read the whole letter, and if you think we wasted your time, put your name on, tell us, fax this to us, however

you want to do it, and we'll pay you X." I've also done it, "We'll pay you X and we'll pay X dollars to a charity of your choice. And if you don't choose one, we'll give it to this charity." I've done the charity deal only. You've got to read careful. Some of them used the charity option and some of them actually wanted their crummy \$25. It's okay by me. But yeah, it's a very powerful gambit, Barry. There's lots of ways to tweak it and play with it, to coupon it, all of that. But it's a very powerful gimmick.

If you've got relevance, if you've done the stuff we've talked about so far right, you've picked a market right and you've created a message that is really relevant to that market, you're not going to get nailed on this.

Did you hear what he said'? What he said is if it speeds up the conversion—and Ben does 22 steps in his sequence—if he saves 21 of those steps, even if they nail him, so that's compensating for it. Again, it's not the only way to fry fish, but it's a good tactic. It's a pretty good gamble.

Attendee: Dan, page 125, you have visibility versus invisibility, 126, guru versus institutional, if you don't plan to cover it later, would you cover it now, please?

Dan: It's kind of self-explanatory, isn't it?

Attendee: Well, I'd like you to amplify your self-explanation then.

Dan: We are not going to get easy into the good night, are we? We'll come back to it. Next question?

Attendee: Dan, regarding the money-back thing. 60 years ago, I organized a thing with Swill and Company on Par Dog Food. Double your money back for the sniff test. You open a can and smell it. If you like it, take off the label and send it back for double your money back. Everybody in the advertising industry thought this is insane. Do you know they got back four labels out of 12-million cans?

Now. I give double your money back if you don't like reading my book, and I have yet to get a book back. Only one book to a customer, though.

Dan: Let me tell you something. We've done double your money back on real

expensive seminars. Again, if you know what you're doing. We did a \$2,500 per person seminar, Rodney and I and Glen Turner, in 1975, I guess. \$2,500 was a pretty good price tag for a seminar then. And we sold that thing on double your money back. At the end of the first day you're not happy and you don't want to stay. we'll give you \$5,000. But you know who you were selling to and you know the game. They're not going to do it. They weren't going to bruise us, and we knew.

In the consumer example, like you just gave, it doesn't surprise me in the least. It's too much darned trouble.

Attendee: Just a bit of advice for people who are doing their own broadcast fax. They should do them between the hours of 10:00, 11:00 in the morning and 2:00 in the afternoon. Because if you do it overnight, it gets piled in with all the junk faxes and they go in the garbage before anyone looks at them.

Dan: Somebody comes in, takes the tray, and throws it all out.

Attendee: Takes the tray and they're gone. But catch them 11:00, 12:00, 1:00, just before the secretary goes to lunch.

Dan: By the way, teleservices, fax services, voice broadcast services, he's the guy to talk to.

Attendee: The earlier question on press release, can I say something real quick about that?

Dan: Yeah.

Attendee: I get anywhere from 20 to 30 write-ups a month in newspapers all over the country, from a press release. It's free exposure. They keep the website and everything else in. Something happened recently, when Tom Landry passed away. I'm sure Tom Landry was a great man. What happened was they're trying to rename Texas Stadium, Landry Stadium. So I did an online petition, because I love Tom Landry, he was a great man, and say, "Look, go to Landrystadium.org and vote yes or no." So I set up an online petition. Had over a million visitors from one press release

that I did in 15 minutes, and we were picked up by ESPN, all the local news. So the power of a press release, if you know how to write one, is amazing because you'll get a lot of exposure in newspapers all over the country.

Dan: Did you do opt-in for anything?

Attendee: Oh yeah, I got them.

Dan: That's a very good list. Elvis is worth more dead than alive. This is that business. If nothing else, I'd be whipping together a book, "Great quotes of Tom Landry." We'd be in business in a hurry.

Attendee: Dan, we do public seminars. A guarantee, if we offer it to them, that they have to ask for it by the noon break, for example. Is that a conditional guarantee'?

Dan: No. That's unconditional. Conditional would be you can get the refund if you go home from the seminar and you fill out a form, and you prove that you used seven of the 48 techniques and send us evidence you did it, now we'll give you your money back. This is unconditional. It doesn't matter why they didn't like it. It's an unconditional guarantee. We don't care if you slept until noon. We don't care if you went to the bathroom twice. like Al Gore, you drink a lot of iced tea, you've got to go a lot, unlike me. It's the iced tea defense. That's the new deal. He knew nothing because he was in the john all the time.

Attendee: You said before, at your seminar, it's at the end of the first day or something like that.

Dan: Yeah. but how many days are you keeping them for?

Attendee: Just one day.

Dan: So you've got to do noon. Or you're got to do first break in the morning. It depends on what you give them. Halbert did a guarantee where they had to ask for it in the first ten minutes. It was an unconditional guarantee, that, "I'm going to give you such a powerful secret in the first seven minutes, and then you've got three minutes to

make up your mind whether you want to stay for the rest of it." In a sense, you laugh, but that's more powerful than the first day. That's pretty ballsy. "I'm going to give you something so good in the first seven minutes, that when we take a break at ten minutes, if you decide you don't want to stay, you can have your money back and go home." Lots of ways to play the game.

Attendee: When it comes to guarantees, what is your experience with deferred billing versus refund. In other words, "You've got 30 days. When you're satisfied. send in your money."

Dan: Oh. We should have talked about that with marketing models. The Nightingale-Conant marketing model is the free trial. "We'll ship you the thing. And at the end of 30 days, if you haven't sent it back, pay us or we'll bill you. Hume does it. The Hume model is first lesson, and then it continues. Pretty much everybody in that business will tell you that their tests, their overall economics indicate that they're better off. They're playing the game that way because they're winning.

But it has inherent problems. One is it's capital intensive. Two is you're in the collection business. Three is you now face issues of how willing are you to alienate a customer in order to try and collect money, because you're now in an adversarial position. How long are you going to wait? How patient are you going to be before you decide they're no good as a customer and you want to flip them to a collection agency, if you want to do that.

Remember. people buy the way they buy. So you ain't going to get away with that once. That was Nightingale's original intent. It's now their whole damned business, because they've trained all their customers that that's the only way they'll buy. So if you're a Nightingale-Conant customer. ■ou've been a customer for ten years, you've bought umpteen albums, the next album you buy you're buying on a 30-day trial.

So it has its down sides. Jeff, do you want to weigh in on this? We do it in some of the niche businesses as a last resort step. But none of us do it as the primary offer, the "take it for a month and if you decide to keep it, then you can pay us."

Jeff: We've done that. I've done that on a number of products with installments, where you spread out the payments. "Don't pay anything for 30 days. It's free. And then if you decide to keep it, you have four months to pay it out." In general, my experience has been that all that fills the response up. Now, the thing staff people and other people will complain about is. "The refunds are going up, we've got a higher bad debt ratio." But I'm real stupid. I just look at the math and the numbers and see how much money is in the bank. Invariably, there's more money in the bank when you do it that way. And yes, your refund rate is higher and you have some bigger hassles. but I think the more expensive the product, the better that works. And yes, we do lose some people. and no, we don't go chasing them down like Mannix looking for somebody.

Dan: You have to decide. Let's say it bumps the refund rate by 5%, but it bumps sales by 15%. I lumes model is first two lessons free. And then if you continue, we start billing you. Their piece is in the sample book. You'll actually see their order form in the sample book, as a matter of fact.

Okay. one more. Last one.

Attendee: Two questions.

Dan: Every time you tell them it's the last one, they cheat. It's incredible.

Attendee: Okay, use guarantees with consulting, do you recommend that we do that? And also, with seminars, say it goes past that noon-time break, and then afterwards they want their money back or the next day they want their money back. how do you handle that?

Dan: The answer to the second question first. I push a little. But ultimately, if they're pushy, I bite the bullet and give them their money back. I then ban them. We do that with refunds anyway. Anybody that's unreasonable about refunds, we'll give them the refund. But then they ain't going to buy anything else from us.

The first question is about guaranteeing services. You have to be more careful. Obviously, I wouldn't do outcome guarantees. I'd do it with the first day. Like in my business, the initial consultation. At the end of the first day, one of three things is

going to happen. A) You're going to be thrilled and you will have picked my brain and be happy with what you got. But you don't need anything else, so we'll hug each other and part company friends. B) You're going to want to do something. and then the fee for the day applies. Or C) We will have had a very unproductive day. You're the sole judge. And if you're really unhappy, it's free. You get your money back. I've been doing that for 15 years, and I've given one refund, and I've had two people that I've ended the day early and given them their money back to get rid of them.

Attendee: I was back here talking with John, and we were thinking about this guarantee that you have about if you have a three-day seminar, at the end of the first day or the end of the first ten minutes, if you're not satisfied, we'll give you your total money back. We thought about doing that with a 30-video offer, and say it costs like \$2,000. Some of the first five videos have a bunch of really good stuff in there. see if they like it or not. And then if they don't like it, they don't get the rest of the videos, but we'll give them their money back. That seems like a very, very good curiosity thing.

And then I was thinking about all this other stuff that we're going over, as far as guarantees. It's a game he likes to play. Look at him. He likes to come up with really neat stuff, because he likes to tweak his brain a little bit.

Dan: You overestimate me.

Attendee: No. I don't. I've been watching you for probably 14 years now, and it's really amazing. Because he'll keep coming up with all these new, different, and wonderful strategies. A lot of guys getting in on the game are getting a little bit confused because it seems so complex. But if you'll look at him and analyze his strategy. it's really simple, one, two, three, four, five. Just by the steps, and then he implements it up. But I just want to say thank you very much for a bunch of things today.

Dan: Okay. let's take a dinner break. We're back at 7:00.

If you're going to rent lists, here's some things you need to think about. Number one, remember we talked about this a little bit, but source is one of the most important things to you when you're renting lists. Not just who's on the list, but where

they came from, how they got them. If you want to sell to them by direct mail. it's better if they were a direct mail source than space source, for example.

Nixie guarantees. meaning replacements for undeliverables. Every list is going to have some factor of undeliverable. Its unavoidable. A lot of the nixie guarantees exempt 5% and give you replacements for anything worse than 5%. But whatever you do, don't rent one without some kind of a replacement guarantee.

Formats is technical stuff, whether you get it on disks. But nth name or specific select. When you're doing testing, you've got to decide do you want to test best? Do you want to test worst? Do you want to try and test some representative average? How do you want to play the test game? If you want to test a representative average, then most people are going to rent nth name, meaning if ' there's 50,000 names on the list and you want to test 5,000, you're going to take every tenth name. No geo bias, no selects, no nothing, just give me every tenth name. You want the scattering and you don't want any specificity. You're just looking for an average result.

Other people's philosophy about this is test the very best names. Let's be selective. Let's put all the selects in we want. Let's take only the last 90 days names, and let's test what we believe to be the best segment of the list and see how we do with the best. And then we say to ourselves, "We did so well with the best, maybe we can test the next worst and the next worst and the next worst segment of the list.

Other people's philosophy will be let's figure out what the crappiest part of the list is. We'll test that. And if we can make money with that, we can make money with the rest of the list. So different people will approach this differently.

Recency is a factor. Like a lot of people, for a lot of offers, will only want to use the most recent names that have been added to the list. Often they're called "hot line." Give me everybody who subscribed only in the last 90 days. Give me everybody that bought in the last 90 days. The theory behind that is when somebody's in heat, they're really in heat. And when they're not in heat, they're not.

Somebody decides to get into something. "I've got to lose some weight." They don't

just do one thing, they do like ten things all at one time and then they do nothing again. So they throw all the snack food out, they run down to the health food store. they buy a bunch of things; they get two fitness devices, they join a gym, and three months later they take up golf. So the idea is you get them while they're hot.

In some businesses, like the newsletter business, a lot of people in the newsletter business. not only don't they want the recent names, they want the expiring. Because their trick is here's a bunch of people who have just given up on guru A. They are now ready for guru B. I want them when they've given up.

Cabot Robert used to say. "Everybody's walking around with their umbilical cord in one hand. looking for a new place to plug it in." So the theory is find them while they're hunting the plug. So they go after the expiring.

When you are factoring in costs, make sure you don't make the mistake of if it's \$70 per 1,000. you're doing all your math on \$70 per 1,000 and forgetting the extra \$5 per 1,000 for the gender select and the extra \$5 per 1,000 for geoselect, the extra \$3 per 1,000 to get them on labels. Don't forget all the extra charges when you do your math.

Merge purge is where you're going to take multiple lists and either take the dupes or take the non-dupes. So let's say a dupe category would be I want Boardroom Report subscribers who are also Nightingale-Conant customers, who are also Gold American Express Card holders. So I'm going to take all three lists, and I only want the people who appear on all three of them. Those are the dupes.

Somebody will play the game the other way, where I want to take the Boardroom Reports list, and I want everybody on the Boardroom Reports list except everybody that's also on the Nightingale-Conant list, because I don't want them if Nightingale's already gotten to them. Dupes, the opposite of dupes. You can play it either way.

Multiple use, same names. If you're going to do that, you rent, almost in every case when you rent lists, you rent it for one-time use. So if you're sure you're going to want to mail to rented lists a sequence, best to negotiate it when you do your initial rental, because you're going to get the second usage at a discount and the third usage at a

greater discount, and so forth. You don't want to go back and do it onesytwo.

Piece approval. Almost every list is going to require approval of your mailing piece. Sometimes they'll give you that okay based on drafts, copies, while the thing's still in production. So you can be ready, fire, aiming in terms of piece and lists. But very seldom are you going to be able to rent a list without having the piece approved. Do not show them one piece and mail another piece. Everybody seeds their list. Everybody tracks the use of their list. Those that are sensitive and don't want to rent for a particular offer to a competitor, don't get sneaky and try and do an end run. It's prosecutable. So if they turn down your piece, the solution is not to submit another piece and then mail the one you wanted to mail in the first place.

We said this earlier. Test carefully. Never roll out. I don't care how good the results are from the first 5,000, don't immediately mail the remaining 245,000 names all at one time. There's all sorts of ways the list can go bad on you as you're mailing it. Chunks. Evaluate the response. Next chunk. Evaluate the response. Next chunk. You may have ten lists going that you're making the chunks all at the same time, but don't jump from a small quantity to a big quantity in one big fell swoop. There's too many ways, without them knowing it or for you to have read some kind of bias, for that list to go bad on you as you're working your way through it.

Look for biases in your house list to use in selected rented lists. As you build up your customer base and as you have a decent sized list, every list has funny little idiosyncrasies and biases about who buys more and who buys less and what price

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points they buy, and so forth. And you want to continually look at your list to try and spot all of this.

For example, a great example, in Joe Polish' case. I frankly don't know how effectively he's using this piece of information; it's a very useful piece of information if used properly. Keep in mind he sells to carpet cleaners. So carpet cleaning businesses with a non-individual name. Acme Carpet Cleaning, Acme Carpet Cleaning, Inc., buy at about 150% better rate than John and Mary Smith Carpet

Cleaning. The ones with the people's names in them who own the businesses don't have) as well as those who have business names that don't have the people's names in it. Do you get the differentiation?

So now you're going to go rent a list. You may not be able to make the whole list more profitable, but if you only mail to all the Acme's and you skip the John and Mary Smith's, now you know you've got better numbers. In a niche, it's not so valuable. But a piece of information like that when you have access to 30 or 40 different lists and huge numbers of names, that can be a very useful piece of information.

I joke about it, but I've determined over the years we do very poorly and have a lot of customer service problems, particularly in a couple of business segments like the speaking market, we are ill-advised to mail to a female speaker with a hyphenated name. It's just bad business. Like it, don't like it, I don't care. And of course, we should have pulled them all. There can't possibly be one here unless they snuck in. So I go through the list and pull all them out. I'm not going to mail to them.

There's a couple of states, when we were doing chiropractic, just deadly. So you've got to drop the states.

You can afford to mail to California twice as often as you could mail to Indiana. So you gradually begin to know these things, and what you know, you want to use. You start by always looking at what's going on in your house list. What's happening in your own list that may translate into these other rented lists.

I gave you just some stuff to look at. These pages are from Catalog Success Magazine. Just about every trade magazine in our industry, Target, DM News, all of them, this is Catalog Success, will publish, almost every month, news about new lists and new media that's available, updated lists, lists that have changed in the way you can get selects and so forth. You want to pay attention to that, because you discover things. Like here's this Cuisine Magazine. Got 110,354 active subs. It's bimonthly. The list price is \$94 per 1,000. I marked it and I don't remember why I

marked it, but it was for some client that it was appropriate for.

The no low press list, that might be appropriate for some small biz op marketers. I don't remember why I marked Cuisine, because I've got some client I marked it to give it to and I forgot about it.

So that's list descriptions. On page 133, it's the kind of ad you see a list company run on their own behalf, to alert you to what's going on in their lists. That's the Agora list.

Number 134, if you call up now and ask for information about a list, here's the kind of stuff that somebody might send you. This is Selling Power Magazine's list information. They've got 119,000 in their subscriber master file. They can give you gender select, 78% of them are male and 22% of them are female. They can give you 91,000 of them at their business address, which means whatever 119,000 less 91,000 is, they can give you that many at their home address. They've got a quarterly hotline, so you can get just the 12,227 that have subscribed in the last 90 days. if you want them. They can bust out whether they bought a one-year subscription or a three-year subscription. They can give you just the ones who also subscribe to the tape of the month program for extra money. They can give them to you by zip or state.

All of this stuff down here, about their purchasing power, and 73% of them develop and execute sales strategies. all of that is crap. They got that off of survey cards that they give you to fill out. Nobody takes them seriously, and just about everybody lies to make themselves look better. So that data's not particularly useful. A sample mail piece, of course, is required.

Then they send you a sheet that looks like this. Here's a sample list of their advertisers. Now, that's not spectacularly useful to you if you're thinking about renting their list. Since they're sending a list of their advertisers, instead of a list of the companies who are renting their lists, that immediately makes me suspicious about who's renting the list and who's doing well with the list. Because otherwise, if you had a whole list of people who are renting the list and happy, why wouldn't I send

the list of the people who are renting the list to the people who are thinking about renting a list? Why would I send them a list of my advertisers when they're not thinking about advertising?

So this makes me nervous and I would ask some questions, like, "How about a list of people who have rented the list more than once. Let's see what they look like." Because if you look at this list of advertisers, you're going to see something that's pretty interesting. Almost none of them are true direct response advertisers. The Buick Motor Division does not help me. Delta Vacations, Spiegel. Show me somebody in here like me, not Crate & Barrel. So this whole thing makes me a little nervous. So I would have some additional questions. That's the kind of stuff they're going to send you.

We kind of already talked about this, but you have a page that is just good reminder information. Here's the basic deal about you rent a list. Once they respond to you, they're your names. Until they respond to you, they're their names. So you've got to decide do you want to rent the list to mail two or three times, or do you want to create some incredible free offer and try to get as many people to respond as possible, so you only work those leads. You never have to pay to rent the list again. How do you want to play the capture game? There's some real good suggestions here about how to try and get *as many names as possible* moved from the rented list to fair game to you, to do as much follow-up as you want, should you want to do that.

Then I gave you a vocabulary—I forget how many pages of that—lest you get confused. Page 148. I had this pile of loose exhibits that all had numbers on them, got all organized and then I didn't do it.

Card decks. You guys all know what card decks are, right? This is the card deck that was used to sell that ready-to-go sales meeting product that I showed you the other night. Pretty typical. It's a one-step. The front of the card is a picture of the product. The back of the card has a little order form. It was a control card for a number of years. Ran a negative, by the way, but they're building a catalog business so they're happy to run a negative.

A lot of one-step stuff you see in card decks is running at negatives. Ted Nicholas was always able to make a profit. Whether he could do it today on the front end, I don't know. I doubt it. Typically what happens with card decks is high volume, low quality. Again, it's neither good nor bad, it's just what it is. You figure out whether or not you can make it work. The good news is if you can make them work, there's a whole lot of them. The biggest guys in the business are Venture. They're in your Rolodex. They represent a slew of card decks. But all this media information is in SRDS. the same place the lists are.

Package inserts. I'm amazed at the number of businesses that don't do package inserts. You're shipping a box. Put something in there to sell something.

I pulled Rodale's just to see what they're doing. Here's something we bought from Rodale. What did we buy? This is the Doctor's Book of Food Remedies. So here's the invoice and here's a first payment of \$11.61 is due by July 10th. Well, we're in trouble already. That's a problem with that bill-me stuff. Then they've got a survey down here. "Please send the survey back," which is all that stuff that they're going to put there to convince you that you should rent the list. Do you have a great subject that you read about? Which activity do you enjoy doing? How much money have *you* spent on products ordered through the *mail* in the last 12 months? Have you been a member of a book club? Do you have a major credit card?

Then, here's a package insert for Perfect Cures, five free special reports if you buy Blended Medicine, so it's a book pitch there. Here's another pitch for the Doctor's Book of herbal Remedies." Some ad agency got a hold of them. Here's a deal about Rodale.com. and it's a picture of all the stuff they've got, and it's a lead gen. For free information about any of this stuff, you check it off here, plus they want you to go to the website. Like I say, some ad agency got a hold of that.

Here's the free bonus, "The Doctor's 100 All-Time Greatest Home Remedies." If you want to know what to do for lip lines, menstrual cramps, sore feet, frostbite, all that's there.

Here's special offers from them, so they put some more stuff inside an envelope. Let's see what we've got in the envelope. Here's 1,001 New Ways To Erase The Signs Of Aging, book, 1065 green medicines that work better than prescriptions, The Green Pharmacy, a book about how to use plants and leaves and stuff.

Here's a book, Home Style Cooking: Foods That Look Bad, But Are Good For You. Doctor proven food cures, new foods for healing. The Healthy Cook.

By the way, whenever you want to sell healthy, always show plates of brownies and stuff. They've got that figured out. It's a real secret in the weight-loss business. You sell weight loss by showing people food. I'm serious. They can't have it, but that's what they want. So you've got to show them pictures of what they want. I'm serious. That's the deal.

Here's Home Remedies For Women, and here's Target instant Relief. Here's The Women's Choices Of Natural Healing.

By the way, the volume that they're doing, some of these could be tests. A cheap way to test. Put ten in, put them in 10,000 boxes, see which one works best before you decide whether to advertise it or not. Test media.

And then here's package inserts from somebody else. This is where you can be, if you want to, because they charge money for this. And then you can be in the game. Here's a prescription plan, here's Guthy-Renker, here's our Proactive piece to sell Proactive. Guthy-Renker Proactive does about a quarter of a million, half-million package flop a month. Here's alphahydroxy cream, a free jar of this stuff.

Here's the Vitamin Shop website directory. Somebody's put together a deal where they're charging each one of these website companies to have a little square in this thing. Nobody has any idea what's happening, because there's no tracking on any of this. There's no "here's where you came from." It's a pretty good piece, because nobody knows what's happening on it, so you make money.

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Look at all of the package inserts. Somewhere in here is that invoice I probably

should pay, too. But that's neither here nor there. Look at this. And you're sending an empty box? Do you think these guys are dummies? They figured this out. You fill the box. It don't cost any more. Sending the box anyway. And, remember one of the other rules. If I get this book and the first thing I do is turn around and order another book from them, I'm at least 50% less likely to return the first book for a refund. This is refund control, just like it is selling. Because if I buy a second time, I'm not going to return the thing I bought the first time.

You should do package inserts, and you may want to participate in package inserts as a paid participant.

Marriage mail, that's like Val-Pak and so forth. We talked about that. Statement sniffers is kind of the same game as marriage mail.

Let's talk about envelopes real quick. live postage versus indicia. This is live postage. These are stamps. They come on rolls from the post office. You need a cat. A little howl of water. This is how this is done. If you're sending out 25,000 of them a week. you need more than one cat. A bunch of them.

This is [stamps.com](https://www.stamps.com). You put this in your computer, and then you can get stamps. But you don't get stamps. You get this horrible, ugly black imprint, which goes on your envelope and screams crap to anybody who gets it. And then they throw it out. This says. "Over 100,000 customers can't be wrong." Want to bet? Stamps. It makes a difference.

Now, once you're mailing to people you already have a relationship with, your customers. it don't make any difference. You can mail to me, Michael can mail to me, and I'll open everything he sends me. We've already got a relationship. I've bought from him. I like him. I want to see his stuff But when you're trying to get me early in the game, all this makes a difference. In fact, there's statistical evidence when you're doing sneak-up envelopes, that two stamps work better than one stamp and an upside-down stamp works better than a straight-side-up stamp. Crooked. Exactly. If you're doing sneak-up mail. Get live stamps.

The other thing about live stamps is remember, we still have a non-delivery problem in this country. It's not as severe as it was. They're working on it. But those buggers are still dumping the stuff behind the donut shop, in the dumpsters. They're doing it. How does a postal carrier decide what he's going to throw out and what he's going to deliver? It's a very simple decision-making process. How likely am I to have problems as a result of throwing this stuff out? So if he's got a bundle of stuff that's got bulk mail indicia printed on it, he says, "Nobody's looking for this. Throw it out."

An alarm bell for him is stamps. This is very confusing to Joe postal carrier behind the Dunkin' Donuts. It kind of looks like junk mail, because it's got crap all over it. But then he goes, "Wait a minute, it's got stamps. Hmm. Might be one person sent this to one somebody. I don't know. Might be expecting this. Better not throw that one out. We'll throw this one out." That's the deal. So you improve your odds with stamps.

Size. Well, size is all over the place. Number ten, small. You can use little personal-sized envelopes. I did a Weight Watcher's campaign where everything was the personal size, like Aunt May would use for personal stationery. Their sales letter's on personal-sized stationery, so it looks like it came from Aunt May. Big envelopes, bigger envelopes. Chauncey, are you here? Tell us what's going on with this mail piece. Here's Chauncey's latest mail piece for his boot camp. Now, let's see what he's got in here, and then we'll hear the story. This is a big box.

Attendee: All it is, is the tape and the sales letter.

Dan: Seems like there ought to be something more in it here, Chauncey.

Attendee: That's the point.

Dan: That's the point. And what's in here is the sales letter and the video tape?

Attendee: It's basically a 20-page sales letter, an order form, and then a testimonial video tape. The game is to get the thing opened. So all that money *I'm* spending on the tape and the 20-page sales letter doesn't make a hill of beans difference if somebody don't open it. I put myself on all my mailings. I forget that a mailing piece goes out one week, and I get the mail. Sometimes I think I do a good job, because I look at my mail

piece. I wrote this thing a couple weeks back, but I forgot about it and it comes to my mail box. Well. I was out of town for a good month or so. and *went* to the post office to pick up *my mail*. They came out with this great big brown box and threw it out at me. I was like, "What is that?" Then I remembered that's that boot camp thing I mailed out. And it got me just like it was going to hopefully get my customers. As they get it. they go, "What is this?"

I knew it was going to be good. because my employees hated it. Anytime my employees say, "Why do we have to fold this thing. There's all these folds, and takes three times as long as the little box. Why are we wasting all this space? Why *are we* paying for the packing *paper*'?" I was like, "Just keep going. It's going to be good." The more they complain, the better I know it works.

Dan: Okay. so how's it doing'?

Attendee: The numbers are good. You want me to get specific?

Dan: Yeah. Is this like a top secret deal? First of all, what does it cost to do this puppy?

Attendee: \$5.

Dan: \$5. And how good are the numbers?

Attendee: Twice as good as last year's boot camp.

Dan: That's pretty good.

Attendee: And really, obviously I changed it because I added the tape, but I adding the video tape and the priority box doubled the numbers so far.

Dan: That's pretty good. So that's an envelope. So size, that's a big envelope. That's what that baby is. Big envelope, small envelope, box, bag, barrel.

Colors. Sure, all matters. People have gotten a bump by adding them little green triangles around the border of the envelope, make a difference between just a plain envelope and an envelope with the little green triangles. Make me wonder what

happens if we do a green one, red one, blue one, green one, red one, blue one. I don't know, but somebody ought to test it, maybe, that has the ability to test it.

Appearance options. One is pure sneak-up. Regardless of size, regardless of box, one option is where you are going to try and con them in order to get it opened, and you're sneaking in. So that's either pure A pile, meaning it looks like maybe it might have come from Aunt May. It has to absolutely look like personal mail. That means it's got to be individually-addressed, hand-addressed, inkjet typewriter, can't have labels, got to have real stamps, can't have the corporate logo gold-embossed in the corner. It's astounding how they muck this up.

I did this campaign for a big life insurance company. Blind lead generation to recruit agents. and they're supposed to be sent out their package. Right? We got like a slew of leads. and nobody's calling for appointments. I know the sales letter's a dandy. because it's the fire alarm deal recruiter letter that works, that I just rewrote for the life insurance guy. So I know the letter works. So how can you have sent out 300 and some odd letters and not have any appointments.

Well, in case you didn't know it, there's not a huge number of people waiting around on the planet to be invited to go sell life insurance. There aren't any parents around raising their children to become life insurance agents. "When you grow up, Bobby, I want you to be in life insurance." That's not happening.

So this sales letter don't break the news to them that this is about life insurance until like about the 14th page. The first problem agitates the problem why all other careers. businesses, jobs, every other existence on the planet is horrible, that there's only one thing worth doing. But it doesn't tell them that until late in the envelope. These nitwits are all sending them out in these big, nice, white envelopes with Mass Mutual's blue circle and Mass Mutual Insurance on it. Can't figure out why we're not getting any phone calls. Nobody's opening the envelope, you guys.

And then you hear operations. We didn't have any plain envelopes. All we had in the office were these envelopes." "You guys never heard of Staples? Woolworth's? K-Mart? How hard is it to find a plain envelope with nothing on it?

So A pile. if you're going to sneak up, you can't do anything to reveal you're not sneaking up. Nothing. Any little thing that reveals ruins the game.

The other way to do sneak-up is from somebody they will open mail from. So like if you market to doctors, who will they open mail from? A doctor. Attendee: And a lawyer.

Dan: And a lawyer. Let me tell you something, he's absolutely right. What's most likely to get through gatekeepers? Mail from a lawyer and mail from another doctor. I have a client right now that markets to chiro. Excuse me, markets to both chiro and attorneys, because he sets them up in PI referral partnerships. You're going to love this. Believe me, I have no scruples, I'm in the deal too.

So we did the chiro campaign first, and now we've got to do the lawyer campaign. He says on the phone the other day, "How should we do the lawyer campaign?" I said, "Do you have a lawyer we can use? Because the lawyer campaign's got to come from a lawyer. That's the deal. The envelope's got to be from the lawyer. It's got to be a letter from the lawyer. That's how we're going to get past the gatekeeper. But you can't do anything to blow that illusion. So that's A pile. That's one option.

The other option is like this, with stuff all over it. This is correct. As soon as you've decided to cross the line, then go as far over the line as you can go. It is absolutely idiotic to be 30% pregnant. Either do it or don't do it. Don't show an ankle. If you're going to show, show a lot of leg.

So this envelope is pretty well packed. Here's Hume's control envelope. Hume, by the way, a pretty conservatively run company, but they're getting less and less so with their mail pieces. I guess they've decided it would be a good idea to have something that works. Here's Hume's envelope. They printed pretty much every part that the postal guys will let you print. They printed the flap, they printed the back. Missed the edge. Now, Harvey Brody would have got the edge. Let me tell you something. I've actually seen Harvey print in here. Your printer hates that, by the way.

They• just bitch. But this is a pretty good envelope. It's got the story on the frdnt that starts what's going to be inside. This is very good. This is telling them what it's not.

what the enclosed materials are not. It's not this, it's not that, it's not that, it's not that. It's got good headlines, good copy, testimonials. This one's got testimonials all over the back of it. This is a good free offer, so I might as well lead with it. Free. free, free, free. Free computer. a free website, free website service, free mail order business, free coaching, even cash to get started now. If you don't like all that. we'll send somebody to your house free to help you fill out the form. That's a pretty good envelope.

So once you're going to cross the line, cross the line all the way. Don't just do a little.

The other big option is some kind of fake. official, looks like it came from the government or looks like it came from Harvard. or looks like it came **in some** kind of

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better with consumers than with business-to-business. But it's still being used OM presumably because it still works. And those are really your three big envelope options. You've got to pick one. And once you pick it, do it right.

Delivery options. Priority Mail, FedEx, messenger service, Airborne. By the way, if you're going to do overnight stuff. Priority Mail, the postal service's priority mail deal. just understand that what you're buying is appearance. You're not buying delivery. Because in tiny little disclaimer type, they confess. If we pitched stuff that way, we'd all go to jail. Because the public thinks they're buying two-day delivery, but that's not what you're getting. And in many cases, it gets there slower than first-class mail, because it has to be sorted differently. Half the post offices don't have a machine that will run the Tyvek, and on and on. So you're not buying delivery.

You're just buying the way it looks. That's what you're buying. Nothing more, nothing less.

If you're doing business-to-business and you really want impact on delivery, the hierarchy starts with FedEx and goes down. If you deliver into the office simultaneously a FedEx, an Airborne, a UPS overnight and a Priority Mail, the

FedEx is the one that gets dealt with first. The FedEx is the one they'll take in to somebody, and they'll leave the other stuff with the A-pile mail. FedEx still has a bigger impact.

Now, admittedly, it's a lot more expensive, so you've got to decide. But if you want the top of the hierarchy, it's FedEx.

Boxes, tubes, other DM media, postcards, oversized postcards. I'm not going to show them again. We talked about all the postcard sizes. Somebody always wants

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Well, there are times where your economics force you to do that kind of stuff.

I'll show you something incredibly stupid, in *my* opinion. Talking about being cheap in the wrong places. Here's a book. This is Harcourt Direct, which used to be International Correspondence Schools. I wrote this book back when they were International Correspondence Schools. After years, they're using it. Nobody bothered to let me know, but they're using it. Mark Nolan told me. I haven't even seen it. I think it's been five years since I did this job and nobody ever used it. Now they're using it. "How to open the doors to your future." A nice little cover, nice little book. If I had known they were going to do it, I would have corrected some of the information in it, because the pitch stuff I built into the back about my stuff is all outdated, unfortunately. It irritates me.

But here's the really dumb thing. We're going to spend this money to produce this hook, and we're going to send it to our leads. It's first-class, the dumbos, but they turned *it* into a self mailer. What *arc* they saving, three cents for the envelope? Do you think this is first-class'? It says first-class. but if you get this in the mail by itself, its junk mail. Isn't it? All the trouble to do this, and we're not going to put it in an envelope. Its incredible.

The same thing with the self-mailer. Were going to save the cost of the envelope. I low much could that possibly be? Put them in an envelope, will you?

Chauncey■. I wanted to ask you. Most people aren't doing BRE's. You did a BRE. Do

you know? Does it matter to you?

Attendee: Yeah. I only need like two sales a month to pay for it.

Dan: Yeah, no way to know, of course. how many of those you'd get without it. So you're just evaluating you got X number, it only costs Y, so why not do it? You know what you might try with this? You print them for the whole month, don't you? It would be a good place to. again. *put* the expire deal of the offer, a *red* ink, hand-scrawled. "Postman please deliver this before expire date of XYZ." But you'd have to have to do it each time.

Okay, let's talk about order forms.

Before you do the order form, you've got to decide what your payment options are going to be. Order form, one of the most important component parts of a direct mail package. Again, a lot of people treat this as an afterthought. I'm sometimes guilty of it myself. Spend five days working on the sales letter and two minutes working on the order form. The order form is the close. The order form is where the sale gets unsold. So it deserves a lot of attention.

Some people are very good at it. Rolleters do a very good job with their order forms, if you get a chance to study it. You all ought to be on their mailing list. Study their order forms.

But first, we've got to decide how we want them to pay us. Ti, raise your hand. You ought to be on their mailing list. They're in the Million Dollar Rolodex. They're Platinum members. Buy something from them and you'll be on their mailing list forever. It's a good deal. Buy something for \$300, \$400, because they send mail every week. You get a lot of mail.

Okay. So how do we want them to pay us? Obviously, one option is give us all the money now. One-pay. Nice. Multi-pay installments: two-pay, three-pay, four-pay. But, when you do multi-pay, you may want to employ a trick to flip it back out to single-pay, especially if you take the orders by phone. Here's the thinking behind this. I'll give

you two examples. One, if you've seen me sell at the Peter Lowe events, I pitch a \$99 package and then I pitch a \$278 package. I don't want to sell any \$99 packages. We don't even have any of them there. We don't got any. If someone insists on buying one, it's a major hassle. There aren't even any anywhere. They've got to dismantle a \$278 package and just take out the Midas Touch tapes, and then the rest of the stuff's laying around and don't belong to anything. We don't want to sell them.

The only reason I do that is to get some people who baulk at spending \$287 to get to the table, thinking they're going to spend \$99. Then, it's the job of the people behind the table to switch them. There's a little thing they say—which some of them do better than others. Sometimes we've got Mary Kay people, and they're very good because they know how to sell. Other times, we've got temp agency people who got fired at McDonald's because they were too stupid, and that's a

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problem. But overall, it averages out. There's a little script that they say. So most of the time, it works. There's usually one or two.

But in a city where I'll sell 250 units, maybe we'll have two \$99. But we had a whole lot of people who walked up there thinking they were going to spend \$99, who wouldn't have walked up there. They would have made the decision no on \$278. But once they're up there and there's 100 people standing behind them, pressing them against the table, and Suzie's saying the right thing, they go ahead and spend the \$278. That's the only reason it's there.

So on television, what's happening on the infomercial business is it's almost impossible to do a single-pay offer. In fact, most of the offers you see on TV now barely mention the price. And if they do, it's in two-point invisible. They just talk payments. It's three payments of this. Nobody even bothers mentioning the price, because everybody's buying stuff now the way they buy cars. This is the way people are buying their groceries, in case you didn't know it. "How many payments on my Mastercard? Let's see. A pack of cigarettes is \$2. I put it in the cart. I make a

minimum payment of a nickel a month. I can afford that. I'll take it." That's the way people buy. So it's payments. You laugh. You haven't met the rest of my family. I don't think it's all that funny. They are. They're buying their groceries at the 7/11 with their Mastercard. That's the way people are living.

So anyway. it's payments. But you don't necessarily want them all on payments. I here's what happens if you buy from an inlbmercial, if anybody's doing their job. You call up to buy whatever the doohickey is, on six payments of \$59.95 or whatever it is. and they take the order and do all that. And then they're supposed to do—sometimes they do. sometimes they don't—the flip. "That's all fine. Here's to confirm. You'll be getting your doohickey at six payments of \$59. But, if you want to let us charge it to your card all at one time, that saves us some bookkeeping money, and we have a free gift for you to do that. The free gift is thus-and-so." The free gift is used to take them back out of the multi-pay, into a single-pay.

Or on a long multi-pay, like one of the fitness devices that's a 12-month'er, they use it to switch them to four months. They don't attempt to get them to a single pay. They just get the 12 down to four, because they're cost of goods is in the first payment. So they want to get the cost of goods out of the first payment, and then the other three are profit, *media*, whatever. Done right, 25%, give or take, will flip back out.

INFO-RICHES SEMINAR 2000

HIGHLIGHTS PACKAGE

AUDIO CD TRANSCRIPTS

CD #13

Dan: So they use it the same way I use the \$99 deal. It gets people on the phone who, if they knew they were being quoted six payments of \$59, \$300, they would never

pick up the phone. But now more people go to the phone because it's \$59.95 times six. But it's \$59.95, because what's in their head is just that. It's \$59.95 times six. And then once they've got them on the phone, they get to flip them.

So if you do multi-pay, you may want to build in a device to flip them back out.

Continuity-period specific is the offer, X dollars per month for X number of months, and you get something every month. Continuity 'til forbid. That's authorize us to whack your card for X dollars a month forever, unless you say stop.

One-time entry fee plus continuity. You give us X dollars, plus we're going to whack your card for X dollars a month every month until you say stop.

Auto-renewal. That's like continuity, but big chunks. it's so much every six months or so much a year. But we're going to keep charging you unless you holler stop. Players Club was sold that way. Remember the Players Club membership? A lot of travel clubs are sold that way. It's annual, but it's auto-renewal. Unless you tell them not to renew you, you are renewed. I renewed for five years. During those five years, the big deal you get is the free Las Vegas vacation. Never used them. Every year, they hit my card, sent me the new wallet with the stuff in it, put it in a drawer, never looked at it again. It's alright, they don't care. They've got the money.

Deferred. Won't cash your check for 30 days. Pay half now. Some of you are here on the half-down and half after you make X.

Split between credit cards. This is important. Here's an advanced secret. Doesn't always work, but it works often and it works in surprising environments. This is where you're selling a fairly big ticket item. Whatever big ticket is to your market. So on your order form, maybe you do split pay. But for the single-pay option, you give them a place to write down like three different credit cards and tell you how much to charge to each card. So the whole price is \$300. So you can put in your Visa number and tell me to put \$110.92 on the Visa, and you can tell me to put \$42.50 on the other Visa. The guy might not have any one card that will take \$300. But he's got 18 cards that will each take \$22. And they know. Don't think they don't know. They know.

We used to do this close on chiropractors and dentists, one on one. And they would get their wallet out and they've got little stick-em's on the back of all their credit cards on how much is available. They know. They cross it out when they use it and mark it again. I thought only my mother did that. Then I saw all these doctors doing it. And then I realized a whole bunch of people do that. They know. They've got a plethora of cards. Every one of them's got \$42 available credit. We used to have them look at us. Honest to god.

Like to do the \$3,000 down payment on the \$30,000 hit. The doc would sit there across the table and pull them out. I don't think any one of these cards will take anywhere near that, but I've got 14 of them and I know there's \$400 on this." Rodney'd say, "Fine," and he'd get out the legal pad and make the list of the 14 credit cards. "We're going to put this much on this one and this much on this one." Doing this with a dentist.

So you think your market's too sophisticated for this? No. It would not surprise me to be sitting in a room full of Fortune 500 CEO's and have the guy get out 16 gold American Express cards and Visas with little stick-em notes on the back. "I've got \$14,000 available on this one. I've got \$62,412. Okay, I'll buy a Lear." It wouldn't surprise me in the least.

Tim, make a note on that art sale. Paulson, wherever you are. It just occurred to me if we hadn't talked about that before, you might want to think about this on an order form. The first time I did it on an order form, a mail order order form, was the Money Business Success Course sold by the expensive experience tape. I'll bet 40% to 50% of the orders came in with money split out amongst cards. Don't matter to you.

Attendee: Does it change the refund rate?

Dane Nn_ Nnt at all I've never seen it have an innant Same nIci_ same nici

Prepaid discounts. You may want to offer three-pay or one-pay, and it's less. Do you want to prepay? Some people sell life deals. Halbert, for example. Lifetime newsletter subscriptions. The deal is you get it until either you or I die. It's X

dollars. That's the deal. I would never sell, but people do it.

Even installments. What the power companies are calling an equalizer plan, where it's stretched out, and it's the same amount every month.

Staggered installments. Like mortgages are done now. It's like the introductory rate on credit cards. The first three months are 2.9%, and then it's 46.7% on the third month. Or they sell furniture that way. The first year payments are \$22 a month. The second year payments are \$38 a month. The third year payments are \$462 a month and we repo it all. Staggered installments.

You laugh. Willis and Brady, the \$36,000 deal that's sold to dentists, that's one of the payment plans that they offer. The first year, monthly payments are lower than the second and the third year. Well, the deal is the guy has an opportunity to ramp up. They're going to improve his income, they're going to fix his overhead so he can afford bigger payments in the second year than he can afford now. That's the deal.

Payroll deduct. If you sell business-to-business, sometimes you can get a corporation to agree to take the money out of their paychecks.

Percentage of earnings or percentage above savings. For a lot of times, it still is sometimes today, like practice management programs are sold with percentage above base, where we decide. "Your practice did a half a million dollars last year, the inflation rate is 3%. so we'll give you another 15, that's \$165,000. Everything you do next year above \$165,000, we get a third. It's called "percentage above

ucaoc. a_uuiu uc a put %-cuLasc ul Num. yuu NIVC LIICM. we SOIL] some men control

programs on percentage of what they save.

Use fees. Everybody's familiar with that from the software business.

License fees. We talked about licensing. So what payments are you going to offer them?

Now, what are you going to make it look like? Here's a pretty basic, but decent order form.

This is real important. What are you going to call it? I highly recommend not saying "order form." I further recommend, in case you were tempted, not saying "contract." Membership acceptance form. Not bad. He's got two yeses, that's good. One's a non-disclosure agreement, which is just there to be impressive. But that's fine. It works. The other one restates the offer. You usually want to restate the benefit, restate the offer. One year of service, two years of service.

By the way, this thing ain't cheap, in case you didn't notice. This is a \$2,700 offer. Now, there's a real issue here. Do you put the one-year offer first or do you put the two-year offer first? He's got them one-year, two-year. And if he had three-year, should he have three-year, two-year, one-year? Which do you want them to see first? The fundraising community will tell you whatever you want them to take, you put in the middle.

Now the other thing is this offer should have different bonuses tied to different terms. There should be more and better bonuses for the two-year than for the one-year, and they've got to be restated on the order form. He may have done that. But if he didn't restate it on the order form, it's as if he didn't do it.

The credit card order is right. More people use Visa than use Mastercard by two to one, so you want to put Visa first. But this nitwit doesn't accept American Express. If you talk to him about it, do you know what he would say? "They charge too much. It's an extra percent." Imbeciles. Take everything. At one time, we were taking Exxon. Literally, I'm a one-on-one selling man. We used to take Sears. I'm serious. Everybody needs underwear. You take the guy's Sears card and you go buy yourself \$300 worth of underwear. A sale's better than no sales at all. I did tires once. I did. All the guy had was I think he had a Firestone Tire Store card, and he wanted to buy. I said, "Well, I'm going to need tires one of these days. Let's go get tires. Better than not having a sale.

We used to give free shipping when they used the American Express card, and put American Express first in order to get them to use AMEX.

Merchant account problems are cyclical. We're going to talk tomorrow about

merchant accounts. American Express is consistently saner about their merchant accounts than are Mastercards or Visas. So I wanted to run as much volume as I could through American Express and as little volume as I could through Visa and Mastercard because of the hassle factor. So I gave away the shipping and handling to force the usage.

Attendee: Dan, why don't you take Discover?

Dan: We do now. Finally, I think. We do take it, don't we? We probably haven't gotten it added to all of the forms, but we do. Early on, it almost didn't matter. It was like three people in the country got it, and they were leaving it at home because nobody accepts it. It wasn't a big deal. Every once in a while, I'd have live at a Peter Lowe event, where it's all they had and I'd okay it and we'd figure out how to do it. But finally^y our electronic **nmcessinu Dovic ranohht un and we hMCP It all**

Now. the incredible thing is you can call an order, you can fax the order form, or you can mail it. I le gave equal prominence to all three options. That's not right. You don't want them to mail it. We want them to do it right now. So mail it should be tiny.

Some people give discounts for fax orders or free gifts for fax orders. Less handling than a phone. but immediate. Rather than the temptation to put it in an envelope, you've got to think about whether or not you want to do this.

Your next order form, here's a good order form. It's a mess. Who's is this, by the way. This is Chauncey's order form. I don't know. Do we take Diner's, Carla?

Carla: No. _____

Dan: Don't the electronic guys do it?

Carla: They're working on taking it. Actually, that's the only card I use, personally. They've got a much better points deal than American Express. Got to accumulate all those points you can't redeem. Never know when you're going to need them. I've got enough frequent flyer points to fly to the damned moon. Me and John Glenn are going on the next trip, and I'm going free because I can't use them

anyplace else. "Oh, no, sir. You want to redeem those points? No, no, no. You can only redeem that on the fifth Wednesday of the month if it rains on the preceding Tuesday and there's no holiday within 12 days, and we have two seats available and they were booked four years ago." "Oh, well, I apologize."

Okay, special no-risk membership enrollment forms. So he's tagging his guarantees, reminding them of his guarantee right in his headline. So the other thing could have been, "No Risk Membership Acceptance Form."

Then he restates the guarantee on top. Now he's got option one or option two, unaertines me won] --or. mars goou, so tney uon I get cuniuseu wo muun. They're both yes options. Restates the value. Expiration date's pretty clear, the bonuses they get. There's more bonuses if they VIP than if they basic, so there's two different bonus bundles. Mark-up is discounting by hand. He's done his payment plans. He's got all his little credit card symbols there. Let's see, what base has he missed. Anybody see anything he's missed? Got the fax, got a \$5 fax discount?. The guarantee is right up top. It's all over the top of the form. Got a \$15 up-charge for two-day. Do you make any money on that? The up-charge for the two-day, what does it actually cost you to ship a two-thy?

Some offers, the net on the up-charge on the shipping is better than the net on the product. On some of the TV offers, that's true. Like on Proactive, they want that so bad, three-fourths of them pay extra for the FedEx next day service, which really is four-day because of how long it takes them to get it shipped. And I mean there's a lot of profit built into that. They're whacking them pretty good for it; more so than the profit on the initial product.

That's a pretty good order form. Let me show you a couple of oddball direct mail things, then we'll go to the sample book. These are things that are not in your sample book, but that I wanted to show you.

This is a direct mail piece. This whole puppy is a direct mail piece. It's thinly disguised *as a* newsletter, but it's all designed to sell a health product. These are all

testimonials. These are all articles. It's all designed to sell health products. It's one big direct mail piece, and it's pretty well done, by the way.

This is a classic tear-sheet mailing. No return address. It's addressed to me. It's got a live stamp. When you pull the newspaper page out, it's got the little post-it note, "Dan, it works, try it. J." Just a J. I know somebody. I'm not sure, but I know

Wt... I'll C... -C

body-building deal. They're using the phony stock deal on the back. They've got the advertisement disclaimer though, so they're complying with the new FTC laws.

It's just a pitch piece. Classic tear-sheet mailing. The reason you get them is because they work. That's why you get them. The American Speaker Course, the guys that sell that, they mail hundreds of thousands of these every week. It's their control.

I want to talk to you about that later.

Yep?

Attendee: I've been getting that letter for a couple of years. J? I thought they were stalking me.

Dan: Let me explain to you how you can tell if they're stalking you. Because for several years, I got a letter every week, a long, handwritten letter, 50, 60 pages about the Martians with underwear stuffed in them. That's when you know they're stalking you. If there's no underwear, it's regular business white mail.

Here's part of Rolleter's direct mail piece. You're going to laugh, but you shouldn't laugh. This sells their website deal. So this would be in an envelope with a cover letter and all that. You open it up and you see this, which is self-explanatory. It's a chart of all the free websites you get. Then you open it up, here's a better chart. This one's even easier to get. Now you've got ten malls and each one got site number 97. But it's fascinating, isn't it? It's incomprehensibly fascinating. Actual real-world value? \$125. *Your* cost? Zero. Free. \$125,000, *free*. "100 New ATM Websites Free. Greatest Offer In History," until next week's offer.

Let me tell you something. This is a great piece. It's worth studying their pieces.

Let me show you something. People think they invented this. This is ancient history. But there's something I didn't know. So here's what I didn't know. This piece, this is a real simple sales letter for the Brenner Books, the books that are in that blue case, just books by themselves. I was able to buy a whole lot of books on close-out. I didn't tell you that part, Lee. I was only able to get 300 or 400 of them suitcases. But I've got 2,000 of them books, \$6 apiece. We sold them one set for \$69, two sets for \$65, etc. It's a real simple sales piece. But here's what gave the sales piece the big bump. Separate, free-standing photograph of the books.

Here's what I didn't know then that I know now. The photograph works twice as good if you write a note on the back of it. And, here's how it works ever better. You take this envelope and you put, "Photo enclosed: do not bend." And by putting the photo in, you get the right to put, "Photo enclosed, do not bend" all over it. How many people do you think will throw it out until they find out what the photo is that's in the envelope they cannot bend? Not too darned many. Curiosity killed the cat. It does the same thing he did with his \$5 box. Same premise. Good trick.

Sample hook. Section four, you want to be at page 142 in your sample book.

Attendee: Call them back?

Dan: Yeah, mail them, fax them. call them. Let me show you one other thing that's not in your sample book. This is a one-step sale. This is a broadcast fax.

By the way. if you're going to do in-house telemarketing, you could do worse than buy Stan Billue's stuff. Stan knows how to sell on the phone. This actually is a pretty good offer. But Stan's doing this as a one-step fax, blow-out price. It's all of his existing material. He's using AMEX only, which means he lost his merchant account. Bless him. Don't matter to us.

Attendee: Dan, what's the phone number on that?

Dan: That is 727-563-0055.

Attendee: What's the website?

Dan: SBillue@tampabay.com. I'm not kidding. That's his e-mail. Or, StanBillue.com.

Now, let me tell you something. You want to get sold good on the phone? You call this number. If Stan's taking these calls internally, I guarantee you they've got a multi-step upsell. They've got a good script. Call them up and tell them you just want to buy that \$75 item. and see how far you get. But look, it's one of the first one-step faxes I've seen. Kind of interesting. He does want you on the phone.

Okay, let's skip the first two things. We talked about that.

CEO Club envelope. A couple of our guys have copied this. I think it's kind of interesting. The whole outside of the envelope, front and back, full of a list of the lifetime members. Which, by the way, they sell a lifetime membership. What's somebody going to do? What do you think they're going to do when they get this? Yeah, they're going to look to see if there's anybody they know, if there's a company they know, even if there's a city they know. Which means they're going to keep it. They're going to handle it. They're going to be less likely to throw it out, because they're going to open it.

Here's another of Chauncey's envelopes. By the way, keep in mind Chauncey sells to tax preparers, not to car mechanics. He's got his offer on the outside. He's got the only "pay me when you make \$10,000" offer on the outside of the envelope. If you're going to do it, you might as well use the whole envelope.

Next one's just testimonials. Skip the next one, we don't have time to talk about it. Skip that one. Skip that one, we did talk about it. Here we go, 152. You guys were asking about that. Here's the "your letter is guaranteed" deal. This one looks like this. This is Michael's. "How can a letter be guaranteed? We'll pay you \$20." Very simple. That's page 152 in your sample book.

These are little lift notes. The reason they're called lift notes is because they're designed to lift response. That's where the name came from. They're real important with long form letters, because there's little opportunity to get people into them.

Here's a little lift note we were using, that was printed on paper. Today, I would probably get this printed on an oversized post-it note and put it right on the letter with the post-it note. We didn't have oversized post-it notes, so this was printed on paper. Good little lift note. When we used it, it bumped the response.

Next page. the whole front page of their sales letter is done in lift note style. This whole first thing is written like a lift note to get them to read the letter. It's written very well. I kind of agree with Jeff. I'm not sure that the picture is such a smart idea, because a club looks like a club, looks like a club, looks like a club. But the copy's pretty good, the theory's pretty good.

This next page is an endorsed lift note. This is a situation where you're mailing with the endorsement. So you're going to use your regular mail piece, but it went out in this guy's envelope. So the first thing they see when they open it up better be a letter from him, which we, of course, write. In this case, this is the printer, so this is from the big dog at the National Association of Printers and Lithographers. It's just designed to get them to read the letter.

Same thing here. This is for Bill Glazer. This is a clothing letter. This is from a big manufacturer in his industry. They sent the report out to all the store owners with the lift note. Same premise. This is a little lift note of somebody that's here, done as a post-it note. And then, he's done a very interesting thing. Where are you, by the way? The barn guy. As you know, I really like your stuff. You're doing this right. So here's his lift note.

Now, the first page of his letter has what could be a lift note in a box in the middle of the letter. I think that's pretty interesting. We're going to take another whack to make sure that they read this. It could just as easily have been the Johnson box at the top or it could have been a lift note. Putting it in the middle of the letter is pretty interesting.

Here's a lift note where you're going to use Jeff's strategy and you're going to just send the same report. We're not going to rewrite the report. We're just sending the same

report as a second step. So all we do is change the front page lift note style.

Second notice. Read it. Maybe I didn't make myself clear. Read this thing carefully and immediately," and then it's the same report. It's Reed's, by the way.

Here's where we've got competition. We got knockoff artists. This was done for Joe when we started to have knock-off artists. So this is an enclosure now that went in with all of the regular stuff. Read this only if you received information from other people selling marketing information to carpet cleaners.

Did you find a typo?

Attendee: I sure did.

Dan: Where? On the big one? How about that? Well, we probably mailed 20,000, 30,000 of these babies. It's working. Better not change it. Better not fix it. And by the way, you shouldn't be noticing it. Proofreaders make minimum wage. Spell-check's for wimps. I don't use my either. I don't want a machine being smarter than me. I don't like the car doors locking when I start the car. if I wanted them locked, I'd lock them. And I don't want a computer checking my spelling.

Then this is the back of that page. You can read the copy later, but basically this is totally designed to attack the knockoff. We do the little challenge deal to demonstrate that I'm the original. "By the way, I offer my \$10,000 cash reward to anybody who can come forward and prove that I copied or swiped any of the strategies in my system. And I dare any of these Johnny-come-lately's to offer the same challenge. Because I'll show up and take their \$10,000 in a New York minute." By the way, nobody comes forward and takes on the challenge.

So that's an enclosure. This is a credibility enclosure. It's just a reprint of the first page of a newsletter that names me as the best overall growth practice guru. So this goes in with a pitch package selling my materials to doctors.

Here's a typical Marty Eddleston lift note. Good photograph for this lift note. I put myself

in the category, we don't work enough on the photographs, us print guys. Here's Marty's piece, by the way. The piece you're going to see on the next few pages is actually full-color and it's one of these big, oversized deals. There's the lift note that just fell out. We don't work enough on the photographs. I put myself in that same category. We often neglect it or it's a pain in the butt, so we don't do it or we do it as an afterthought. But the right photograph can really make a difference. It can really bump response. This is a good pose. It matches the headline, it matches the tone of the copy. They did a good job with this. And it probably makes a difference.

There's so much that could be said about this piece alone, and there's not time to say it. On the other hand, there's not a lot to be said. Just study it like your life depended on it, because these guys really know what they're doing. And probably every piece of this component part has been tested over and over and over again. The bullet point copywriting is brilliant.

Let's jump back to 186. This is one of these cases where I have not given you the finished piece. When you get this home and study it, I don't want you to be confused. I've given you the draft copy like it was delivered to the client. I have not given you the finished piece, so you can sort of be in the thinking process and see how this process works.

So I've done it kind of like I think it ought to look. But it's not going to wind up looking exactly like this. But I would just deliver copy. I've gone through on the second page and boldfaced everything I want boldfaced, underlined everything I want underlined, and so forth.

On 188, here's a good example of ad and air. "These monthly visits will even be interactive. Every tape will come with a brief survey questionnaire, (which we hope you don't fill out and bother us with) related to a subject I'm working on for an upcoming tape. You can use this to provide me with your thoughts... It will be a giant mastermind group. Now this gets you and I working together continuously." I've got two paragraphs out of nothing. Costs almost nothing. The usage is going to be very low. But it added a lot of air value to the pitch.

What else do I want to call attention to?

This has a pretty low barrier to say yes, if you look at 190. This is a continuity with no upfront commitment. So this is "No upfront expense. We auto-charge your credit card each month. You can cancel at any time. You must continually be thrilled. You even get a free trial. Sign up now, your first month of service is free." This is a two-part offer, by the way, as you'll see when you go through it. Let me find the order form.

193, here's the Instant Activation Order Form. Instant Activation Form. I shouldn't say, "Order form." What's the matter with me? This is a continuity where there's one continuity program for the doctor and one continuity program for the staff, and a combo of the two. What do you think happens? Anybody want to guess? 50% buy both. Of the remaining 50%, almost all of them buy staff only. The smart ones buy both, but the dumb ones buy only the staff. "Don't need to fix me, but I need to fix them buggers in the front office." That's okay by us.

The next piece, starting on 194, again, I've given you raw copy. I haven't given you the finished piece. This is a Greg Stanley piece. I think this is probably the outside of the envelope, if I'm not mistaken. This is a real interesting product, by the way. One of the reasons I gave you this piece, if you go to 196, I'll explain the product. This is an interesting product. You techies will like this.

This whole product is searchable CD. We call it "Answers On Demand." It's kind of the PowerPoint pitch, if you know or remember my PowerPoint pitch, it's kind of my PowerPoint pitch rewritten. Here's where all the material came from. Greg's recorded all his coaching calls and had them all transcribed. And then we isolated all the questions and all the answers, and then we sorted them by category. So we got all the questions all the doctors have asked him about staff problems in the last three years, and we've got all answers he's given about staff problems. He hasn't gotten any more answers and they haven't gotten any more questions. So that works out pretty good, actually. It would be bad if they had more questions and he didn't have answers.

So now we've got all this and it's already recorded. It lays there. So we put it all on this CD. Don't ask me how. It all gets put on the CD, so they can search it. So the pitch now is. "Dr., at the end of the day. you're going to have to sit down in the office with Suzie, who's going to ask you for a raise. What are you going to say to Suzie? Well, you could go to this CD and you could punch in "raise," and up will come the live questions that you have about raises and the five answers about how to handle it."

"You're going to have to sit down at the end of the day with Suzie, who's coming in to tell you that Barbara hit on her in the restroom. What are you going to say to Suzie now? You type in 'restroom.' It's multi-searchable. You can type in 'lesbian,' you can type in 'sex harassment.' There's all sorts of things you can type in, and up will come the right question and the right answer. So it's like having Greg sitting here to ask him a question anytime you need to ask him a question, at a moment's notice."

"Bankers on the phone, calling in your loan. Put them on hold. Run in to the finance disk, type in 'banker call loan,' up comes what to say to the banker. Spouse is on the phone. She's tracked you with the OnStar system, you type in 'spouse.' It's all there." That's the pitch.

Next page, big type, "When you need an answer to a toughie," this is selling against other types of product. "You do not have time to read a book, listen to a tape, dig back through a pile of seminar notes. You have only minutes to answer, to make your decision, to come up with your answer. This system responds perfectly. Enter the three-digit code from the indexed CD player and zap, you immediately hear that question's answer."

I particularly like this. "Comparing it to books or tapes is like comparing a sledge hammer to a laser beam."

I wrote the copy without knowing that. Notice "volume one."

That *means* volume two is coming. Staff and Productivity, Volume One. Personal Finance, Volume One. Practice Finances. Personal Stress, Volume One. Patient

Acquisition and Communication, Volume One. They can buy them onesytwosy, they can buy them all. They've got a 61-day free trial, etc., etc.

Beginning on page 209, I gave you this mostly to prove that you can do this on your own. This is a guy that, as far as I know, has never been to any of my seminars. As far as I know, all he's done is bought stuff. He's bought material from us. But to the best of my knowledge, he's never been to any of our seminars. To the best of my knowledge, although, *Jeff*, it might be interesting to check the records, I don't think he's been in a JP-DK seminar. He may have bought the course, but I don't think he's been in a JP-DK seminar. I know he's bought our product. He's never sent me anything that I can remember seeing for critique, so I don't think I've critiqued anything. But he's nailed this pretty good on his own.

His actual piece looks like this. Comes in a great big envelope, "The Professional Gunsmithing Course." And then you see most of what he's got in his pitch on these pages that I gave you right here. He's done a pretty darned good job. Note this paragraph. All this here is when he's getting in sync with his list. "If you're like most of our students, we have a great deal in common. In high school, my guidance counselors... Although I enjoyed shooting and read all the gun magazines," and on and on and on. He's setting up his rapport with his list. He does Q&A, he does objection handling pretty well.

Now, take a look at page 212 and remember the pitch I just showed you. Take a look at this pitch. "Imagine this scenario. Customer comes in with a Browning A5 shotgun with a carrier and a latch problem. You remember from your training that the A5 system is complex. but then you remember to check in your Professional Gunsmithing Course Index. Sure enough, there it is. Turn to page 14 in your index. Its listed on video number 22. one hour and forty-one seconds in." That's the searchable CD pitch. That's the answers-on-demand pitch. He's just doing it with video.

Let me tell you how we used to do this pitch before you could do any of this. We used to do this pitch with the Future Millionaire's Home Study Course, which had umpteen 300 videos in it. God knows, a mountain of stuff. Here's how we did the pitch.

"This *course* is so good. it's almost psychic. Whatever it is your problem is, pick a video at random, stick it in the tape player, and we'll bet you \$50 that up will come an answer to your problem." We called it "spin the video." Got stacks of letters.

"It's the most amazing thing! I have a problem, I put the video in, and there he is with the perfect answer to my problem. How can you guys do that?" Years of planning, magic, it's technology at its finest. Learning technology. Just stick it in and you've got an answer to your question.

On page 217 is his second notice. "We haven't *heard* back from *you*. Better *enroll* soon or we'll shoot the dog." I did this for a newsletter or a referral pitch a couple of years ago, with a picture of me with a stuffed dog and a gun. Stole it from National Lampoon. This was one of National Lampoon's great control campaigns. Renew or we shoot the dog. It's even more appropriate for the gun deal, I think. **les** pretty good.

Now, take a look at 219. Here's his third notice. "Bill Clinton says, 'Thank you for not enrolling.' After all, Hillary says once all the guns are banned, the less people around who know how to repair them, the better." You think this guy doesn't know his market? He's got them, boy. He's on top of this. It's a very good piece by a do-it-yourselfer. I want to show you a couple things, but it's a better piece than the pros did at Nightingale-Conant for Magnetic Marketing.

Here's the envelope from Nightingale-Conant. You will notice they start with the 30-day preview deal right on the envelope. And then you have the whole pitch there, which really is a condensed version of the pitch that we used in our direct mail piece, although ours isn't this pretty, with screened dollar bills and all of that stuff. But it's the same bask offer, same bonuses, same order of presentation. It's just a condensation of my other pitch. It's a pretty good control. It worked very, very well for them. They're about to drop it again.

This is kind of interesting. Page 233. This is a guy by the name of Dane Spots. Dane's a pretty bright guy. Been around in direct response for a long time. Big in the metaphysical. new-agey kind of stuff. This is an information-type letter. This is exactly

the kind of letter you'd write to sell an information product, but he's selling a tangible doohickey. He's selling a rabbit's foot. This is just a new high-tech version of Lyman Wood's rabbit loot pitch. That's what this is. It shows you nothing ever goes away.

He's mailing, by the way, some pretty sophisticated lists. Here's the deal. You wear the Q-link around your neck and wonderful, magical things happen. That's the deal. Just hang this thing around your neck, incredible things happen.

Here's a great part of the pitch. Look at page 233, look at the PPS. In addition to the practical benefits of the rabbit's foot, just wearing one puts you in the company of some pretty powerful and unique individuals. It's almost a kind of club. Even though I normally wear mine under my shirt while I was playing tennis the other day. I wasn't wearing a shirt at the time, a prominent Seattle entrepreneur introduced because he owns a Q-link too."

Then we credibilized this thing with our joint venture partners, who were in a conspiracy to sell it. So we got Tony credibilizing it. We've got some doctor who wrote a book. who wants to plug his book. We've got another doctor who wants to plug his book. We've got a couple of golf guys. By the way, if they're not doing a customized mailing for this thing for golfers, with these credible testimonials, they're fools. They've got three great golf ones right here. This thing should be a golf product.

Over 120,000 Q-link users can't be wrong. Look at everything this does for you. You feel energized when you're working on your computer, emotionally balanced, no stress, clarity, restful sleep. more sex. It's magic, this thing. It's a very well-written piece.

He's selling them. There aren't too many purists roaming the planet anymore. This is PT Barnum at his best. There will be a placebo effect. Some people hang it around their neck. Read the whole letter. There's financial because they hit the lottery, and big business deals happen because they hang the thing around their neck. This is nothing new. This is Clemenstone telling the guy, "Here's a list of prospects. Go call them and you can

use my name," and he pulled the names out of the white pages. The guy comes back and he couldn't sell squat before, then he closes seven deals. He says, "Boy, your name's powerful."

So a lot of people would be happy and satisfied, because they'll get the thing and they'll hang it around their neck, and magic things will happen. But you could just as easily have them hanging a garbage can lid around their neck. It's just that it would be harder to convince them that that was going to give them magical power. This is a little bit easier to sell. Plus, it's hard to fit it under your shirt and all of that. Shipping weight's higher, but it's a great pitch. It's a powerful pitch. Literally, this is the Lyman Wood rabbits foot pitch for the year 2000. That's what it is. So yeah, he's running a risk. He's running a risk. Be worse if they were ingesting it. Then you've got the FDA to worry about. 1978.

I'm amazed more people don't do this, but I forget to do it sometimes. You rent a list and you mail to a list, personalize the mailing to the list. This says, "Dear Success Unlimited Reader." Send it to entrepreneur, "Dear Entrepreneur Magazine Reader." If we can't personalize it by their names, let's at least identify. Let's not make it a secret why we're writing to them and where they came from.

This is a basic sales pitch. This letter worked very, very well. A couple of times in the letter, it refers to them as Success Unlimited readers and it offers them a great buy, and it goes with a catalog. It's a way to take a catalog and plus it with a sales letter.

Again, this is draft copy, not a finished piece. Here's a second notice. And again, basically, everything from "Dear Doctor" on is the same as was in the first letter. It's really the first letter sent again, with just a lift note combination. So the only thing from between the first "Dear Doctor" and the second "Dear Doctor," from "about two weeks ago" to "long-awaited," that's what's new. Everything else is the same as it was before. "It was just about two weeks ago, I wrote to you about..." "We can only think of three reasons why you haven't given us money. Here are the reasons. We're going to fix it. And if you can think of any other reason, we'll give you a free gift if you'll tell us."

By the way, every once in a while when you do that, somebody actually takes the trouble to write in and give you another reason. Sometimes they are entertaining enough that it was worth giving them the free gift just to have a laugh in the office.

She got one, the other reason had all to do with how they were repainting the bathroom right now. Imagine a doctor taking the time to write this letter back, and explain that he and his wife are repainting the bathroom in the office, so now is not a good time to get this set of videos. And as soon as they get done repainting the bathroom, then maybe they would like to get them. Never overestimate the sophistication of any market. Don't make that mistake.

This has a trade-in offer. If you happen to own the old Linda Miles videos, we'll take them back in trade, we'll give you \$100 credit, and then we'll donate them to the dental school libraries across the country. Or dummy, you could simply do that yourself with your alma mater and get a tax deduction for doing so. About 10% or so took us up on the trade-in.

Recycle, recycle, recycle. This copy here, look at page 245, just a little copy point, the Andrew Carnegie paragraph. I've lost all track of the number of times I've used that since the 1970's. I have no idea.

On 247, here's another follow-up letter. This goes to the "You can pay us later. You've resisted, so I'll take the extraordinary step of letting you pay only after you've put profit in your bank account. This is my final offer. Enclosed is a duplicate copy of the report." So again, this is basically a lift letter. We're sending them the same special report we sent them before. We're just putting a lift note on and we're changing the offer in the lift note. The only other thing that will change is the order form.

Take a look at 250. This is the drop-down offer from US Gold. This is after they have not bought the main kit, which was \$399, then \$499, then \$599. "A while ago, we sent you the stuff describing how... Why would someone like you express

writing to you because we had a meeting. We all went out to lunch. I called up 5,000 of our customers," however you want to tell the story. "And all together, all of us, this giant brain trust of people, could only come up with two reasons why you didn't give us money, three reasons why you didn't give us money, four reasons why you didn't give us money." In this case, "I can only think of two answers. And now, we're going to fix those problems. You can get going for just \$99."

And then the letter goes on to set the flip up right back up. if you buy the professional \$599 deal within three months, we'll give you full credit for the \$99 you invested, so you pay just \$500 for the \$599 kit."

When do you start to do the loop-up sale? Who knows? Yeah, right away. Right then. Like instantly. From 253 until I think page 7002, I put in one of John's letters more to be entertaining than any other. Here's one of John's letters. John, I also put in the note you sent me. Somebody get a mic over to John. Yoil can hand it to him at arm's length, if you want to. "We sold 3407 videos. Most of the rest are buying the gold package. They're immediately sold up to a platinum package, a \$754 package, the product costs \$37." He didn't have anybody take him up on the credit card split. That's interesting. But has had delayed pay. Only five have added on books, but overall a highly successful promotion." John, anything new or anything you want to tell us about this one?

John: Its still going very strong. I get bored really easy, so I did a split venture with somebody else. So I'm getting half the money every month now, and he's doing all the work. I'm pulling in between \$20,000 to \$25,000 a month. It's still going strong.

Dan: Good. You will notice that John does know how to write bullet points. I MOW wruu. you re trumung. **rv0000y LOOKS** at all inose owlet points. mite guys giving him \$754 to. Every single one of them. "Marge, where's our magnifying glass?" You know what some of them do? They sit there and they circle the ones that interest them as they read them.

John: Have you noticed that every one of these bullets is an open loop in their brain and doesn't give any answers? It only gives curiosity and questions.

Dan: Oh yeah, there's no information here. Of course not. It's a very good piece, a very good order form.

On 271, here's a control for the Oxford Club. A very successful promotion. Thought I would give you their control, have you take a look at it. I hear people laughing. Why are you laughing?

Microphones around, a few questions about direct mail before we do hot seats. Who's got a question? Don't be offended. *I'm* going to listen to you, but I'm not going to look at you for a moment because I'm stacking paper.

Attendee: I have a question about the niche marketer earlier that had the big prism-shaped box. Was that lead generated, that letter, or was that direct?

Dan: No, that's to his house list, to sell a boot camp.

Attendee: But Jeff was saying earlier today, he never did anything except by lead generation to his house list. This was done direct to the house list?

Dan: Well, first of all, let me correct. He didn't say "never." What Jeff described is a process for presenting his offers in the catalog within the newsletter every month, in which, with rare exception, those required a raising of the hand. They were lead generation offers. He didn't say he never did a solo mailing to his list directly to sell an offer. And I'm sure he would correct it if he had a microphone. In any case, in this event, Chauncey, you can bellow if I'm screwing this up, but this was sent to every member. It doesn't take much. Next mic?

Attendee: Most of our business right now is driven primarily direct mail, with all of it being sent out presorted first class. I'm really wanting to test bulk rate. What might be the consequences of doing that?

Dan: There's no consequences to testing, other than what you spend on the test. You can't really do yourself any damage other than what you spend on the test. You may

find, because there are people right in here who are successfully using bulk. US Gold, Len insisted on using bulk. We ran two tests against first class mail and two tests against FedEx, and it didn't make any difference. He was just as well off using bulk. But there is one hidden consequence. Here's the hidden consequence. The test is okay. but over time you get clobbered.

Attendee: How so?

Dan: From non-delivery. See. there's no doubt that a higher percentage of your bulk mail is going to disappear than your first class mail. They can read the indicia. These guys have got masters degrees in how to throw out mail. So it's going to happen. Maybe it doesn't happen in the test, but it's going to happen.

Now, if you're geographically spread so your mail's always going through a whole bunch of different post offices and a whole bunch of different carriers, and you're doing big volume, over time that lost factor, averaged out, may be perfectly livable for you. You may not even notice it. you may be just fine.

Where you really can get killed is if you mail intensely into a small number of geographic areas, and you happen to hit the post office this month where they throw it all out, now you're really skewed. You're doing event-timed mailing, where if it's two weeks late getting delivered, it doesn't get throw out but it lays around for an extra three weeks before they get around to delivering it and you're screwed. Over *all*, my *advice* to people is still fix your economics so you can do first class mail. Why introduce the additional variable, and have something else to worry about that is not necessary? I believe it's the wrong place to look for profit.

But, no consequences to testing other than the test may lead you down a path that later bites you. Next?

Attendee: Dan. what do your people say to convince people to switch from a \$99 package to the \$279 package?

Dan: Let me make sure I get it right for you, because I haven't gone and taught it in a

while. They say, "Oh, I see you're getting just the Midas Touch tapes. Those are not here today and will have to be shipped to you in three to four weeks. However, you probably would prefer the entire system anyway, because there's three additional critique coupons, a marketing consultation, and all of the copyright-free documents and tools you really need to use. So wouldn't you really rather have the entire system?" That's it. Most people say, "I'll take the entire system." Next?

Attendee: Dan, can you recommend a service that prepares the CD-Rom referred to on page 198 for the dentists, where you can look up an index and get an answer?

Dan: I just think he went to a regular duplicator. CPU does it, Cassette Productions does it. There's a couple of vendors in the directory. Some people around here may undoubtedly know somebody. See Tyra afterwards. I don't think there's any magic to it. Each thing on the CD-Rom has a number. But it's no big deal.

Attendee: It's not particularly difficult, but it does require somebody to the search feature?

Dan: Yeah. But just about any company that's in the CD-Rom business is going to be able to do it. It's just a printed index of all the questions, and then they're numbered next to them. So I know now I want 112. I'm the wrong guy to ask is the bottom line. Alan?

Attendee: Dan, I don't have a question. I've got a tip. One problem that we see a lot up in Canada is that a lot of people in the US, when they advertise in magazines or do direct mail, they have a 1-800 number that only works in the states. A lot of you guys are missing a lot of sales because of that. I estimate I would have spent \$100,000 more in the last ten years because of that one problem.

Dan: It's a very valid point. The Canadian market is a wonderful market, in case you have any trepidation. How many Canadians have we got here? Do the math. Very good. It reflects my list. Let me tell you something about the Canadians. Whether its selling to them live in person in a seminar room, by mail, on TV, it doesn't make any difference, the response rates are a multiple of what they are here. They're buyers, they're better customers, they're polite, they're respectful, they're never a nuisance,

their government abuses them, they're used to being abused, they're used to having problems getting packages. If you actually get one to them that's not a problem, they're happy. They're real excited. And if you screw it all up, they go stand down at customs for 12 hours and they pay the extra money, and they send you just a tiny grumbling note. "Just wanted to let you know I spent the last three weeks at customs. My wife wonders where I am." They're very nice people. Their long-term customer value's better.

The only bad thing is there's not enough of them. It's a small place. It's California. So it's like marketing here just to California, and skipping all the rest of the states. But they're like three, four times more responsive. But I have clients, "Oh, I don't want to screw around with shipping to Canada. We're not even going to take any orders from Canadians. It doesn't make any sense. It's a phenomenal market. Australia and New Zealand next, very good. They want our stuff, too.

I love selling to Canada. And he's absolutely right. You've got to watch stuff. I've seen the mistake made with TV, too. You've got to watch the 800 numbers. It's nice if you're going to send mail in there, you put zip code or postal code. You Canadianize it just a little to show like you kind of know what's going on. You don't have to put the picture of the queen everywhere. You can Canadianize it just a little.

Attendee: It costs about \$5 a month, by the way, to do that.

Dan: Well, Alan, that does it. That explains *it*. We're not going to spend \$60 a year, for God's sake. Are you out of your mind? Who's got the mic?

Attendee: SRDS question. Sometimes, SRDS can be pretty overwhelming. If you're on a limited budget and you're trying to test something new, and you look in there and there's 50, 100 lists, titles sound the same, purchasing behavior sounds the same, price points, what are some of the techniques to begin to bring that down and begin a test?

Dan: If there's really that many that sound identically attractive to you, you don't have a problem unless none of them work. You should be a very happy person, because that's rarely going to happen.

So one thing *is* your analysis may be bad. You want to start looking now. Get the catalog. Get the mail piece that sold them onto the list.

Attendee: The control piece?

Dan: Yeah, get the control piece. Buy something, get on the list. Pay attention to what else is sent you. Begin to get a feel for what their customer must be like, and see the differences. If they were space generated, what magazines did they advertise in? Go look at the magazines. You might have five lists, and everything sounds the same to you and they were all space generated, before you go look, and two of them are from magazines that if you were going to spend the money, you'd want to advertise in, and two of them are from magazines that you'd say, "I don't think I'd ever want to advertise in there," test the two that make the most sense to you first.

Maybe two more, Ted. There's one up here.

Attendee: Somebody asked a question about the Magnetic Marketing \$99, \$278 thing. I thought you'd appreciate this story. I bought that at a Lowe seminar. And when I went down to get it, I had every intention of buying the \$99. And when I left, I thought I had bought a \$99. I was totally convinced that I bought the \$99 and I thought, "Gee, they give you a lot of stuff for \$99." It wasn't until my credit card statement came that I found I had spent \$278. I thought you guys had switched it and done something unethical. I faxed in or something and I got this kind of agitated note back with my order form, like, "You clearly checked the \$278 box. There's your name, right there." I had no business spending \$278. I just think I tricked myself into doing it. And nobody said anything to me either. I remember I didn't talk to anybody. So it was just the form. I don't know if you've got that form in here.

Dan: No, it's not, but it was a very good form. And you're here. Let's try and quickly calculate your customer value. \$278. What have you bought *since*? Are you an Inner Circle Member?

Attendee: Yep.

Dan: Silver or Gold?

Attendee: Silver.

Dan: Get him. Okay, Silver for three years, right? Plus here. So you're approaching five. Good mistake. Want is not an issue here.

Attendee: In business-to-business niche marketing, do you see any difference between using an 800 number or having that niche market call you?

Dan: Let me tell you something. It's a very interesting question. A lot of times, in niches, the 800 numbers are used because it's the *convenient* thing to do with the service that's providing the answering and the capture. It is my opinion that in most niche markets, it doesn't make a hill of beans difference between an 800 number and a non-800 call, and depending on how far open or closed you want the tap. That answer is always part of these answers. Like he said this afternoon about radio, he gave the same answer that I gave four hours ago about print. For example, if you've got a room full of sharks sitting there waiting to take calls, who can close sales, you want an 800 number in and you want to pay them \$2 to call and promise them a kiss on the cheek. Because you want every call you can get.

If you've got nobody there, you want to qualify and you want to get the best leads possible. One way to make the lead better may be to force them to pay for the call. We're doing an 800 number right now in ads where really we probably shouldn't have done an 800 number. We did it just because it was easier to work with ATG. I may ultimately go back and switch it. Some of this happens for no good reason, so it's a pretty good question.

One more, maybe. I said none, but I lied. Rory. Rory's been quiet, he's been yakking. Rory's up here in the bowling shirt.

Attendee: My question goes back to labels and the nine by 12 envelope. Jeff's philosophy has always been hand-addressed envelopes with the blue printing in the left-hand corner.

Dan: He's largely responsible for Oprah's success on TV, because he employed thousands of women who sat at home watching Oprah while they addressed those

envelopes. If it wasn't for Jeff, she'd be third in the ratings instead of first.

Attendee: And I noticed like Michael, he does the big, oversized label. What's your thoughts on the difference between the two, and is there any?

Dan: Yeah. They're all working. In small numbers, I'm not sure you're going to see a lot. But in big numbers, you're going to see the difference. There's a

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profound amount of testing to demonstrate that the handwritten hand-addressed envelope wins. But for it to be statistically significant, if you're doing 300 or 400 a month, you may not see it. But do 30,000, you'll see it.

Here's what it comes back to. Here's what's best and then what's almost good enough. and what are the operational issues and what are the cost issues. But it comes back to Halbert's great question. Halbert's great question was let's try this scenario. You have to make one work. I always ask it this way. You don't have kids yet. do you? Yeah, soon. So like right after it's born, it's kidnapped, and here's the ransom note. "You're not budget-restricted, you've got 1,000 prospects, you've got to send a direct mail piece to them and you've got to get ten orders. If you flub it. we'll send you a body part and we'll try the experiment again. We'll keep trying it until you either get it right or we run out of body parts."

Now. are you going to use a live stamp or you going to run it through a meter? You going to hand-address it or stick a label on it? What are you going to do? Well, it's a great question. Because if you were trying for the optimum possible result under that kind of pressure. what would you do and what compromises wouldn't you make? You know what you'd do? You'd hand-address. Who's kidding who?

Now, you do the math. And if it doesn't make enough of a difference, then you start to climb down the ladder.

Attendee: Does the nine by 12 envelope change?

Dan: No. I could send you a nine by 12 just from me and hand-scrrawl on it.

Okay. to page 161. We are beginning to wind our way towards backend business. We're going to talk about distribution other than your own of your information products. Let me tell you that this is important for three reasons. Not just for

income. Income is one thing, profit is one thing, but it's also important from the standpoint of lead generation. Because every product sold for you by somebody else has the opportunity of ultimately bringing you a customer. By the way, the customers who find you through convoluted routes are extraordinarily valuable customers. Because if they take the time and trouble, out of a book they buy in a bookstore, to track you down and ask for information out of a product they buy from Nightingale-Conant...

The Psycho-Cybernetics product, because Nightingale-Conant hasn't been super-sharp about all this, they, for quite a while, for reasons known only to them, of the umpteen thousands of these that they've sold, could not or would not or some combination thereof, give us the names so that we could upsell them to the \$399 product, even though Nightingale-Conant gets 50% of the \$399 on every one that we sell, for doing nothing. They could not give us the names. The only thing they could do was let us out a little ^Postcard in here which ^Peo^Ple send to us to aet additional free information. They actually send it to Nightingale-Conant, and then Nightingale-Conant—after it lays around for a while—bundles it up and sends them to us. And then after it lays around here for a while, then we send them something.

But now here's what's relevant to this conversation. A very small percentage of the people who buy the product send in the postcard. That's just unfortunate. Because first of all, a significant percentage of people who buy the product, of course, never take the shrink-wrap off the product. So it's hard to find the postcard when the album is still shrink-wrapped. Then a whole bunch of others open it but don't do anything, and on and on and on.

However, here's what's significant to this conversation. The conversion rate on those who do send in the postcard and are subsequently sent the pitch for the \$399 package, which quite frankly ain't the best sales letter I've written in my life, the tape

that goes with it ain't the best tape I've ever done in my life, this is like the poor step-child that we pay attention to when we find a minute here and a minute there, the conversion rate is like 70%. They all buy. And then they turn around and they buy like anything else that we've got. Point being, these customers who have to find you by hook or crook are clearly highly motivated customers. So as lead generation mechanisms, here's a great example. It's an example I like to tell. I forgot now, but I figured it out once. I don't have the math with me, but I forgot it.

But Chauncey, we talked about it last night with the Priority Mail box. Chauncey originated by buying a book of mine at a garage sale.

Attendee: A going-out-of-business office store.

Dan: Oh, okay, an office place going out of business. And you paid how much for the book?

Attendee: \$3.

Dan: \$3. I don't know that this suggests any strategy. I haven't figured out how to turn this into a consistent source of lead generation. So he schleps into this office supply store to buy something else, and here's the book bin. You've all seen them, where you can buy anything for \$1 or anything for \$2 or anything for \$3, and he buys this book. You would not think, necessarily, this is a spectacular event. Let's see, you've been a customer for how long?

Attendee: Eight years.

Dan: Eight years. Been Platinum for two? Three. So let's see, there's \$22,000. He's here. How many super-conferences have you been at?

Attendee: It's like over six figures.

Dan: Yeah. He and I aren't kidding, because there's been consulting fees, there's been royalties. The guy's been worth \$100,000. He bought a book for \$3 in a closeout bin.

These convoluted sources, in many cases, can't be managed. Although the list

we've got here can be managed, that one, as I say, I haven't exactly figured out how to manage that, which is why what I showed you yesterday about books, putting all that seeding. That's not just for trade books. You've got to do that in all of your product. Produce a product, the product should be seeded all the way through it. On the tapes, in case they get the tapes separated from the paper. In the paper, in case they get the paper separated from the tapes. On the video, in case they get the video separated from everything else. On the package, in case they throw everything out and keep the package to put bird seed in. You want them to be able to find you, because the ones who really dig and hunt and search to find you, they're not going to be big in volume, but they're going to be big in value.

So all these little alternative distribution methods, like SkyMall for that product, I don't know what percentage of Nightingale-Conant sales were out of the SkyMall catalog, but it couldn't have been much. But if the average customer value of the one who finds us is \$1,000, and it didn't cost us anything to get him, it's attractive.

The third reason this is important is longevity. You get to extend the life of products when other people will sell them for you. So it's important for all three of those reasons. So here's the list real quick.

One, of course, is the catalog industry. Here's the best news about the catalog industry, and it's important news. The catalog industry, every catalog, and there are umpteen thousands of them. There's the big ones you all think about instantly: Lillian Vernon, Sharper Image. We could name 100 biggies. But there's thousands of catalogs. Here's what they all have in common. They've got a guy who's title is like product manager or something like that, and/or the small ones, the owner, the president, the CEO, and he wakes up every morning in desperate need of one thing: product his customers will buy. That's what he needs. Because if he puts out catalogs and he doesn't introduce enough new merchandise into the mix... **because** all of his sales are coming from his house list.

Think about a catalog you buy from. How many times a year do you get the catalog? I'm a Sharper Image customer. I get one a week; 52 times a year I get a Sharper

Image catalog. If it's all the same merchandise all the time, what happens? I get bored. Exactly. So A) he doesn't make any money, because I don't buy anything. and B) I stop paying attention. Now I won't even look at the catalog. And now, ultimately, I wind up buying something from Hammacker-Schlemmecker that I would have bought from him, because they're more interesting.

In fact, when Fallheimer really started to focus on his retail store business, he had a big dip in catalog sales for a year and a half because he let this happen. He wasn't finding and introducing, and rotating enough new stuff.

So these guys get up in the morning and say, "I hope to God somebody shows up today with something that makes sense." The bad news is most of everybody who shows up in person, by sending stuff, etc., has stuff that makes no sense. A lot of people who pitch catalogs have products with no margin. They're a distributor or a dealer and they're buying the stuff at 40 off, and think they're going to go put it in a catalog. So they've got to sort through all this crap to find anything that makes any sense.

Information products are proliferating in the world of catalogs. This is a novelty catalog. This is Things You Never Knew Existed. This is like Spencer Gifts used to be. This thing sells junk. Oddball little car models and fart cushions. That's who owns them, Johnson Smith. Pokemon dolls, model airplanes, cue balls that do tricks, t-shirts with stupid sayings on them. The bad teeth deal, which Joe wears to all the Platinum meetings. He thinks it's very clever.

Attendee: Dan, our Russian fitness offer is on the cover there.

Dan: I was going to get to it then. Is that yours?

Attendee: Yeah.

Dan: Good. Look at all the pages I've got cornered down. And now we're going to get to his offer. On page 27, and by the way, a lot of these are in this catalog over and over and over again, I just didn't take the time to go through and mark them. Here's a \$12 book, *The Giant Book Of Insults.* It's an information/entertainment product.

Somebody created a book. I guarantee you the book is long-since dead in the bookstores, still selling in the catalog.

How To Play The Piano Instantly. How To Play Your Favorite Guitar Songs In One Hour.

Information product. Okay, here's yours. Russian Strength-Training Secrets, a \$34.95 item.

Attendee: About three more products in the same catalog.

Dan: Okay. So I'm going to come to you, because I probably spotted them.

Here's the "Hand-to-hand Combat" Video. Here's "World Class Abs." That's yours. Here's "How To Escape Immediately From Any Deadly Hold." Here's "Massive Chest-Building Secrets." Every one of these is an information product. Here's the "Instantly Dominate Even Experienced Foes," "How To Protect Yourself From An Armed Attack In Your Home," "How You Can Bring The Toughest Attacker To His Knees," blah, blah, blah. I'm even missing some, probably.

Here's a whole bunch of the weird, "Secrets Of The Masons," and "Inventors Secrets Of Nichols Tesla, The Guy Who Really Invented Electricity." Here's "Secrets Of Time Travel." It tells us that Wayne Dyer should be in this catalog. "Secrets Of Body Language." That's like a legit information product. A bunch of the pick up women stuff, three or four of those products. And now, I think I've run out. You want to tell me the story?

Attendee: "Russian Strength-Training Secrets" is actually called "Power To The People," and it's how to get as strong as you want to be with only two exercises, three times a week, for a few minutes. That's all you need to be as strong as you want to be. It's being considered by the Senior Editor of Weider Publications as the best book ever written on strength.

The stretching book will show middle-aged men how to be into full splits in six months, and it's purely using your mind. The abs book and video will show you how you only need to do five reps of any abs exercise. It will be safer than anything you've ever done. You won't hurt your back, you won't hurt your neck. You only need five

reps for bulletproof abs.

Dan: By the way, this is not the information I wanted from him, so I'm going to ask you another question. But listen to what you just got. It's a factor we talked about way back about information products. Is it mini-pitchable? Can you deliver a pitch that works? You could write a 16-page sales letter and there would be occasions when you would want to. But if you're going to put it in here, they're going to give you that much space. Can it be mini-pitchable? He just delivered perfect mini-pitches. Perfect.

Attendee: Do you want to hear how I got in the catalog?

Dan: I'd like to hear how you got in the catalog, and I'd like to hear whatever number information you are willing to give us, and whether you're getting any backend stream. Those are the three things I'd like to hear.

Attendee: Okay. I called up the buyer directly. I sent him my four-page brochure, in the case of the abs. In each case, we send them the catalog, we send them the brochure, and then I follow up with a phone call. They are extremely open to hearing about products. The guy said, "I'm a sucker for your writing. I'm really interested. Send me what you have."

Dan: Second key point. You have an enormous advantage over most people pitching these catalogs, because you are going to show them copy that works.

Attendee: And they use it in the catalog.

Dan: Here's how most people pitch them a product. They send them the product. They send them a picture of the product. They send them a fact sheet. "The product's 8 1/2 by 11, it's got 222 pages." They send them the author credentials. He's got 16 PhD's and he's got a tattoo of the Notre Dame Gold Dome on his butt. They send them all this factual crap. And it's just like joint ventures. They're sitting there with, "Yeah, maybe this is a good product, but how the hell are we going to sell it?" Your advantage is you say, "I've got a four-page sales letter that works. We use this. I've got a lead generation piece that works. We use this. Here's in our own catalog, what the

pitch looks like." Huge advantage.

Attendee: They go out to about a million and a half people, at least. They've been around since 1914. When they hit, like we're on the front cover of this issue, the

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sales at [Amazon.com](https://www.amazon.com) spike immediately. We've been in the top 1,000 on Amazon out of three million titles, with all three of his books.

Dan: Did you get this? This is like worth coming.

Attendee: This is free advertising for us.

Dan: They put it in a catalog to sell it. He gets free advertising; which drives the sales on [Amazon.com](https://www.amazon.com).

Attendee: They take 60%, but they pay in ten days. We have up to eight or ten pages of full-page ads for our other books in the back of each book. We have bounce-back cards in the videos. We do a lot with backend out of this. We constantly get customers from the backs of the books that they sell.

Dan: Thank you, sir. You earned your hot seat, by the way. I promise you will get to your hot seat. We just linked one and two.

All this stuff reinforces itself. We had Personal Power on TV. Guthy-Renker makes a concerted effort to get Personal Power in every catalog they can possibly get it in. Last time I looked, they were in like 200 and some odd catalogs. Some of them sell a lot, some of them don't sell much. But it helps the sales on TV, just like the Amazon situation. "I see it here, I see it here, I see it here, I see it here, it's on TV again. I guess I'll pay attention this time."

If the catalog didn't sell nothing, you wouldn't stay in it. But if you could, it would be worth staying in it because it's free advertising. I'm telling you, there's like 13,000 catalogs in the one directory of catalogs. This is like unlimited opportunity, and very few information marketers tap it. I've been trying to get Ron to do this for five years

with his Get Rich In Real Estate stuff. Hadn't done it. You listen to the tapes. This is enormous opportunity. You can't do it with a niche product, except in appropriate niche catalogs. You've got to have something that's consumer. But in a sense, his products are not niched, but they're what I call subculture products. Look, he's managed to move them into non-subculture catalogs. Enormous opportunity. Yes, sir?

Attendee: With a catalog product, any particular life range work better?

Dan: Not necessarily. He's probably all over the place. I'd have to go product by product by product by product. Like in this catalog, there's a lot of \$12, \$19 stuff. There's \$49 stuff, there's probably \$99 stuff. I imagine in each catalog, you hit a point where the catalog buyer's going to say, "No, I don't think we can sell a \$6,212 deal." But the argument would be, "Well, here's how we did. And if it matches your list... Neiman-Marcus sells a \$52,000 diamond-studded jockstrap once a year, so nothing's impossible.

**INFO-RICHES SEMINAR 2000
HIGHLIGHTS PACKAGE**

AUDIO CD TRANSCRIPTS

CD #14

Dan: To your own list, price is no barrier. He got in here with low-priced stuff and now he's inching them up. They're going to try a \$165 deal. Eventually, maybe he'll be able to teach them to sell on payments. You begin to develop a relationship and you can get people to do the most extraordinary things.

Up until a very few number of years ago, Nightingale-Conant would not sell anything that didn't fit in their little price deal; \$69, \$59 for our members, \$49 to the front-end when we free-trial it. That's all they ever wanted to sell. Look at their catalog now. They're slow learners, but they've learned. Like Magnetic Marketing, they wanted that for three years. I said, "\$278. That's the lowest you can sell it for." "We want to sell it for \$99." "\$278, that's it." "Well, let's make a smaller..." "\$278." One of their best products last year. So you've got to keep massaging them. You've got to keep going at them. Big opportunity.

Attendee: But it's not a bookstore book.

Dan: Yeah. Even like the *Book Of Insults* at whatever that was, \$12, if you found one in Waldon's, it would be a \$4 or \$5 paperback. Always, in direct response, you can get a higher number. It's just a question of what the number is.

Okay, libraries. Why do I want to be in libraries, so people can get it free? Because we're doing lead generation, that's why. Chauncey might just as easily have bumbled into

a library. They bumble. Let them bumble. Today's homeless guy, tomorrow's millionaire. Drew Carey started his comedy-writing career in the Cleveland Public Library, copying jokes out of a *How To Tell Jokes* book.

Og Mandino was an alcoholic homeless guy going in libraries to keep warm, when he discovered self-improvement books. Forget what he became. How much self-improvement stuff do you think Og Mandino bought during his lifetime? For somebody, he was probably a pretty damned good customer. Wandered into a public library. It's okay. Let him get it for nothing.

Attendee: Dan, How many leads do you get in on average?

Dan: Not as many as I would like. But we work at it real hard, and we work at keeping those books out there. Some months are more than others because something happens. Like last year, the lead flow from the Ultimate Sales Letter went up significantly because of Kinko's. It's a very small percentage of what's out there. Like Kinko's sold maybe 30,000 books last year, and we probably got 150 leads. But its 150 leads I didn't pay anything to get.

Attendee: What about the conversion rate?

Dan: Conversion rate is phenomenal. Anytime these people find you through convoluted means, the conversion rate is exceptional as compared to the conversion rate on leads you spend money to get. They're better leads. They're just tiny in quantity.

In your manual, there's a whole bunch of pages. There's some catalog information. I'm going to skip over it. So let's go to page 167. From 167 to 178 is a whole bunch of information about the primary seller of books and videos and audios to public libraries. So if you don't want to do anything yourself, these are guys you can go cut a deal with. And if they accept your product, they've got reps that call on the big ones and they do mailings and all of that, and they get your book in public libraries.

If you want to do it yourself, you can do it through direct mail. There's a guy, for years, what ever happened to Darrell? Darrell Montero, who lives here in Phoenix.

Darrell published books like 1001 Ways To Get Jobs On Cruise Ships, 200 Little Known. High-Paying. Easy-To-Get Government Jobs, "How To Pass The Postal Exam, How To Get Paid To Travel, those kinds of things.

Predominantly sold them through lead generation ads in the classifieds, in newspapers, penny savers, and all that across the country, driving into a phone room with killer telemarketers, who would then upsell them from the low-priced book into to the book and the video and the course and the database, and all of that. But he found out he could sell them to libraries. So he had a big direct mail effort, constantly going to libraries, and sold hundreds and hundreds and hundreds of thousands of books over the years through libraries.

The other way is even more proactive, and that is to telemarket. Bill Child, where are you? Raise your hand. Bill, I don't know what happened to your video. There it is. I was thinking somebody in here wants to be a stone mason guy real bad. Here we go. Somebody said, "Well, good seminar, but maybe I need a trade to fall back on."

Here's Bill's video tape, "Stone Masonry For The Beginner." It teaches you how to use simple hand tools and build stone walls in your backyard, which, I hope you don't mind, but I'm going to keep this because I'm going to build me a stone wall right after... Put this with that course, all them hobbies I'm going to take up.

I think this is my fifth year of getting Golf Digest magazine. There's another continuity deal. Last time I played golf was like 1980. I played one hole. Then they said, "Please leave."

Anyway, so this is his video, and it teaches people how to do stone masonry. Bill is selling very aggressively to and through public libraries. Whatever you are comfortable telling us, very quickly, about your system. It's very intriguing, very successful system. You might not want to do it, but you could put somebody on the phone doing exactly what he's doing.

Attendee: I know I'm not doing a lot of things right, but I found something that did work

and I basically telemarket to libraries. In two days a week, I can gross \$5,000 a month. So it's not bad.

Libraries have a calendar year where the fiscal year starts in July. So if you're going to sell to libraries, July is the best time because they all have money then. Libraries tend to buy, in tapes, they buy educational first, and then children's second, and then how-to's third. That's what I've found.

It's standard telemarketing in the sense that you have to get to the buyer. You have to go through systems to get to the buyer, and then convince them to buy. A lot of people in the library world function on paper. So telemarketing is more effective, I've found. So I always have a fax backup. If they're busy or don't want to talk to me, I say, "Can I fax you a one-page information sheet?" Boom, it's right to them. So that's very effective. I get about 17% of my sales from sales from those faxes.

Dan: Just testing fax and no phone.

Attendee: I'm just sticking with what works. I'm new to the world.

Dan: I understand. But the first thing it suggests to me is testing fax and no phone.

Attendee: And mail-out's too. They typically get paper mailed to them from catalog people that have different products. Libraries will section them and say, "Okay, we have enough money this month to buy this section of books or tapes," and they'll buy yours if it's in there. So if they have paper or notice from you, they'll file it until they're ready to buy. So it's not like you can't get them to buy quick with extra incentives. It doesn't work that way with libraries.

Attendee: Do you get full retail?

Attendee: Full retail? Yeah. A little higher than full retail, actually, because they're lending it out. That's how I think, anyways.

Dan: Yeah. So essentially, you're putting on a little license pith because of usage. Any other quick question for him?

Attendee: Do you just sell them one tape?

Attendee: I just have the one tape. One tape to one market, and I'm making \$60,000 a year.

Dan: So if you had two, if you had like volume two, maybe you've got \$100,000 a year. Now let's do the math. He's working two days a week. So let's assume we can find somebody like your never-do-well sister-in-law who can't hold a job, but who's personable on the phone, or mama, who's home with nothing to do, or whatever, who will get on the phone two days a week and would be thrilled to make \$30,000 a year. You've got a \$20,000 a year spread for doing nothing, just mimicking what he's doing. How many videos does that put out into the marketplace?

Attendee: 25 a week.

Dan: Okay, so that puts out 25 times 50, whatever that number is. And again, if you had two products or three to choose from, we could double. This is a business model.

Attendee: I tried different selling prices and some libraries, when I first started, would pay \$65 each. But I kept on trying prices, and \$29.95 seemed to be about the price that people would typically go for. Something I noticed, too, is that they didn't mind that I added \$5 extra for shipping and handling if I kept the \$29.95 as a retail price. They didn't seem to register with them somehow.

Dan: So were really at \$35 for a single video in a box?

Attendee: Plus I have an upsell. I do a little mini-manual that will fit inside the library case for easy storage at their library. I sell it for an extra \$10 US, \$14.60 Canadian. It costs me 60 cents to make.

Dan: Is there one in here?

Attendee: I think I shipped it with that.

Attendee: How did they pay?

Attendee: They paid by check.

Dan: Money. Chickens, rabbits. A woman in a babushka comes over and brings you food. What do you mean how do they pay? This is missing it.

Attendee: They pay in tires.

Dan: Okay, how do they pay?

Attendee: They pay by check. It's a 41-day average from when I ship the video to when I receive a check. Typically, almost none of them will pay in advance. It's just the system. They have to get payments through county offices and stuff like that.

Dan: But hey, if you can't trust a librarian, it's pretty much over. It's over.

Attendee: I'm curious as to how many calls do you make to reach people?

Attendee: I sell one out of ten. I sell two every hour, on average, make \$100 an hour.

Attendee: Where do you get the list?

Attendee: American Library Association has a manual, and that's the best one to use. Something that I wanted to say is that selling to libraries, they'll buy anything that people are interested in. There was a reference from a few libraries of a video that someone sold to them on how to make pizza, a how-to video on how to make pizza.

Dan: This is even a place to go with bad information products that fail everywhere else. So this is like an answer to some of these people that have 25,000 of these puppies in a garage they can't sell. Thank you, Bill. One more for him, real quick.

Attendee: Can you go back to the library again?

Attendee: Oh yeah, because now I have a file open with all of these libraries I've sold to. I just phone them again if I have another product. It's a system where you just get on the phone, get the buyer on the phone, give your quick pitch, "Can I tell you more, yes or no."

Dan: One more. I'm going to let you, striped shirt, that's it.

Attendee: They're going to look for that product.

Dan: Yeah. Hard to roll that out nationally. Let me tell you how that does happen nationally. That's why Dianetics is in every bookstore. And every time Scientology releases a new book, that's why it climbs up the best seller list. It's because they send out the troops to go the bookstores and buy the books. So all their troops go in and say, "We want XYZ." And after about 12 of them have trooped in the door and said, "We want XYZ," they say, "Shoot, we better stock a few copies of XYZ."

They even carry it further. They actually buy them. And then they buy them back from their members. So they just get the troops out to go get them. If you have a huge customer base, Bill Phillips at EAS, when his book *Body For Life*, which has been on the best seller list for I don't know how long, they initial surge to drive it up the list, the guy's sitting on hundreds of thousands of customers for which he has all their e-mail addresses. How hard is this? "Hey guys, my new book comes out this week. Go to the book, buy the book, send me the receipt. We'll give you double the money you paid in discounts off the nutrition products you're already buying. You go spend \$19 to buy a book, you get \$38 worth of pills." Hit the bookstore. How many of them do you think go? Boom, it's on the best seller list. The publisher says, "Something's happening." Maybe we should run an ad. Bookstore says, "12 of them. We should order three." Book's got a life of its own. It's another power position that comes from having a sufficient number of customers.

Military bases. They buy just like libraries. The exact same process he just described, and Quality Books has a division that sells to them.

Newsletter publishers. That's all us. It's anybody that's got a list. Anybody that's publishing a newsletter is fodder for anybody that's got an information product.

Almost everybody, even the biggies, Agora, Phillips, Rodale, even with in-house writers—which is a lesson for all of us—they cannot keep up with their best customers ability and willingness to consume. They can't make enough product of their own to get all the money that is available from their customers. So they take outside product. The guy gets up in the morning and says, "We've got a million subscribers. We're going to mail a million newsletters this month. We've only got two things to

sell them. Boy, I wish I had four. I hope somebody shows up today with something that makes some sense." And then nobody shows up.

Big guy, little guy, it doesn't make any difference. Deals can be made.

The MLM industry. There's a whole science. There's a website, BigBooks.com. Gerald Jenkins. Many of you probably know about Gerald. If you don't you should. One of their specialties is selling books in bulk through MLM companies. Melvin Powers makes an enormous amount of money selling books in bulk to MLM companies. They buy tens of thousands of copies of the book at a whack. A lot of the big distributors have their own tape of the month clubs and book of the month clubs. They make more money on that than they do on their core business.

There's one guy at Amway that has 20,000 people in his book of the month club. Every month, he buys 20,000 books from somebody. Most of the time, he ain't buying them from Simon & Schuster, because he wants to wheel and deal. He's buying them from an independent publisher and author. He's buying them direct.

Sometimes they do private label customized deals. They want to buy the book from you, but they want to put their own foreword in it. They want to put their own cover on it. They'll just pay you a buck apiece and they'll go print 20,000 copies of your book. All of that is readily available. And again, as a lead generation source, it's 20,000 people.

14-9 There's Businesses Smart Practice, Jim and Naomi Rhode's business. They've got a tape of the month program, they've got a book of the month program. In the tape of the month program, they've probably burnt through every Nightingale-Conant album there is at one time or another. But they've independently bought product from all sorts of people. They're going to ship out 4,000 or 5,000 cassette albums every single month to their members. So they've got to find something that they like, that they can get a good deal on, that they want to ship out 4,000 or 5,000 of them to their members.

Dentists. Smart Practice. Now in chiropractic, too. They're the biggest cataloger that there is. Used to be Semantadontics, if that means anything to you. Smart Practice is a better name if you're going to do something other than dentists.

These people are all over the place. And even the small ones, somebody that's got

4,000 or 5,000 subs, 6,000 subs, they're probably going to move 100 units. They're going to move 200 units, 300 units even. Ten of them is 3,000 units. Got a pitch that works? Got a product that works? Just like the catalogers, by the way, there are directories. Go to the library. By the way, the library's a good place. In the business section, there's a business librarian sitting there. She's hoping somebody asks her a question. That's what she wants to have happen when she gets up in the morning. That's her deal. "I'm going to go to the library, I'm going to sit there all day long. I hope somebody comes up and asks me a question. That's what I live for."

If somebody comes up the escalator, she gets excited. They go off in the other direction. Next person comes up the escalator, she gets excited. She wants you to come over and ask her something. You don't need the names. You just go to the business librarian and say, "Directory of newsletters." She'll take you. And there's a directory of them. Like thousands of them. Mine's in it, because every year they send a form out to everybody who publishes a newsletter that they can find, because they make compiled product.

The Directory Of American Newsletters is a product they make. Guess why? To sell to libraries. That's the business they're in. Every year, they send a questionnaire out to everybody they can find who publishes a newsletter. We fill out the questionnaire, we give them their product content for free because we want to be in the directory. They then make a directory and they put a bunch of telemarketers on the phone, and they sell a \$100 book to all the libraries in the country. That's their business. They're just like us. They just haven't figured out how to sell the thing to anybody else. They're probably happy with what they're doing.

So there's a whole directory of prospects. Every newsletter that they could find in America. They're missing some. But every one they could find, thousands and thousands of them sitting there, waiting for you to sell something.

E-Bay. I don't want to talk about them much, but it's just entertaining. There may be money there. We're looking.

There's a black market there for all of our stuff. It used to show up in garage sales. That's where it used to go. You could always find all of our stuff. I bought my first Earl Nightingale course used for \$10 or \$20 or something. You can always get the stuff, because people buy it. The real estate guy buys a ton of crap, and then he gets out of the real estate business. Everybody's getting out all the time, so they clean off the shelf. Now they're putting it on E-Bay. They're too lazy to have a garage sale. And it's more exciting to go get \$500 worth of video equipment to take a picture of the thing to put on E-Bay that they're going to sell for \$3. This is more exciting to them than having a garage sale. Garage sale, you've actually got to sit there.

So there's a black market. People are buying and selling this stuff. Well, where there's a black market, there's usually a legitimate market. It's just a question of organizing it and making money. But if you're so inclined, you probably ought to start paying attention.

Premiums. Got the right information product, somebody might buy it to give it away. From your standpoint, it's just as good as having them sell it. What do you care? There's products made just to be sold that way. Chicken Soup For The Pet Lover's Soul, which was published right after Chicken Soup For the Paraplegic &- Convict Soul. Well, it's amazing to me. Can you imagine the meetings now, trying to think up the next five categories? "No, we've done one-legged tennis players." "Well, we haven't done one-armed tennis players." "Oh, there's one. Write that down." This is what's going on over there.

I just saw some bizarre one. They're really into the bizarre categories. Tyra, they're always looking for co-authors. How about Chicken Soup For The Hawaiian Shirt Wearer's Soul? There's enough people that have got Hawaiian shirts. Three copies. Hey, let's roll.

Anyway, Chicken Soup For The Pet Lover's Soul, some dog food company bought 100,000, 200,000 copies of them things. So who cares if you ever sell a book? The premium market. And keep in mind, on a small scale, everybody who's an information marketer is always looking for stuff to give away. Either low price, or if

you'll give it to them, so much the better.

So for lead generation, I have a little red book. How many have the little red book, *The Ultimate Success Secret?* Raise your hands. That book's predominantly written for everybody to use as a premium. That's what it's for. Because it also, by the way, reduces refund rates. That's its other purpose. When you give it away to customers with your box of stuff, it tends to reduce the refund rate. Because if you read it, basically what it says is the box is okay, you're a slug. That's essentially the message. It's said a little nicer, but that's basically the deal. It's no the box's fault, it's your fault because you won't get up off your dead butt and do something. "Oh, that's true."

So that book, 90% its distribution is as premiums. All kinds of information marketers buy it, and they buy it in bulk and they *give* it away. But it's got our information in it. So it allows me to get a customer from you and a customer from you and a customer from you, and they all add up. I created it specifically with that purpose in mind. It's not a very good book to sell, because it's personal development. So it's a lousy product to sell. It's not a product that anybody would ever publish and put in a bookstore, but it's great for this purpose.

If you've been in this business a while, you've got a lot of old stuff laying around on a shelf, that if it can't be recycled any other way, it can be recycled as premiums for other people to use. Single tape, something they can buy from you cheap, \$1, \$2. We're all looking for cheap premiums. Every time I talk to Ron LaGran, the first question he asks me is, "What have you got I can buy for \$1?" "Well, I've got something for \$5." "No, no, no. What have you got I can buy for \$1?" Now, he'll buy five things, each one of them a buck. But he won't buy any one thing for \$5. Okay, figure that out. We'll accommodate you.

Retail. Some products can go to retail. Hard for information products, but some do. Depeche-Chopra's got a \$399 course that went to retail, sold off the shelf. Obviously, strong enough brand name, but I wouldn't rule it out.

And then there's this little funny category. They're really information product marketers, but they're not as sophisticated as us. I call them "mail order book

dealers." May be the only people in the room who know where they are right now would be *Joe and TJ*, probably. But there's a whole nest of these people. They're mostly customers, for example, of a guy by the name of Al Gallaso. He publishes—TJ, see if I get this right—is it Mail Order Book Dealers Digest? Is that it? He's in the Million Dollar Rolodex under "Associations."

I don't know how many there are, but there's a slew of them. These are all tiny little operators. and they mostly sell *stuff* by one-page flyers. They mostly sell other people's stuff. They would all love a flyer about Joe's \$17 book about how to get jobs. They would all love this.

It sort of loops you back to the Dean F. Duvall model, although they'll buy it and ship it if they have to. if you won't fulfill for them. But really, what these people are all looking for is the one-page flyers where everything is done and there's a box on it that they can put their identity in. Some of them are so teeny and tiny, they're doing all that with rubber stamps. These are like I was. They're sitting at home at night with the cat who licks stamps, and they've got ten flyers and a rubber stamp. They're dropping off 120 pieces on the way to their job in the morning. The next night, they're doing it again. If you looked at the money they're making, you'd all shake your heads and say, "Why doesn't the guy go down and get a job at a convenience store.

But there's a slew of them. Lots of them. And a lot of them *wind up* just selling to each other. There's entire publications that are mostly serviced, that these people advertise in. They're junk tabloids. They look like Auto Trader or Penny Saver, and they're circulated to real low-end opportunity seekers.

These people will advertise in publications like Grit, which is a newspaper that goes mostly to older people in *rural areas*. *But* you know what? They sell a lot of books.

No one of them sells a lot of books. One of them might sell five copies in a year and it would be a big deal. But there's thousands of them, and they all have one thing in common. They're looking for product. Easily reachable. They're not going to give you any money up front. They're going to buy a book. You ain't going to sell a

\$5,000 licensing package to them. Forget that. But they'll take a flyer, and with their own money, they'll go make copies, they'll mail it out with their own stamps, they'll put it in their packages, and they'll all sell a lot of books. All this distribution adds up.

Let's talk about endorsed mailings and joint ventures. I really don't have time to do it, but I am going to do it real quick. Alan, if you want to come up? I'm going to need two live mics, Steve. Alan and Michael, are you around somewhere? Come hither. Come forward.

Here's what I can tell you while we're getting them in gear, and then I want to ask these guys a couple of questions for you.

First of all, there is no more powerful direct mail device, piece, strategy on earth than the endorsed mailing. Not just for our business, by the way. For any business. Butcher, baker, candlestick maker, hotel, sports team. I don't care what you've got to sell, there is no more powerful strategy than the endorsed mailing. There is nothing more valuable to you than the endorsement of someone who has influence with a group of customers. That endorsement alone will bump response so dramatically that virtually anything you had to do to get the endorsement is effort and money well spent.

Endorsed mailings can be gotten for a number of reasons. They can be reciprocity. You've got customers, I've got customers. John and I, there's no simpatico between our customers, but there is simpatico between that John and the John that kills people with his bare hands. Those guys have got probably some of the same customers. And they certainly have customers with shared interests.

So John-John—the name of a horse I just had to retire—gets together here and John says, "Here's the deal. I'll endorse your Russian Strength Training. I'll give you a lift note and we'll mail to 20,000 of my customers and see what happens. I'll do one for you on one of your products that's a light-priced product, and we'll mail 20,000 to my customers and we'll see what happens. If we're both happy, maybe we'll just keep doing it on a trade. If it works for one of us and doesn't work for the other, then we're going to have to talk money. But let's do endorsed mailings." I just did that deal with

the CEO Club. You newsletter subscribers got the CEO Club in your newsletter. That's because he put my pitch in his, with his endorsement.

You shouldn't do this with junk, but anybody will do it with something that they're okay with. So I think the CEO deal is a mod deal. You should all **inin Sn fine I'm** happy to endorse it. I le's happy to endorse my deal. Neither one of us gave anybody any money. Both of us will sell more with the endorsement than if we just rented each other's list and mailed it. A lot more.

So it can be done by reciprocity. Sometimes, it's done just because somebody likes you. The NAPL endorsement, Michael, we gave nothing for that, did we?

Michael: Nothing.

Dan: Nothing. The National Association of Printers and Lithographers endorsed the printing course, and we paid them nothing.

Michael: It was a great deal, because they have all these members. They have like 8,000 members. Plus, they mail to the printing industry in general, which there's an estimated 50,000 printers in North America. They were mailing the sales letter, they were paying for all printing costs, postage costs, they were taking the orders, they were processing the credit cards, they were doing everything. Every day, what they would do is when they get orders, they would fax them to our office and we would just have the product shipped.

Dan: And their share of the take was how much?

Michael: They were keeping 45%, I was getting 55%.

Dan: Plus, we got to use the endorsement letter now for our own marketing, for nothing. Go ahead.

Michael: The vice president of the company wrote an endorsement letter. And of course, I started including that with all the mailings that I did. And now I'm able to say, "Endorsed by the NAPL." I made a big deal out of it, which gave me a lot of credibility. It was really a sweet deal. They were doing everything. It wound up we

were doing a 50/50 split. They finally bumped it up to where they were getting 50 and sending me 50. But like I said, they were doing all the work, paying all the costs.

Dan: Now, some gumba's going to say, "I don't want to give away 50%." Figure your cost of sale on your own. It's cheaper. And you had to do nothing, and you got an endorsement.

Michael: It was free money for me.

Dan: Now, they are also like non-endorsed joint ventures. There are publishers, there are companies that are not going to do an endorsement, but they will give you access and they will do a deal where you share revenue. They may owe, you may owe, etc. Either one of these options is better than selling on your own. Anytime you can do either one of these, you want to do it instead of selling on your own.

14-17Alan, you asked to come up.

Alan: One of the things that I've done in my business recently is everything I do now is by joint venture. Before, I used to try and sell a lot of stuff on my own. I've just given up. It makes you money, but JV's are so much easier, they're so much more fun, and they're very, very profitable.

I can give you an example of a deal we do with somebody. For every dollar that they spend, we were giving them \$17. It works both ways. So I find that you can be on either side of a JV deal, whether it's your product that somebody else is selling or vice versa. Either way works so much better.

Dan: Can you describe a specific deal?

Alan: Yes. I'll give you an example of one and how I found them. This is very important, because there's one down side to this whole thing, and that's you've got to be very careful about what products you select. If you stuck something to your client base and it backfires, you've got a real problem. So you've got to be real careful about that.

There is a firm that came through Vancouver from the states, doing a bunch of free seminars. So I went to one of their events to see what they were all about. I noticed

that they sold really well. They gave a great two-hour free seminar, and they flocked to the back of the room to buy a 53,000 course on how to invest online.

So I got a hold of these guys and told them who I was. I got a hold of their VP of marketing. We've now been marketing this program across Canada, and we've made a fortune selling it. All we do is mail to our list. They do the free seminars, they do all the work, collect the money, handle all the detail, and we receive this check. The check comes to us ten days after their \$3,000 workshop. It's no work to us. What I've done now is I've JV'ing with other people in Canada who have lists. So I've done a JV with these guys in the states, and now I'm doing JV's to get other lists, to keep going and going and going.

Dan: So you're splitting the split?

Alan: Yeah, splitting the split.

Dan: Did they have a mail piece?

Alan: Yes. When I do a JV with somebody who's got a product or a seminar, they have to write the marketing piece.

Dan: So all you did is write a lift note from you to your customers?

Alan: Well, what I find is I can usually improve their marketing pieces. I don't have the time to start from ground zero. What I find the problem with most of these guys is that they can't close very well in their letters. So I'll put a lift letter on it, change the headline, put a better close in it, that sort of stuff.

Dan: Like with that, do you bundle in any bonuses or premiums of your stuff?

Alan: No.

Dan: It's a straight offer. Go to the seminar and you just sic them on them.

Alan: Yeah. That's probably the best deal we've done in terms of time, not very much, and cash out, a whole lot.

Dan: Okay, Michael, maybe describe—because we showed them the Jim Straw piece—describe the Jim Straw deal, how you found him or knew him, how you opened the door, how the deal was made. You have the Jim Straw lead generation postcard. I showed it to you the other day or night in your samples.

Alan: I have a three-page letter. It's a two-page sales letter. The third page has testimonials from other joint venture partners, just saying how they have done joint ventures with me and how much money they made, how great it was they didn't have to do anything. In the Jim Straw case, actually he was one of ten people that I FedEx'd my two-page sales letter to that proposes a joint venture. The headline says, "Free Money." And basically what the pitch is, "We'll do a test mailing to your list. I'll do all the work. I'll pay all the printing costs, postage costs. I'll do everything. All you have to do is give me your endorsement and give me your list. And then I'll send you X% of all orders that we get."

And with that, I send them the sales letter that I want to mail. I also had an endorsement letter, a cover letter, already written in his voice, so he could see what the cover letter looked like. So I sent him my sales letter proposing the joint venture with the sales letter I want to mail, and the cover letter in his voice. So he gets to see what everything looks like.

With Jim Straw, we did it two ways. We mailed a lead generation postcard to get leads.

Dan: Which I showed them.

Alan: Right. About 10% of his list responded to that lead generation postcard.

Dan: 10% response from the lead generation postcard. If you rented the list without his identity, you wouldn't get anywhere near that.

Alan: Maybe 2%.

Dan: At best.

Attendee: Like Jim Straw, I've gotten mailings from him, but I've never seen him in

magazines.

Alan: Another way we did is we skipped the lead generation step and just mailed the sales letter without doing the lead generation. But anyway, I sent ten of those packages to ten other marketers, who I felt had lists that were similar to mine.

Dan: And how many of the ten did you have any prior contact, communication or relationship with?

Alan: Maybe two of them.

Dan: Okay, so eight of them are cold.

Alan: Pretty much.

Dan: You just saw their marketing stuff, saw their ad, identified here's somebody.

Alan: Right.

Dan: Okay.

Alan: And I just thought I know their products are similar to mine and that their customers are probably similar to mine. Overnighted that package, and within two weeks, I had three joint ventures set up. So that's a 30% response rate.

Attendee: How did you find them?

Dan: How do you find, is the question. Well, so I'm one of the two Johns. Black Belt Magazine. Who's selling stuff to my customers? Boom, out goes the letter. I'm an opportunity advertiser. Well, let's look in the opportunity magazine and see who's selling stuff to my customers.

Dan: Well, no. He said, "Jim Straw, I've never seen any ads," because Jim doesn't do much space. Whatever category you're in, if you're a consumer as well as a marketer—which if you're not, you're goofy—you should be buying from everybody because you care about the product, because you want to see what they're

doing. I assure you, Jeff's bought golf clubs and golf videos that he's never unwrapped. He wanted to see the marketing. You never have to do that very soon, before you're getting everybody's direct mail, because everybody swaps lists and rents lists. So you're going to get Jim Straw's direct mail, just like you did. Probably half the people in the room are on Jim's mailing list.

So you look at your junk mail. You don't throw it out. And you look at your magazines.

Alan: Another great source, too, in the years I've had success mailing and doing joint ventures with publishers of newsletters, which you can find in *The Oxbridge Director', of Newsletters.* They've got all these subscribers, they're mailing to them every month, and they're not selling anything to them. It's very easy for them to just include your sales letter in with their newsletter. But newsletter publishers are excellent prospects for endorsed mailings.

Dan: Some of these people have enormous influence over their customers. Some don't. And some, you do a deal like this with and you discover how little influence they have. I've done it with Rolleters and I've done it with Halbert. Gary, when he was in his prime with his list, we had a 30% response on a \$200 offer. That's make-a-fortune time, as you said. Yes sir, all the way in the back.

By the way, I didn't get a chance to compliment you personally, and don't take this wrong, you've obviously been around the block a few times. You're a pretty savvy, smart guy. I appreciate you being here.

Attendee: I'm stupid. What's in it for the newsletter guy that's going to push your stuff?

Dan: Half the money.

Attendee: How do you make that deal? I'm a neophyte in this crap. I don't know how to do it.

Dan: Well, here's how Michael made the deal. He put together a two-page sales letter

that pitches the deal. The headline on the letter says, "Free Money." The pitch is we've got everything done for you. It's a no-brainer. Here's everything for you to see, exactly the way it would be done. If you want to see the product, we'll send it to you. Just call me. We do everything. We pay all the money. We put up all the money. We mail to your list. We guarantee we won't use your list any other time. Or, if you don't want us to use the list, you can mail it. However you want to do it, we'll do it. We fulfill. You don't have to do nothing and you get money. And here's some testimonials from other people we've done deals with." If you don't have those to start with, you don't have them.

Sent out ten packages. Eight of those ten had never heard of him from Adam. Three deals done, boom. Again, a bunch of them are sitting there hoping something like this shows up. The ones who aren't this smart, get it. "Hey, free money!" You don't have to be a rocket scientist to comprehend this when it's laid in front of you. But a lot of them won't go hunting. So they're not going to find you. You've got to go find them.

Like Alan said, you could literally make this your whole business.

Alan: Dan, something that I just started, it took me a long time to figure this out but something that we just started doing, is we now maintain a database of joint venture prospects. And now, I'm starting to mail to them on a regular basis once every 30 days.

Dan: So as soon as you do a deal that works, now out goes the letter that says, "Remember that deal that I wrote to you about six weeks ago that we haven't done yet? Well, we just did it with Joe Spadotz and here's a copy of the check I paid Joe for \$77,643." Eventually, they'll all cave.

Alan: That's another thing. Once you do a successful joint venture with someone, it's ongoing. They are like, "Do you have other stuff we can mail?"

Dan: Let me let Jeff in the game, and then I need somebody to bring the mic up to these folks that want to ask questions. You'll do that? You're wonderful.

Jeff: Two things at once. Just two quick comments. I do a lot of joint ventures, and there are a lot of people who are total morons. They are absolute idiots; and they won't accept free money because they think you're trying to sneak in their business or purge their client base or hack their files, or whatever. So you just have to realize that some of these people are so stupid that they will never get this, and who cares?

Dan: You move on to the next guy.

Jeff: Yeah. There's only a million other people that are out there like this, the first thing.

The second thing, just as a comment I'd like to make. I think when you do these joint ventures, it's very important to get it in writing and get everything laid out very clearly. I've been through this all different ways. I don't know what you guys do, but it's a huge error, in my opinion, not to have a very specific written deal.

Dan: It's a very simple premise. Clearly understood paperwork first. Unhappy people and potential litigation late. So which do you want to do? Yeah. All those joint venture agreements, all that stuff is in your kit.

Jeff: So if things go bad with those people, the beauty of these joint ventures is that the deal's over.

Dan: The other thing that I wanted to say very quickly. A key point. He built it all the way it's going to look for Joe, and sent it for *Joe*. He built it all the way it's going to look for Bob, and sent it to Bob. He didn't send a generic.

Alan: I personalize it with their name.

Dan: They need to see it. I had a real interesting experience with Iacocca. GuthyRenker's people were in there getting nowhere with him on this product for this infomercial. Had umpteen meetings. Not a complicated concept, but it kept going around and around the horn, having the same discussion. It was like he couldn't get what this was going to be. I said to him, "When you were at Chrysler, how did you green-light anything? How did people bring you something to green-light?" "They made a

prototype." I said, "Guys, that's how he makes decisions. You can't describe it to him, you've got to show it to him." The way they got in the convertible business is four guys took a blowtorch and cut the roof off of a car and said, "What do you think of this?" "Pretty good. Let's go drive around the block and see if any girls stop and look at it." And boom, they're in the convertible business.

Now, they could have brought him blueprints and research studies from now until doomsday, *and* they wouldn't have been in the convertible business. See a car with the roof cut off, got it.

This is no dumb guy. This is a bright guy. So a lot of people, if you show them what you did for AI, they're not going to see how that is for them. So if you want to get them, you've got to show k to them exactly the way it is for them.

Attendee: I've got a really important point here that we all have to get. This is what was a barrier for me to get this for a long time. We all have preconceived ideas of what our clients will buy, based on what we sold them.

This is an example, recently, that I did with somebody. He said, "I've been selling stuff to my clients for years, and they're all tapped out. They won't buy anything else." So I explained how it worked and he says, "Okay, I'll give it a test," He stood there with his mouth open as his clients, that he thought had no money, rushed to the back of the room and spent 5200,000. That was new money that came out of his clients in one two-hour session that he just didn't think they had.

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That's true with us all. Our clients are always looking for what's new. We don't often give it to them. The way to do that is with JV's.

Dan: Okay, some quick questions.

Attendee: Michael, I have an info product to a niche market, and there's basically two associations in my industry. A state association and a national association. How did you approach the printing association to get them to endorse your product?

Michael: Mailed this two-page letter. Just mailed the letter to them, and they

responded within a week. They were actually looking for something like this.

Dan: By the way, when you're dealing with associations, just make a mental note. I don't know if you were at the Speaking Business Boot Camp or not, but it's real good information from Pamela. Just make a mental note. Key buzzword, "non-dues revenue." That's their language. Who else wants the mic?

Attendee: I just did an endorsed mailing with people that I respect and trust, and we had a written agreement. I did the lift letter for them. They're mailing to my customers. When it came down to it, I don't have a mechanism where I really know what their sales are. I'm just trusting them that when they say they've sold so many units, they have. It's based on the cost of sales, etc., etc. What are you doing to safeguard your actual revenues and knowing actually how many sales? Or do you just trust them?

Dan: Who wants it?

Michael: I've always worked on the basis of trust. I've never had any problems. Most of who I run into, I make a few phone calls, find out who they are, that kind of thing. Or I'll meet them at an event like this or Dan knows them or Michael knows them. I just ask around and find out about them. And we still do something in writing. But I just find if you can't trust people to do JV's it's just too much effort and work.

Dan: Here's my theory about worst-case scenario. It's my theory about all essentially performance-based compensation as well. At worst, they'll steal a little. They won't steal a lot, because if it's a good deal, they're going to want to do another deal. So they have to incentivize you to want to do another deal. So they can't steal enough to make it a bad deal for you, or they ruin the relationship. So at worst, they're going to steal a little. So if they steal a little, they steal a little.

Alan: Another thing you can do, too, if orders are going through them. Let's just say the joint venture is where it's their product and orders are going through them, and they're shipping the product. You can put a PS in your letter just saying, "Oh, by the way, if you do sign up for this, call my office because I've got a special free gift for you or something like that."

Dan: You can try and drive the response back, because we know from like the postcard and the album, it's not going to be 100% accurate. But it's going to be somewhat indicative. In the theft control business, we did a lot of joint ventures where they resold trainee kits. We always had all kinds of stuff in there for them to send in to get their certificate and get a free tape, and a lot of freebies. So you can have some idea of count and catch folks cheating. Who else has a question? We could do maybe two more after him, Ted, and that will be it.

Attendee: If you're selling a package in the \$400, \$500 range, do you recommend doing a lead generation mailing to somebody's list or do you recommend just sending the whole pitch to their list with the endorsement letter?

Alan: If they have a really good relationship with their customer base and they're mailing to their customer base on a regular basis, I would just go straight for the sale.

Michael: Same here. I agree with that.

Attendee: When somebody does a joint venture and they sell the product, do they tell you the names of the people who sold the product? Because that would be a way to check. You could just see three buys, for example, from your list, and if those three people don't appear on the buyer's list, then...

Dan: You're overcomplicating this. You're doing too much work. Ted, if nobody else, we've got one all the way up here.

Attendee: I'm John Madurchan. I *just* bought the printing niche from Michael. We were getting ready to close this thing and Michael and I agreed that we weren't going to really do any marketing until the thing was done and closed. I showed up in his office and he goes, "Oh, by the way, the NAPL just dropped 50,000 pieces of mail." What they did is they took the sales letter and they don't even put it in an envelope, because they're too cheap. They fold it over and they don't even put a label on it. They just have it imprinted with the names, and they mailed out 50,000 pieces. So we've sold 34 units.

Dan: Price point?

Attendee: \$897. 85% of them are the \$897. So I called them up and I said, "Guys, we've got to talk more about this." And they said, "We're glad that the new guy's taking over, because here's some things we want to do." And I thought, "Llh-oh, let's see where this goes." My first *suggestion to them was that we* bump and we get a C package, which is \$1,497, and they said, "Great! We've been trying to get rid of the damned basic package for years." So two weeks from now, I'm going to be in New Jersey, cutting a deal with them.

Then they said, "Oh, and here's the bad news. We've got this big expo coming up in Chicago, and our speaker canceled. Can you come and spend four days in the booth talking to printers about the new package and this new phenomenon and all that?" So I think I'm going to go to Chicago in September.

Attendee: And there will be 26,000 printers there, as well.

Dan: Are you going to speak from the stage, and then be in the booth?

Attendee: They have a little platform, because the NAPL builds a little platform.

Dan: So you're on and then off, on and then off, and on and then off.

Attendee: Yeah. I'm bringing the wheel of fortune. I've got a little dog with a hoop. I've got it all.

Dan: Well, one trade show trick, if you want to do it, is drive them to the booth to get a single free tape, which you say from the front of the room, but you've only got X number of them. At least then they all know where the booth is. The last time I did that at ASTD, we knocked over four other booths around us. I'm deadly serious. You heard them coming before you saw them. We had the worst booth location. We're up by the dock door. And here they came around the corner. It looked like the start of the old Drew Carey Show, where they're coming out.

But terrific. So this is like what, in its third year? This JV?

Attendee: They've done nine mailings so far, and they have numbers, which is kind of

nice because they're going to give me their numbers. But each time they've done the mailing, no matter what, it's been successful. It's been profitable for them. So that's why they want to talk to me about what we can do to improve it, what we can do to sell more of it, how we can expand the revenue.

Dan: Anybody else?

Attendee: What's the split normally?

Attendee: Is it negotiable each time?

Dan: Okay, you guys go. Let's do the split question. What's the split?

Attendee: It's often 50/50, but it depends on a whole bunch of factors. If a person approaches me with something and they've got all the marketing materials done, it's good stuff, the product is real good and has good margins, then 50/50 is a good place to start. A lot of factors come into it. It depends if it's a high-priced item or a low-priced item. If it's a live event, they have a lot more hard costs involved, so their percent maybe higher. All these factors come into it.

The bottom line is there are no rules in this game. There's guidelines and there's things that we've all done.

Attendee: Do you look at each individual thing and figure out?

Dan: You can propose. It's kind of like the publisher does to you. You can propose the standard deal. Like Michael sends out the free money letter and proposes a deal.

Michael: The way I do it, the way I set up a lot of the joint ventures that I do is my whole proposal is, "You don't have to lift a finger, you don't have to invest a dime. I do everything. I pay for everything."

Dan: Okay this.

Alan: And on those arrangements, it's usually an 80/20 split. They get 20%, I keep 80%. But keep in mind, I'm doing all the work, I'm taking all the risk. I'm doing everything. Like Dan said, all they have to do is okay it and I send them a check

every month.

Michael: The thing that's really key here is it's got to be a real win here for both sides. Otherwise, it will just die. It's not like you're going in there to make a killing and run away again. What we want to do in the JV business is establish a core group of people that we keep working with year after year after year. So it's got to work for both sides.

Dan: However, keep in mind be careful of how you define your win, because sometimes to get it, a win for you may be no money on the front end and still be a good deal. I'm picky about it, but I've done it. "Here, sell my subscription, keep all the money." Their customers are so good, I want the customer. It's still win/win, and it's 100%/0%. Don't be blind about this. Okay guys, thanks.

Going to squeeze in one hot seat before the break. John, you're up. I lost your ab flyer. If you have another one, good. I have no idea where it is. We're going to try and squeeze in hot seats, one here, one there, as we go, rather than clustering them. Sorry I didn't give you much advance notice.

In the meantime, Gary Cochran of One-Hour Moto Photo brought this up. This is a very basic endorsed mailing cover letter. You have a couple of the other ones in your sample book. One-Hour Moto Photo did this for a repair tech. Gary, where are you?

Attendee: It's not Gary's, it's mine.

Dan: I'm sorry. It's yours.

Attendee: Dan, one of my other businesses is I have repair service business for the photographic labs. We did work for one customer, took your idea of the referral letter and the endorsement letter, and we sent it out blindly to a list that we generated by going through the Yellow Pages and websites, and we got a huge hit off of this letter. Not only an immediate response, but it pailed a large shelf life that we still get calls from this letter. It went out in February, and we still get people calling and saying, "I got your letter that Gary sent me. Come fix my equipment." It's been a big boost to the repair side business that we have.

Dan: Clever. If anybody wants to see it, on the break. Okay, John? Shoot.

Attendee: You heard I had a Russian fitness author who was a Soviet Union special forces trainer. He's had three successful books that I mentioned before. He's a writer for Muscle & Fitness, he's been endorsed by the world's strongest man, many successful people. We've come out with an ab machine. We have an abs book, *Beyond Crunches*. We have a video explaining how to do ab exercises and also use the ab machine. So far what we've done, kind of shtick, is "Are your abs bulletproof?" We did a press release that said, "Evil Russian fitness guru offers hand gun to test your abs." We offer a refrigerator magnet that is a little gun that says, "Make your day with the ab tester." We have a whole shtick around that.

When we did the press release, American Cheerleader Magazine wanted to have Women's Sports & Fitness, a ski magazine, a lot of niche markets that we weren't expecting. Palm Springs Lifestyle magazine. We also have him going in for one-day special trainings with the SWAT teams.

So I'm looking at publicity on a massive level. This was just a test to promote this product and the package. I'm seeing that there's a possibility of a number of niches, a lot of niches that could be exploited. But also, we're getting a lot of talk about the viability of an infomercial. We have an ab machine that allows you to do, literally, just five reps. We've had the world's strongest man, he dead-lifts 990 pounds, get down on that thing and have trouble doing five reps. But we also have it set up so that someone who has no abs whatsoever can graduate into the program and be successful with it. It saves your back from the usual problem that you get, where you get a really screwed up back, screwed up neck from doing a lot of the wrong kind of techniques. So it allows you to do only five reps, just a few minutes a day, abs that will stop a bullet.

I know nothing about how to do an infomercial. But it looks like something that could really work on that level. But as I said, also, we've got these very strong niche markets that we weren't even expecting, like cheerleaders. Their magazine has a subscription rate of 200,000. huge. Women's Sports & Fitness is half a million. Black Belt is only, I think, 80,000 subscriber base or 100,000. So that's my question is where do we go

with this?

Dan: Let me tell you a couple things, and then some people may want to say something and/or ask you questions.

First of all, the niche marketing opportunity is, in some respects, even better than the mainstream infomercial marketing opportunity. And it's better for a handful of reasons. One, you'll fly under radar longer. The knock-off speed for products like this in television is down to like 90 days. So the one thing you are guaranteed of, if you do TV, if you stay on the air for three weeks, three months later there's going to be four of you and they're going to knock the product off. We all know. it won't be as good, but that's neither here nor there.

If you look at the evolution of Turbo Track, they had four months is all they had. There are now five shows on simultaneously. One of them the thing goes this way and goes this way. The other deal, it's like on a sled. On and on and on. And each one starts bringing the price level down, because they take the path of least resistance, "Let's figure out a way to make the thing cheaper and go in at \$10 a month less than these guys are at." And then the next schmuck comes in at \$10 a month less, and the next guy comes up at \$10 a month less. And eventually, the whole damned business is over.

That's what happened to ab devices two years ago. They cannibalized themselves and they killed the business. And then there was almost a year where there was nothing on the air. And now, these track things reinvented the genre. But after this Christmas, you won't see any of that stuff. It will all be over by the first of the year.

I'm not trying to talk you out of TV, by the way. I'd like to see you do TV. But I'm telling you the pros and cons. And the big con is you are guaranteed these days to breed your competition. It's just inevitable. Whereas these niche markets, nobody pays any attention to you. And if they do see you advertising in American Cheerleader, they think, "What a schmuck this guy is. What does he know?" So you get to look stupid for a while and make a lot of money.

And, when you're taking a generic product, but you're able to move it to 50 different niches, you have opportunities like we just described, great joint ventures. Find the guru of cheerleaders that's already got a newsletter, find the guru of bass fishermen, who's got 50,000 customers who love them. You get to move from niche to niche, joint venture partner to joint venture partner, center of influence to center of influence.

As you've also discovered, your publicity. And now, if you target it and tweak it for each one of these niches, your publicity will work fabulously. Because these kinds of magazines are dying for content. Whereas trying to get publicity from Playboy and Time, the big mainstream guys, is infinitely tougher. But these guys are all dying for content. So you'll be able to domino that and domino that, and keep going back and getting bigger articles and better articles and more and more articles, and you won't breed competition. So you'll be there a long time, the only guy talking to them in this category.

We've talked about generic to niche. What I didn't say is generic to niches, and I should have. You've discovered a phenomenal opportunity, but it's not one big home run. It's a lot of base hits stitched together.

Now, in terms of TV, I was going to get to it. So I'll do my quick television kind of update.

The infomercial world, you can't short-form this. So if you do TV, you're stuck with long-form. The only thing you could do with short-form would be lead generate. But you're not going to pop a \$165 sale, no matter how you do the payments, in a minute. It's not going to happen.

The infomercial world goes through its cycles. And right now, it has consolidated. So there are like three big players left. Doing a deal with any one of them is like a publisher deal. They take over your business and pay you a royalty. That's the deal. Not the front ends they take *over* from their customers everything and the don't sell it very well. So a lot of backend revenue is lost on which you should be getting royalties but you don't, because they screw it all up. The biggest benefit they deliver is a bank.

If you need a bank, then you go do a deal with Guthy-Renker or any one of the other three or four big guys that are left. If they ramp up and they're successful, they're going to be buying a million dollars worth of media a week, a million and a half dollars of media a week. And, if you're doing five payments, then each week that you do well, you're further in the hole. Because you've got to turn around the next week and buy a million dollars worth of media. But if you're pulling a 1.3 ratio or a 1.4 ratio, and you're only getting 20% of it up front, you only took in \$200,000.

Next week, you're buying another million and a half, you only took in \$200,000. So the first week, you're \$800,000 in the hole, the next week you're \$1.6-million in the hole. The week after that, you're \$2.4-million in the hole. And you can't afford not to ramp it up, because in four months you're going to have four knockoffs on the air. So as soon as you discover a winner, you've got to rock and roll.

So if you need a bank, you've got to go do a deal with these guys. Some products, you can go slow. Like US Gold. We weren't going to get knocked off So you could stay on the air for eight years, he could spend his \$50,000 a week just like clockwork. Nobody's going to copy him. No problem. This, you've got to go fast, you've got to go big, like Tai Bo. That's the deal.

If you do it yourself, you get to own and control everything. Media is readily available. There's plenty of good people who can produce shows in this category. Your production budget, if you watch your P's and Q's, \$100,000. If you pay celebrities, maybe you spend \$150,000. It costs you \$10,000 to test. Good news, bad news is you'll know for \$10,000.

Three things happen. Either it's a dead-bang loser, it's a dead-bang winner and you don't have to touch it for a while, you just have to figure out how to run it as fast as you can run it. Sometimes the worst thing is it's on the cusp. Now you go back and you tweak the offer, you tweak the price, and you retest, and you spend some more money. The home run is nothing can give you more customers faster than television, and nothing can make your guy a household name to spin off six million other products faster than television.

Somebody asked me this morning. You did. In the personal development category, which is a horrible category to try and make any money in, how come there's Tony. A very simple answer: TV. Take TV out of the mix, the guy's still doing seminars at Holiday Inns for 35 people with four hot coals and a tin tray. That's where he came from. There's nothing wrong, but that's the deal. This guy's a ticket salesman for Jim Rohn.

But TV. Nothing will create it faster. These days, if you do TV, the other thing you've got to know with product like this is you've got to think drive to retail. That's where you'll go when all the knockoffs proliferate. You'll create a retail business and you'll have a year life in retail. So your economics have to support that, you've got to be prepared to do distribution to do that. Like Turbo Track, 80% of its sales this year will be in stores. Roto-Zip, 50% in Home Depot.

By the way, if you haven't watched the Roto-Zip show, watch the Roto-Zip show. Caldwell, I've worked with Jim a lot. He did the flying lure show. Caldwell knows how to do a demo show. Roto-Zip, if you don't know, is like a tool. You can cut circles in tile and there's 86 different things you can do. Sold more tools last year than the top ten tools manufactured by Black and Decker added together. That's the power of TV. And that's why people play. With all of its drawbacks and all of its problems, that's why people play.

Now, there's one other way to do the bank and be independent. There are media finance companies. Once you have a winner and you have numbers that are acceptable to them in terms of ratios and refunds and all of that, they have unlimited dough. They'll finance roll-outs. Where you wind up at is almost no profit on your front-end. But you own and control and got all the customers. They're not in your pocket beyond the show. That's my short course.

Attendee: How good do you have to be in the infomercial itself? How much of a factor is the actual design and production of the infomercial?

Dan: It's critical.

tendee: Do you need someone like you?

Dan: Yeah.

Attendee: Seriously.

Dan: Yeah. No disrespect intended, but you don't go hire guys like Chip and Ted. You don't just go hire just a good video production company and go make a video, any more than you would hire a graphic artist and a printing company to do your sales letter.

A few years ago, a company called High Street Partners decided they were going to improve the infomercial industry. They hired Francis Ford Copola and a couple other big directors. They brought in Hollywood crews, kind of like the story Ted and I told about the spots. These guys came to me at the first National Infomercial Marketing Association meeting that they were at. Greg brought them over to introduce them to me, and I immediately pissed everybody off. They're telling me this, and I didn't know it, but they had a client standing there, which wasn't very bright on anybody's part. But that's neither here nor there.

I said, "Well, if you want my opinion about all this, here it is." I said, "If I've got a choice between Francis Ford Copola doing this and a 58-year-old ex-door-to-door vacuum cleaner salesman with one foot noticeable bigger than the other, and a whole lot of cigarette ashes scattered all over his three-way, reversible, JC Penney polyester suit, I'm taking the vac guy and I'm going and getting him a camera crew, because he knows how to sell something."

That's the deal. This is hardcore selling. And anybody that starts this crap about, "Well, it should be entertainment that also sells," because that's garbage. This is selling. And 2:00 in the morning in somebody's living room in Iowa ain't the place to be selling.

There's all kinds of restrictions. We can't make a sales letter any length we want; 28¹/₄ minutes, that's all we've got. So every minute's critical. People agonize over every word in the script, the rehearsal, the voice inflections, 50 takes to get the one you want, the cut and the paste. Yeah, it requires tremendous expertise and it's one of the worst

medias to deal with because there's no testing. You can't split-test four headlines and go back and use the best one. It would cost you a million dollars. You've got to do your best shot, and you've got to get it right out of the gate.

Attendee: Does that \$100,000 for production including having someone like you do it?

Dan: Yeah. Most top dogs are fees and royalties. The budget I quoted you includes the fees, doesn't include the royalty.

Like the golf show Jeff and I did, which was a productive, successful show, we shot three days here; 115 degrees, we're out on the golf course. Our star talent is a cocaine addict. So the later in each day it gets, not good. Miraculously, no matter how late in the day it gets, the guy can hit the ball as straight as you can point. It's just putting words together that become a problem. Or sitting up straight, or anything else. By the second day, you kind of have figured that out. Dialogue first, physical demo second. It was a grueling, grueling shoot.

So three days of shoot. We're winding up with a 28¹/₂-minute video. So three days of shoot, not uncommon. In-studio stuff, usually two. Some of that depends on how good everybody is.

We flew all the testimonials in to us. In some shows, you've got to run around with a camera crew now and shoot testimonials. That's an art and a science in and of itself. You can't just send a camera crew to go do the testimonials. You've got to have somebody there who really knows what they're doing. So without faking it, you tell the story one way. Now you've got to go back and say, "Terrific, Barbara. That was wonderful. But if you could just tell me a little more about this, a little less about that. Oh, Barbara, wonderful. Let's just do it again, just for the sake of doing it."

If you've got somebody good, you may do eight, ten, 12, 15, 20 versions of that testimonial, until they're starting to go bad on you. Because you're going to cut and paste that together. The ones that are lousy, you've got to blow them off. From script to finished product, it's the hardest work I've ever done in direct response. In terms of home runs, it's the most rewarding. You take a show like Therapy Plus, we did \$80-

million worth of business in five and a half months. Proactive, GuthyRenker's done three shows now. I've worked on the Proactive business from the beginning. That's \$150,000-million a year business; two-thirds on the backend, one-third on the front-end, all driven by television.

I can also give you a long list of losers. But yeah, it's the most complicated, it's the most difficult application of direct response fundamentals that I've ever worked with in my life. Ken?

Attendee: What's a media test cost in infomercial?

Dan: Dirt cheap. It's the horrible news or the good news, is you spend \$200,000, \$300,000, \$400,000 sometimes to do a show, and \$15,000 later you know you've got a loser.

Attendee: That's what it costs to find out?

14-41

Dan: It's like quick.

Attendee: That's good.

Dan: Because it's all selling in a vacuum. The phone either rings or the phone doesn't ring. There is a build, but it's not enough to live off of. So running it 20 more times isn't going to change the fundamental result. So five local broadcast markets, three airings, zappo, you know.

Attendee: And you might tweak something that's almost right.

Dan: If it's on the cusp, yeah. Like the "Be Your Own Boss" show, we redid the CTA's, just the call to action part, five times. Changed the bonus, changed the price, changed the payments. But it was almost there. So you kept going back just to bump it enough that you could afford to keep it on the air. The winners are usually winners out of the box.

Attendee: Has anybody ever tried a Blair witch project, \$15,000 production, 28 minutes?

Dan: Yeah. Everybody's tried. Every cheap thing you can think of trying, believe me, everybody's tried. Occasionally, a cheap show works.

Attendee: Blu-Blockers?

Dan: Yeah, Blu-Blockers were fairly low production. The "Go By The Inch" show only cost \$38,000 to make. Today, it would be \$65,000, but it would come in under \$100,000. Ron Popele's shows are pretty low production value. He's around \$100,000 to do a show, \$75,000 to do a show. But what people will say is, "Let's do a real cheapie and see how that does, and then we'll invest the money to do a good one." Well, that's like saying, "Let's take the best jockey in the world and saddle up a pig, and we'll see how the boy does on the pig. And if he does good, then we'll give him a race horse." Well, you ain't going to know much. Because now, if it doesn't work, you don't know if it didn't work because you did a cheap show. So you don't know anything. The only way you know is if you've got a winner, and that's no good.

Attendee: I've produced four infomercials myself. Three were tremendous failures and one actually was probably a double.

Dan: That's pretty good.

Attendee: I only gave it a base hit. QVC, Home Shopping Network, and all the different venues have worked. What comes to mind with your product is you may want to sign up a celebrity that is considered very tough. Maybe the guy that's real hungry, like Mike Tyson. I don't think he has any endorsement deals right now. He may be a candidate.

Dan: In a sense, yeah. It's a better choice than Simpson.

Attendee: Or Billy Blanks, who's very hot right now. He's a legitimate martial artist. He's someone that people respect. Someone of that caliber. Jon Claude VanDamm.

Dan: There's no doubt Chuck Norris has made the Total Gym business.

Attendee: How much are you looking at to take on a celebrity?

Attendee: Give them a piece of the action.

Dan: Yeah. Typically, they get front money and they get a piece. Everybody now gets a piece. Everybody's figured it out. The producer gets a piece, the writer gets a piece. and certainly the celebrity gets a piece. And ideally, what you want—this is the last thing I'm going to say and then we'll take a break—and I'm sure he would agree with me, ideally you want to give them a piece and you want them in the game. The ideal celebrity is like Susanne Sommers has been for everything she's done, where not only does she do the show, but she goes on the Donahue Show and she talks about Thigh Master and brings a Thigh Master for everybody. She gets interviewed by Larry King, she's plugging the product.

George Foreman's been great that way. George Foreman stands next to the boxing ring after getting his brains beat in and the fight stolen from him, and they stick the microphones in his face and what does he say? He says, "No big deal, because I've got the George Foreman grill to go sell."

So they're in the game with you everywhere they go. That wasn't accidental. George figured it out. So that's the guy you want.

Okay, we're going to talk about Internet, and let me make some quick preliminary remarks. Then I will bring Ken up. Ken is desperately wishing I would not make quick preliminary remarks.

You know, without me telling you, this is an enormously seductive thing. Pitching it is like the easiest pitch every. Hey, you're going to market, no cost? How would you like to send 100,000 sales letters without even buying a stamp? The pitch is phenomenal. We would all love the fantasy. This is like mail order without any of the nasty inconvenience of having to do any mail. Or for that matter, fulfill any product. We'll e-mail them, they'll go to the website, they'll log in, they'll give us their credit card information, they'll download the product from the website. Heck, we don't have to do nothing. Set up with the right company, they'll put the money in the bank. You don't even have to do that. This is pretty good. Great pitch.

By the way, if you haven't watched the Internet Toolbox infomercial, that's another very well-made show, a very successful show. They've got the guy with the beard from Tim Allen's show. He's the flannel shirt guy. And he's very good. The guy does sincere very well. Who was that? That fat guy, that comedian that said, "I like children. I like them parboiled." Yeah, WC Fields said, "If you can fake sincerity, you have it made."

The other thing I want to say about it is if you're an information marketer to a niche, you are going to have to sell Internet services. You're going to have to sell Internet information. You are going to have to be in the game as a seller, because they're all going to do it. I couldn't do this seminar and not talk about it, even if I wanted to.

Your troops are even worse. So forget forgetting it.

Like almost anything else, the shovel sellers are making a whole lot more money than the shovel users. The side of the coin you want to be on, if you can be, is selling the shovels. And then the miners buy the shovels, go out in the desert and get eaten by the wolves and the bears, and they kill each other off, and they die of starvation, and they run out of water. But you've got the money up front for the shovel. That's a big part of this business.

The statistics overall are still not very good. There's actually been a decline in e-shopping, not an increase. The novelty's wearing off. People hate the inconvenience, etc. The stats of usage, business-to-business, predominantly it's used as a fax machine. They're using e-mail. The big prediction that the next big boom is the business-to-business sites. Good luck.

Sites like Priceline.com, they're probably going to run out of money for faking the transactions before anything else happens. But one way or another, I'd be shocked if they're around in three to five years. I pray to God Amazon.com miraculously manages to continue the Ponzi scheme.

What Amazon does for multiple book authors is it gives our backlist life. Because if you have four books like she does, or you have eight books like I do, a guy goes in a

bookstore, finds a Dan Kennedy book, buys it, takes it home, likes it, goes back to his bookstore to find more Dan Kennedy books. I've got eight books, but the odds of even one copy of all eight of them books being on the shelf at any one given time in any one given bookstore are like lightning hitting us four times while we're sitting here waiting to go to lunch. But, if he goes to Amazon.com and he types in Kennedy, everything's there.

INFO-RICHES SEMINAR 2000 HIGHLIGHTS PACKAGE

AUDIO CD TRANSCRIPTS

CD #15

Dan: There's the adult entertainment aspect of all this that sucks up all of the e-commerce money.

Now, having said all of that, and I could do another hour on all of the hype stuff, there's money here. There are legitimate uses. We're in the right business to use it legitimately, as users and also as shovel sellers. There's money here.

I have enormous concern, like the story I told yesterday, for people who get so seduced by it that they give it a disproportionate share of their time, attention, energy or money, ignoring or neglecting much more reliable, predictable, immediately profitable marketing activities. So I think you have to be careful about your priorities. But there is money here.

As anti-technology as many of you know I personally am, for example I have no interest in using it, and I don't think I'll ever have any interest in using it. Every time I go try and look at anything, including my own site, I get pissed off. And any time anybody tries to demo anything to me, it never works.

To me, it's like when salespeople used to come into offices, before all that died out. Every time the copier salesman brought the copier in to demo the copier, the copier never worked. How anybody could ever be a copier salesman is utterly beyond me, because it's like an absolute guaranteed lock. You're going to wheel that copier in to do the demo,

after you've beat on the door to get the appointment, and the thing's going to jam as soon as you turn it on. It's like guaranteed. Everybody that ever tries to demo anything that has to do with a website to me, e-mail delivery, everything.

I was at a client's office a couple weeks ago, in San Antonio. He's got like a half a million dollars in this website thing. He turns it on, and up comes the "you don't have the right flibbertigibbet and you don't have enough crap." He's CEO, screaming. So in come the three programmer guys. "Well, it's your computer." They've got wires and they've got monitors. There's eight people in the room and then there's nine people in the room. There's ten people in the room and nothing's happening. So somebody goes and finds the paper copy of it, so I can see what it looks like if when you can ever get into it.

I hate the thing. I hate everything about it, except the fact that it makes money. My projection and my objective is that by this time next year, I'll be making \$10,000 a month from the Internet site. Right now, it's like a grand and a half. It's a miracle. It's just an absolute miracle to me. It's a miracle to me anybody uses them. It's a miracle to me anybody buys anything from them. It's a miracle anybody does anything. But I'll take the money. And I'm interested in getting more of it. So ever so slowly, I get drug into the deal.

You know the story about the guy that washes up on direct marketing island and wakes up, and there's a guy leaning over him. The guy says, "What kind of people are there here?" "Well, there's two kinds of people here. There's absolute geniuses, the most successful people that have ever walked the planet in direct marketing, people who know modern alchemy, take a piece of paper, turn it into a million dollars. And then there's a bunch of fakes and pretenders and frauds who claim to know all that but really have never done anything and don't know what they're doing. The only problem we have on the island is we can't tell them apart.

That's even truer of this deal. When 900 numbers started, I went to one of the early 900 number industry conventions. I walked around and I said, "Let me tell you something. All my life, I've shoveled shit. I've been knee-deep in it. But I have never seen such deep shit in all my entire life." These people, they all went to the Clinton School of Communication. You never heard such bullshit. The Internet world makes these guys look like they were playing kindergarten.

So it is real hard to find a truth-teller. Some years ago, found one. I have had other opportunities to put other Internet guys in front of my audiences, who, by the way, are much better salespeople than Ken McCarthy. From a monetary standpoint, I could name three or four of them that it would be infinitely better to put in front of you and to do deals with, because they're better salespeople. Part of the reason they're better salespeople is because they tell the lie. It is infinitely easier when you suspend the necessity to tell any truth.

So Ken gives me the straight scoop. I'm going to give you the straight scoop. So we're going to spend some time with Ken. Come on up, Ken, and join us. Let's go through the list. You have a list on page 183 of the fundamental uses and money-making opportunities having to do with the Internet. You also have a slew of reference material in here, most of which we're probably not going to get a chance to do anything but quickly look at. Grab a stool.

Ken: We should take a quick picture for the newsletter.

Dan: A quick picture? For what?

Ken: For the electronic newsletter. One more picture.

Dan: For the electronic newsletter?

Ken: Yeah. The one we're doing. The one I sent you a check for.

15-3Dan: Take another one. He sent a check. Now I'm in a better mood. What have you got first? What I had on my list is websites. This is electronics. Turn on the button. There you go. Ken McCarthy.

Ken: Dan's a little too modest, because he may forget, but I don't forget. In 1993, which is pre-pre-history for all this, he invited me to come and speak at one of his super-

conferences about online marketing. At that time, I'd been in the direct mail business. I had a business marketing to mortgage investors, teaching them how to use direct mail. So he may not like this stuff, but he was smart enough in '93 to see the potential in it.

Just to give you an example of what things were like not long ago, I just sent Mark Andreson an e-mail and said, "Hey Mark, do you want to come to San Francisco and do a seminar?" He said, "Sure." He just drove his little Mustang up from Mountain View. He's the guy that invented the browser that made all this Internet stuff possible. Now you couldn't touch him with a 100-foot platinum pole. He's on the cover of Wired magazine. He said, "Yeah, I'll come up." He came up, we did a seminar together. We tried to explain to the multi-media gurus of San Francisco that the Internet was going to be a big deal, and they're like, "Nah, we don't think so. We think it's all CD-Roms.

Anyway. now we're in a whole new world. The great divide. Everybody here who's in a business or wants to be in a business, you have to make this initial decision. Are you going to use the Internet to work your existing customer base, or are you going to use the Internet to do that and try to get brand new people who you've never seen before using the Internet alone?

It is infinitely easier to profit using the Internet working your existing customer base. It's like shooting fish in a barrel. You can't lose. Every dollar you put out, you're going to get dollars and dollars back.

It is infinitely harder to try to create a business off the Internet. In other words, finding brand new customers, brand new blood using the Internet alone. I bring that up because a lot of people get confused about that. They think, "Oh, this is so easy. I just put up a website. People are going to flock to me, give me money, and I'm going to have a huge business." It's never going to happen that way. But if you have an existing business or you can partner with somebody who has an existing business, injecting Internet stuff into that business is instant easy money.

So you have to decide the level at which you're going to play. Here's some of the

decisions you're going to make as to what level you're going to play the Internet game. What percentage of your market is on the Internet? As Dan so rightly points out, the whole world is not on the Internet. That is bologna. The whole world may have a PC, but they can't get it to work, or they can't get their modem to work, or they can't get online, so on and so forth. So what percentage of your customers is online?

What percentage of your customers will buy from the Internet? And, of course, the best way to test that is how many have already bought? Some people won't buy. You may have a customer base that is addicted to paper and ink or addicted to the telephone, because that's the way they were originally sold.

Dan: You may even find out, to be fair, that you have a customer base who will use it, but still won't buy from it. So you have an opportunity to use it for customer service functions. But the bad news is while you're customer servicing, you can't efficiently and effectively get more money out of them by flipping them into sales, or you have to simply lead generate and deliver paper. So you really have to learn as much as you can about the behavior of your customers with relationship to this. And, it will change quickly. Like our surveys of members from two years ago about all this, very different from a year ago. And six months from now, it will be very different again.

Ken: That's another reason to learn the Internet by working your existing customer base and not trying to go out and build an Internet business or a dot-com business. You know the people, you've already got some kind of relationship, and you can do tests and surveys and find out what's going on.

What else do you need to know? Will they buy or have they bought electronically-delivering products? Those are the greatest products to sell on the Internet, for obvious reasons. There's no inventory, there's no cost of sale. They give you a credit card number, push a button, you have cash in your bank and they get some electronics. You're asleep. Other than keeping the system running, there's nothing that you do. But if you have customers that don't understand or don't want electronic products or don't buy them, there's no point in developing systems to deliver them.

What else? Are they rabid Internet buyers? That would be nice, to have a group of rabid Internet buyers.

So those are the questions you'd ask yourself to help you figure out how much am I going to put into this. Dan is so right. Please, do not bet the farm on the Internet. At the most, it should be 10% of your marketing investment. That's been my role in this, since the beginning, is to try and keep people from killing themselves on the Internet, impaling themselves on the Internet. That's how I've seen my role. Kind of a strange role to be playing, especially when everybody else can't wait to get at them.

So it's easy to support and extract more from your customers. It's very hard to generate new ones.

What's hard about Internet marketing which nobody will ever tell you? Number one, there are lots of software tools you are going to need to be able to market effectively on the Internet. So you're going to have to go out and find them, you're going to have to go out and evaluate them, you're going to have to go out and figure out how to learn them and use them. When they break down, you're going to have to figure out how to fix them. Then you're going to have to figure out how to integrate them with all the other tools that you've acquired.

Once you have one of these systems and it's running beautifully, it's fantastic. You can replace ten, 20, 50, 100 workers. But it's not going to happen overnight and it's not going to be easy, and it's not going to be inexpensive. Automation costs money.

Why would anyone go through all this? Well, number one, you are now in a position to instantly gratify your customers. Right now, if you're in paper and ink, they buy and they have to wait at least overnight to get the book. More likely a couple of days. Now you can gratify them right away. Instant gratification is, I think, one of the bedrocks of our business. The faster you can deliver on what they've given you money for, the better.

Why else would you want to be on the Internet? The cost of goods. That is true. You put a book online or you put a free report online, you had the expense once to put it

online. If you sell ten, if you sell 1,000, if you sell a million, it pretty much all costs the same once you've paid your monthly bill to keep the whole thing running. So that's pretty amazing. Those of you who have printed and shipped, inventoried and dealt with books, it's a pretty amazing situation.

Cost of additional marketing? Pretty much zero. You've got their e-mail address. Hopefully, you've built a newsletter for them. What does it cost? Not really that much once you have the system up.

Ease of joint ventures. Here's a very important one. Once you've got your list of buyers, there's a million and one guys out there with affiliate programs and automatic joint venture programs. You don't even need to meet them. You just evaluate the product. If you like it, if you think it's good for your customers, you can plug it into your next newsletter. It takes five seconds, and your customers are out there buying this thing and you're getting checks for doing absolutely nothing. If you don't know about the affiliate deal on the Internet, it's something worth looking into.

Dan: Where's a good one to see a sample?

Ken: I think AffiliateZone.com. A really good one is Refer-It.com. They have hundreds of affiliate programs listed by category, with reviews. I've seen maybe ten to 12 affiliate conferences in California and New York, where you go and learn about how to run an affiliate system, you learn how *to* be a successful affiliate.

Dan: Let me tell you something interesting about Amazon's affiliate program. Just read you some of the titles that I got paid money from my customers buying from Amazon. Here's some obvious. *101 Ways To Promote Yourself*, the Raleigh Pinskey book. We would expect that. *A French Affair; The Paris Beat, Wind In The Door, Conversations With God*, an RCA record, The Best of Eddie Arnold, *Hypnosis: How To Put A Smile On You, Jesus. The CEO, Let Prayer Change Your Life*, a couple of my books, that's nice, *Online Investing, Rich Dad Poor Dad*, that makes some sense. I'm skipping the ones that make sense. I'm reading the oddball ones for you. *The Candlemaker's Companion, Visual Basic .6 For Dummies, Weight Loss For The Mind*. Oh, Lyman Wood's book is available, because they bought it from Amazon. Here we go. *What A*

Way To Live And Make A Living, the Lyman Wood book we talked about the other day. It's available at Amazon for \$13.59. Zondervan's Topical Bible.

So they went through my clicks, however the hell they do that, to the Amazon affiliate program. And while they were over there buying the books they should have been buying, they bought a bunch of other books and zappo, I'm getting paid on stuff. You get money for everything.

Ken: In the Amazon System, once somebody enters Amazon through your site, through your click, anything they buy in that session, you get a commission on. I had somebody that bought \$1,200 worth of CD's once, so I got about \$150. What's interesting about CD's, very briefly, is in other countries, like I think Australia is a good example, the taxes on CD's makes CD's so unbelievably expensive. At least a few years ago, it was routine for people in Australia and places like that to just come to CD Now and buy hundreds and hundreds of dollars. Even retail stores were buying from the Internet, so that they could get them shipped to Australia, so they could put them on the rack and sell them and make a profit in Australia.

Having your people in an Internet net allows you to plug all these things into them and extract money from them painlessly. Did you ever think you were going to make money off of Eddie Arnold?

Dan: No. Not in a million years.

Ken: It happens.**Dan:** And like the Chauncey situation, it has not yet suggested a strategy to me for making this a replicable process.

Ken: So who's doing it best? If you want to study who's doing it best, I'll give you two categories. Number one is the porno industry. Absolutely. You've got to keep your mind on your business while you're checking out these sites.

What do they do? Number one, there's about six to eight huge adult entertainment networks, and they're doing niche marketing. Redheads, blondes, midgets, etc. This is true. This is how it works. They have massive amounts of content, and they go out and get affiliates. And then you have all these guys, some very small, some medium-

sized, some fairly large, that will create their own content. They're making their money and paying for their site by plugging into these affiliate systems. They get paid per click or they get paid for every registration. In the porno industry, basically you're trying to get people to register to have access to 10,000 pictures of people doing whatever. But that's the new trend in adult entertainment *is* the niche markets.

The other thing that they sell is live stuff. You go on there and you can watch somebody do it live. You're being billed per minute. And as the person that's the affiliate, you get a cut of that. So you only have about six to eight huge companies that are creating all the content. And then tens of thousands, hundreds of thousands—I don't know how many people are in it—from the very smallest to the largest affiliating them.

Dan: IEG, who is one of the biggest guys in that business, and you'll see articles pop up about them all the time in all sorts of magazines, they're poised to go public. They're the first ones who have been able to find an underwriter, for obvious reasons.

The last article I read, he has over 300,000 affiliates. One's sending them one click today, another one's sending him two clicks tomorrow. But it adds up.

Ken: And obviously, for some, this is a distasteful subject. However, these guys are doing it the best, by far. I'll go and look at their business deals. I'm going to put a page up some day that has all the affiliate programs, what the deals are, who the big providers are, their conferences, the whole bit, so you can go and look at that stuff. I'll look at that stuff for an hour or so, and then I'll switch to the rest of the Internet. And it's like the marketing energy on the porno sites, behind-the-scenes business stuff, is up here. Everybody else is not even off the floor yet.

Let's talk about something that shouldn't violate anybody's sense of priority or ethics.

Dan: What group do you think you're with?

Ken: I don't know. Somebody's got to do this dirty work. I've said that to myself.

The second group who's making a lot of money are the how-to-make-money-on-the-

Internet people. It's obvious, 100% of their market is on the Internet; 100% of their market buys stuff on the Internet. Not 100%, but a huge percentage of these guys are rabid. They'll buy everything. "I need the new tool. I need the new twist. I need the new trick." They're great.

I stayed away from it because it was so sleazy. But everybody comes around, and I'm going to be in that business too this year.

The other thing, too, is it's 100% electronic products. All of my buddies that are in that business, tapes, they don't want to hear about tapes. They don't want to hear about books. They don't want to have anything to do with it. They just have a computer that spits the stuff out and takes credit card numbers. They're happy to give up all that money, because they're making enough and they don't get hassled.

So study those guys. Get on their list. See what they're doing. And what are they doing? They're doing 1001 things. You know the old saying, "I don't know one way to get a customer, I know 100 ways to get one customer?" I think that theme has come up over and over again today. That works in spades in the Internet business. Getting a little here, a little here, a little here.

There are about 12 major things you can do. I'm going to just focus on one, because it's so important and nobody gets it. I wrote the first article about this that appeared in a legitimate marketing journal in '94, and people still don't get it. It's all about email. The website is a side show. It's a nice thing. It's beautiful. It's attractive. It helps you serve people and all that. But the money is made in e-mail.

Why is that? Anybody that's surfed the net knows that you get out there and you get lost instantly. You forget where you've been and you hardly ever, ever, ever go back to where you were. Correct? You bookmark it and what happens? You end up with a bookmark list from here to the top floor of this building. And that's just one day's bookmark list. So you're never going back.

You must get their e-mail addresses. In fact, if someone said, "What's the function of a website," I would say, "it's a net, a web, like a spider's web, to capture e-mail addresses. That's what it's all about."

So what's good about that? You are now the guy in the driver's seat. You don't have to wait for them to come back. You end up in their mailbox. What appears in their e-mail box is way more compelling to them than what appears as they're surfing through 10,000 different sites. And think of this. They've finished all that surfing. they've been on for an hour, two hours, all night, all that stuff disappears.

The next morning, they wake up and there you are in their mailbox. You win. Everybody else loses. So you've got to be getting their e-mail address.

The other great thing about e-mail is you control the path. What do I mean by that? When people go to a website, generally they're going to leave the site or look at pages in all kinds of different order. You don't have a whole lot of control over that. One thing we're counseling our clients and doing a lot more of is exerting more control. Sometimes, it makes sense to set up a website that's a general reference, that people can go and look at whatever they want, but you should also have other web tracks that don't let them do that.

If you look at the porno sites, if you actually get to the content sites, their introductory things do not let you wander all over the place. They take you by the hand and they show you this picture, and they say, "Now you can sign up." If you want to see more, then they show you the next picture, tell you how great the site's going to be. You want to sign up. They don't let you go bouncing all over the place. It's a controlled selling environment.

E-mail is a great controlled selling environment, because it's a lot like direct mail. It's a letter. It's an electronic letter. You control the sequence with which you present ideas, which is essential for selling. You don't want your prospect bouncing all over from one idea to another. You want to control them.

And, once you've got your system set up and you've got a person managing it, and all

the software's working well, there is no postage. It's true. There is no printing. You get an idea, you write the copy, you push a button, and the money starts coming in. That day. Sometimes that minute. The thing will go out, somebody will happen to be on the thing, they'll see your e-mail, they'll read it, they'll like the pitch and they'll go, "I'll buy it." Boom. They hit a button. You've just sold something. So it's very fast.

Now, what's the challenge? Everybody hears the good stuff. Hey, this is great. Why isn't everyone doing it? The challenge is to get them to read it. Because there are a million and one e-mail lists. Everybody's e-mail box is full. So here's the challenge.

Dan: Let me ask you a question before you say it. A lot of our customers, the problem is they're getting a lot of e-mail. Are they also winding up on the opt-in general list that you can rent, so they're getting all of that junk stuff too?

Ken: Let me cover that a little bit, because it flows from this. This works. They come to the site or they come to a seminar, or they respond to an ad. You say, "Would you like to receive our monthly bulletins," or however you pitch it. Now you've got them. Great. You've got their e-mail address. Now you're starting to mail to them. The content better be phenomenal. Not just okay, not just good enough. It better be phenomenal. Why? Because if they're doing anything at all in their lives, when they wake up in the morning, their e-mail list is already this long.

The nice thing is if you have been consistently phenomenal, they'll just go to you. They'll throw out all the other crap and they'll go to you and they'll read your thing.

So that's where this becomes a challenge. You have all the benefits on one side, but then there's the work that you've got to do. Again, the content has to be great.

About opt-in lists. Here's what's also wonderful about e-mail. There are many successful e-mail newsletters with subscriber bases 10,000, 20,000, 50,000, 100,000; 100,000 buyers, too, not just 100 tire kickers. People who will buy products in large quantities and pay good prices for them. This is where you go to build up your e-mail list. You go to these guys that have these lists, and you buy advertising from them. It's different from an opt-in list. You're buying an ad in their newsletter, but it's almost like

an implied endorsement, because they know John Smith's "How To Make A Million On The Internet." We trust John. We believe everything he says. We think he's a genius. So if he's running an ad for Dan Kennedy, we'll click on it because it's almost like an implied endorsement.

There's different ways you can do that. You can pay the guy straight out. The best way to do it is by performance. Give him a cut. Give him 50%. That way, you're not spending advertising money and getting nothing. He's excited *because* he's probably going to get more that way than he would get from advertising.

And then he can do editorial. It's just like print. He can have an interview with Dan Kennedy, and then pitch the thing. So find all the newsletter guys in your niche, and start doing deals with them to build up your own list.

Opt-in mailing lists. 99% of all what's called "opt-in mailing lists" are frauds, so you have to be kind of careful. What does "opt-in mailing list" mean? Opt-in mailing list means that somebody said, "Yes, you can mail me about photography."

Dan: We're not saying they're a fraud, but for example, this type of thing. A compiled list.

Ken: There are people who specifically say, "Yes, you can mail me anything. I'm fine by that." That's a true opt-in list. And usually, they're double-checked. So if somebody will go to a website like mypoints. Has anybody ever heard of mypoints? This is a company that gives you bonus points for reading e-mail and for going to websites and so on. They're very good buyers and mypoints is making a lot of money selling access to their list. That's a true opt-in situation. But a lot of people, they're just putting opt-in, they're compiling a list or they're getting somebody's house list and saying, "It's an opt-in list." It's not. And it makes a huge difference.

There's one significant difference between e-mail and direct mail as we know it. You can mail anything to anybody physically. They're not going to burn your house down or try to get you banned from the Internet. What do they care? They take it and they throw it in the garbage. But e-mail, you are not invited to e-mail to people that haven't

specifically asked to receive your stuff or asked to receive stuff like that. It's a totally different world.

Rodale was recently temporarily blackballed by one-third of all the ISP's in the United States because they were identified as a spammer. What is a spammer? A spammer is someone who goes out and gets list either totally legitimately or seemingly legitimately, and mails to people that did not specifically say, "Yes, you may mail to me." This permission thing is huge. I don't know if I'm expressing myself clearly enough about this.

You don't need permission to direct-mail to anybody, right? That has nothing to do with direct mail at all. It has everything to do with e-mail. So it's very; very important that you grasp that. It's much better to go out and find the e-mail lists of e-mail newsletters and do your advertising through there, build up your own list as fast as you can, and then start marketing to them than it is to try to acquire people through e-mailing the way we direct mail.

The good opt-in lists are expensive. They're no bargain. Postmaster Direct, \$300 per 1,000 and up. Why? Because they've got a really solid thing and they know it, and their advertisers know it.

Dan: And they also know that in most cases, unlike mailing lists, the same user's not going to come back and rent that list 20, 30, 40 times. Whereas when you rent a mailing list, if you go rent Success Magazine subscriber list and it works for Nightingale, Nightingale's going to come back and rent it again, and they're going to rent it again, and they're going to rent it again. These guys know that's not going to happen. They're probably going to be offering free stuff, and it's so much easier to get people to jump from that list over to your list, which means you don't have to rent them anymore. So essentially, they're trying to get the money for ten rentals they're not going to get, all in one fell swoop. And that's the freight you have to pay.

Ken: Exactly. And also, the quality of the list. On the absurd extreme, you'll see guys selling a CD-Rom with ten million e-mail addresses on it for \$49.95. People

have seen those offers, right? That's the absurd extreme on that end. Then you have the legitimate, real opt-in list, that won't get you in trouble, and they're \$300 and up per thousand.

When you see what's called an opt-in list for \$70 per 1,000, there's something wrong there. So if the price is off, you have to start looking at it. There are really only a few legitimate companies in that whole space.

Is that clear, the permission thing?

Dan: Who are they?

Ken: Postmaster Direct would be the very first one I'd go to. But I want to point out something else about opt-in lists. You go to them last. In your roll-out procedure, you do A, then you do B, then you do C. The opt-in mailing list, that's out there on the roll-out. Why? You need to know that your site works technically. As Dan points out, most people can't get their sites to work on that basic level. But you need to know it's a good selling tool. When people come to it, they do register. When they do register, you can upsell them. You want to sort all that out inexpensively. You don't want to be paying \$300 per 1,000 e-mails, and find out that your site can't get a single registration. Does that make sense?

So opt-in's interesting and so on, but it's too early to talk about an opt-in until you've got a site that's really humming and doing an excellent job, both technically and sales-wise. So forget about opt-ins when you're just getting started. One little thing I want to warn people. How many people are getting cable modems or DSL modems? You better make sure you have a very powerful security program on your system. John's laughing, because it's easy as pie, with one of those modems that's on all the time, just to reach right into your computer and mess it up. In fact, he has an attorney suing one of the ISP, Internet Service Providers, for not warning him how dangerous it was to have one of these DSL or cable modem hookups. You better be protected.

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"five, •• ars, • r1.11, a^g.a
surfing computer hooked up to the Internet, his entire businesses network can be reached. My heart's pounding thinking about that. Just take all your money, put it in \$100 bills...

Darn Put it in a basket out on your front yard, and be done with it.

Ken: And make a copy of your customer list, put it on a CD-Rom, and mail it to everybody in America. Some of them will do it because they're professional crooks.

Dan; No, he means why would somebody be dumb enough to do that.

Ken: They don't know.

Attendee: Why would they stay online all day, all night?

Ken: That's the thing. People hate, "I've got to turn the computer on, I've got to power up the modem, I've got to make the connection." It's like the TV. Remember, the TV's used to warm up? Now you can just turn the TV and it's on. That's why they do it.

Dan: I'll bet you the majority of the high-speed users are on 24/7.

Ken: They leave their computer on a lot. They leave the connection on, because they don't want to turn it on and off. But nobody educates them about how dangerous that is. I just did. So we don't want to go too much on that.

Let's talk about selling books.

Attendee: What do you recommend to counteract that? What program?

Ken: What the hell's the name of that thing?

Dan: I can't go to questions right now, guys. That's it.

Ken: Sorry about that. Let's talk about selling books, since a lot of people are in the book industry or are using books as part of your mix. You must be on Amazon. Someone

referred already to the program The Advantage Program. Why Amazon? They're the 800-pound gorilla in the marketplace. This is weird, but it's true. They won't buy from your website for whatever reason. They'll go to Amazon and buy it. You know that, right, John? You want to be in that Advantage Program, and you want to give Amazon some inventory. I don't think you're doing this. I might be wrong. Why do you want Amazon to have inventory? So they can put next to your book, "Ships in 24 hours," as opposed to "Ships in four to six weeks." If there's a choice between your book and somebody else's book, ships in 24 hours, ships in four to six weeks, who loses? You lose.

it's very, very important to give them some inventory, so you get that 24-hour delivery thing. They also create marketing material. They'll scan the cover of the book. If there are mainstream book reviews, who reviewed it, they'll put the review there. You can do your own self-interview and post that. You can have all your fans go and post 10,000 great reviews, "Povel's the greatest trainer we've ever experienced in our lives."

You also have to check the reviews, if you're doing business through Amazon, because you have these guys that go, "Well, I think that book was really expensive, and it's all just what I learned in high school phys ed." You just have to live with those guys. The way you live with them is you bury them in 20 positive reviews. Because it's done in a sequence. The latest review is on top. So that's easy to deal with, but you've got to watch it.

You've got to be with Barnes and Noble. They're the other 800-pound gorilla. Barnes and Noble has an interesting thing. I'm just throwing it out because this is probably the wave of the future. It's a company called Lightning Source. They've licensed 9,000 out-of-print books and they are now printing books on demand for Barnes and Noble. If you go to Barnes and Noble and there's a book out of print, somehow you find out about it. It gets printed by Lightning Source and will end up on the shelf. You can take delivery out of any Barnes and Noble in the country.

Barnes and Noble, they say they're going to do it soon, they're going to have printing

presses in some of the bigger stores. So if there's a book you want, it can be printed on demand while you're drinking your latte, and then you pick it up and go. I think that's great. That's a great use of the Internet.

Another print on demand is Xlibris. There's like a \$450 setup fee. They take 50%. It's non-exclusive. You can do a deal with as many people as you want. But realize whenever there's a dollar amount for a setup fee, double it and include that, that's the hassle fee. There's a hassle factor involved in all of this stuff. So it's \$450, then it's a \$500 hassle fee on top of that.

Dan: These sites like Xlibris and FatBrain, this is like e-publishing.

Ken: Not yet. I'm on print-on-demand still. I'm going to go to e-publish right now.

E-publishers, what do they do? They take your e-book. What is an e-book? It's just the file that you send to the printer, except now it's on a computer and the guy's going to download it at his own expense and print it out at his own expense. That's an e-book.

We all know that's Stephen King's big success, right? I'm just curious. That was like the hugest story of the year in publishing. Here's how you duplicate Stephen King's success. Is everybody ready?

Step one, be Stephen King. You're not going to sell four million of these in a week, no matter what you do, unless you're Stephen King. Well, I hate to burst that bubble.

A couple of companies that will do this for you, and they will not rip you off and not screw it up, because there are a million and one companies going into this space, into this field, and their deal is they'll charge you \$100 and they'll want an exclusive, and then they'll give you 10% royalties on your own book. It's crazy. The good ones, one is Book Locker. It's a little shop that somebody runs. She's good. She charges \$20 to set it up, non-exclusive, and she pays you a 70% royalty. She's an e-book author and publisher herself, just sort of a straight, no-nonsense person. Her big competitor is FatBrain.com, who Dan just referred to. They give you 50% commission.

Dan: An interesting thing about them. They're letting people do other things than books. Even reports. They've got reports up there for a \$1, \$2. And I noticed when I went through their site when I was at BEA, Rodale's using it, Bits and Pieces is using it, and they're clearly using it to lead generate because they've got a \$3 report up there, they've got a \$1 report up there. Clearly, they could care less about the money. They're playing the game of trying to capture a name. They're letting people sell transcripts of tapes, so they're e-publishing anything.

Ken: Okay. One of the reasons to be involved in this, too, is on Amazon, for example, let's say you're searching direct mail. You're searching a particular direct mail book. Amazon will give you suggestions and they'll also give you a button to push to see the whole category. So somebody may not be searching explicitly for your book, but if they're a really serious buyer, you may end up getting a sale because of the way those systems are structured.

Dan: The same thing happens at this FatBrain site. You get to try and steal somebody else's customer who went there to look for one thing, and now everything else goes up in front of them. It's a double-edged sword.

Ken: So you might as well be on. They charge, last I looked, \$1 per month per book. That's not too bad. You'll get some of these accidental sales. And as Dan pointed out, those accidental sales can be incredible. Chauncey ended up buying a \$3 book and spending \$100,000 plus.

Now, there's a question of should I do it myself, and the answer is yeah, why not. Here's the three ways to do anything on the Internet.

Number one, do it yourself. Literally, do it yourself. Bad idea, in my opinion. We do this all day long, and we have enough trouble getting anything done during the day. I can't imagine how our clients go out and figure out how our clients go out and figure out how to make any of this work reliably. I really don't. It's torture. I don't know why you would do it to yourself. So that's one way to do it, and a lot of people want to do it that way.

Number two, wait for somebody to appear who will do it cheap and well, and you will wait a long, long, long time. Good luck. I'm amazed at the number of people who will hire the proverbial college kid to take care of this relatively important part of their business. The kid doesn't even have a business, has no intention of being in business. You have a problem, and he's back at college or he's surfing at Bali or something, and you're out of luck. This is so common. So you could do it that way, too.

Or you can cry once. I love that. You can cry once. Go to somebody that knows what they're doing, pay them their damned fee, get it done, and then go back to your real business and make money to pay the fee that you just paid the guy to handle this trivial thing.

So those are the three ways you can do anything. How are we doing on time?

Dan: You've got about five, six, seven minutes or so, and then I need to bring somebody else up for a second with you, and then I need to do the Q&A.

Ken: So I have extra time for you on it.

Dan: That does not include your guy you're bringing up. That's in addition to that.

Ken: We can go straight to that. Let me tell you a little bit about my strange approach to business. What I want to do is create a service for everybody like me

15-23and like you, who is trying to figure out how to use the Internet, and want to do it in such a way that they wouldn't be screwed, and they could actually get competent service at a reasonable price. The stupidest business plan I've ever done in my life, but we made money and it's okay.

We're switching our business. We're now going to go after the high-end website stuff. As Dan said, if some people want to pay for the shiny silver ornament on the car, we're not going to fight them anymore. We're going to go after those people, we're going to take their money, and we're going to build big sites. The bad news is you guys, pretty soon, will not be able to get access to us at what I think are reasonable prices. We're going to be too busy taking ridiculous prices from idiots. What can I do? They're forcing me into it.

Some of the people that have worked with us, I wish John Rubio was here. John Rubio spent nearly \$10,000 with somebody else on a website. Seven months later, did not have a website. That is the norm. That's the common thing.

Dan: I see it. This becomes like the home remodeling project. It's going to take a week. And the guy, his wife and his kids are still living in your house seven months later, and there's no door going out to the patio.

Ken: Or the guy's gone. That was John's first experience.

His second experience, he came to us. We had a site up for a little less than \$2,000 in a week and a half. I his brother-in-law, who works for Lucent, which is the AT&T spin-off, saw the site and started berating him. The reason he berated him, he said, "John, why did you build a site like that? You can't afford that!" This is a guy who, by the way, travels around the country teaching big businesses how to build websites. And he thought John had spent 520,000 on this site that we just knocked out in a week and a half for less than \$2,000.

But we're getting out of that business, because we're going to take the guys that are going to give us the ridiculous money. But we're starting a second business, which is to take all the knowledge that we've generated and all the knowledge our colleagues have generated about lead generated about lead generation, and all the business tools that you need to do that and manage the Internet business, and we're going to productize that and put it in books and tapes and seminars and stuff. So you may not be able to get the production services from us in the near future, but you'll get a higher quality of how-to nuts and bolts than we've been able to put out. It's all in our heads, but we just haven't put it in a product because we've been too busy doing cheap websites for people. But I've learned my lesson.

Here's an example of somebody who's doing this right. In other words, he came to us, we built his site for a very reasonable fee. He stays in connection with us, we advise him. If he's got questions, we help him. We love doing this. I would do it all day. And now he's going out and working it himself. He's not inventing the tools himself,

but he's finding out what the tools are. He's experimenting with them.

He's had his original site, which was to support an existing business, for a year. But now he's created a second site, and he's doing some very interesting stuff with it that's worth talking about.

So maybe Yanik Silver would be so kind as to come up. He's an example of what you would do if you were trying to build an Internet business using the Internet alone. There are reasons to do that. Before Yanik gets a chance to talk, I want to give a quick story about a guy named Sanford Wallace. Does that name ring a bell to any of the techies in here? Okay. He was banned from the Internet, literally, because he was the spam king. He was the guy that promoted the idea of e-mailing to anybody and everybody. He was banned.

He's now back. He's making over live million a year with a very part-time business. It's an e-mail based business where he gives away automatic sequential order responders. The deal is you've got to accept his ad at the front of every response and at the bottom of every response. And you've got to agree, if you use his free system, to receive e-mail from him.

So imagine how this works. Joe Blow goes to Sanford's site, gets a free sequential order responder system. He's now mailing everybody in the universe. They're going to his automatic sequential system to get the fulfillment of the report, and there's Sanford's ad at the beginning, Sanford's ad at the bottom. This is just multiplying and multiplying and multiplying. His list is growing, and it's a list of 100% Internet users and rabid Internet buyers. And he's just going to people saying, "How much will you pay me for registration?" And people are saying, "Well, we'll pay \$6, \$7, \$8, \$25 sometimes per registration, depending on the offer, and he just mails out to his 100,000 rabid buyers and generates huge quantities of dollars. The thing's growing like a virus.

So there are reasons to have an Internet-only business. But I'd like to talk with

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Yanik. You want to give a description?

Yanik: Sure. What I tried to do was I saw this Internet thing going on, I'm like, "This

would be the ideal dream is a digital product. I don't have to do anything. I sit there and make money in my underwear." So I had my original niche website that Ken helped me design, which was for cosmetic surgeons. It's called MorePatients.com. But that only brings in a handful of orders, so it's not that great. So I thought up this idea that's called InstantSalesLetters.com. What that is, is fillin-the-blank sales letter tools for small business owners. That seemed like a perfect idea for a downloadable thing. Instant gratification for the guy on the Internet.

Ken: What do they get?

Yanik: They get about 50 fill-in-the-blank templates. They get two e-books, which are PDF files, if anyone's familiar with that. Adobe Acrobat Reader files. And a spreadsheet file to do direct mail analysis. And a couple other free bonuses and stuff I give them afterwards.

Ken: There's no physical stuff?

Yanik: No physical stuff. I love it. They enter in their credit card, it goes right into my bank. They get the password. I am not technical. If you guys ever want to ask me a technical question, I'll just look at you like glazed over. I don't know HTML, I don't know Java, I don't know scripting. That's why I came to Ken. I'm not about to learn all that stuff. I just knew the marketing. I knew I wanted to make money on it. I can tell you it's only been up about four months, and I haven't really rolled it out, and just the gross last month was \$8,000. Not bad for not doing anything?

Ken: How are you marketing it? What do you charge to give this stuff?

Yanik: \$40.

Ken: And then how do you get people to come to you?

Yanik: I've got a couple things going on to bring traffic. I'm doing basically the Robert Duvall deal.

Dan: It's Dean Duvall. Robert Duvall is the actor who knows how to tango. He

probably would not be flattered.

Yanik: Dean Duvall. Affiliate programs are really big, because people do not want to create their own product. Or if they do have their own product and are smart, they want something else to sell to their list. So I have an affiliate program set up. I went to Affiliate Zone, which is a pretty budget software affiliate program. It's called a two-tier program, which means the guy gets paid on the first tier for direct referrals, and anyone that signs up after him, he'll get a cut. So I'm paying 45% out on the first tier and 5% on the second tier. And then there's only about 10%, 15% of my affiliates. A lot of people like to sign up, but don't do anything.

Dan: Gee, there's a surprise.

Yanik: They thought the money would just come to them automatically. You've got to give them the tools if you want them to promote it. So I went and I built this affiliate tool box. These people do not want to do anything. You've got to understand that. The more you can give them tools, the better.

So I went out and created some banners that I knew were working from other people. I created headlines for them to use, e-zine ads. E-zines are e-mail newsletters. I created a bunch of sample headlines, a bunch of text links that they can use, and I also give them the rights to use my articles, so they have content for their site if they want it.

What else am I doing to get traffic. Go-to search engines. You guys have heard of that. That's a pay-per-click.

Ken: If I can just jump in, that's where all this is heading. Buying clicks. I'll pay \$1 if you'll get somebody to click and come to my site. Or I'll pay 50 cents or ten cents or a penny, in some cases.

Yanik: But you've got to know your numbers there. If you're going to buy, you've got to have your deal up. I come from direct response background, thanks to Dan. You've got to know how many visitors you bring in and what your revenue is. So that means

you need a tracking program. So you've got to know how many people—not hits, because hits are BS, hits can be anything—you want to know how many unique visitors you bring and the amount of sales you bring back. So right now, I'm at \$1.20 and I haven't even done any backend really, because I'm dumb. I'm going to be starting that shortly.

Ken: Imagine where this could go. When I was recommending to Yanik last night is now start building that backend. What have you got? You've got business owners or want-to-be business owners. Think of all the things you could be selling them.

Dan: Including all of my stuff.

Ken: Oh yeah. I'm a licensee.

Dan: Are you a licensee?

Yanik: Not of your stuff yet. Some of Kimball's stuff.

Ken: And I think eventually, Yanik is going to get to the point where he's just giving this away, or he's letting the affiliates keep the whole thing, just to build the numbers as huge as possible. It's a qualified group of people. If they're interested in business letters, they've got some interest in business.

Yanik: I only have 250 affiliates. That's not too much. As soon as I get home, I'm going to be mailing out lots of e-mails to these people that I know have influence.

Dan: I need to hold you, now. Stay. Because we're going to do questions in just a minute. You need to explain quickly what you've got, and then I've got one more guy I've got to bring up here, and then we're going to go to questions.

Ken: Okay. There's two pieces of paper. A yellow piece of paper and a goldenrod.

Dan: Jim Fleck, wherever you are, if you want to come up.

Ken: The yellow piece of paper is all the free stuff which you can get simply by filling out this form and giving to the wonderful people at the table back there. If you have a following in a niche or an occupation, and you want to make obscene amounts of

money easily, doing almost nothing, fill out the top half of this form. It takes a lot of work on our part to set it up, but not really that much on your part at all. Therefore, those that give me this today are going to be at the top of the line. Those who don't may have to wait months, even years, for development.

Number two, Dan is going to be putting more energy into his No B.S. e-letter. In fact, he's going to put energy into it. Or rather, I'm going to be putting energy into it and Dan will be getting checks. If you want to get that, we need your e-mail address. If you don't want to get it, let us know too.

I will be doing seminars starting in 2001, where we're going to spend two days talking about the nitty-gritty nuts and bolts of how you make all this stuff work. They're going to be \$1,995. And if you want \$500 off, this group, just let me know. So when the seminars roll out, I can mail you and you'll get \$500 off. So that's number one.

Number two, this is a whole bunch of stuff that I sell to educate business people and entrepreneurs about the Internet. Please pay attention to the bonuses. Last month or in May, I was at Worton Business School, giving a workshop on how to do all this stuff. It's a very tough audience, as you can imagine.

Dan: Don't be too impressed. They let me come.

Number two, I did an interview conversation with Jonathon Mizzell about the steps of an Internet roll-out. What's step one, what's step two. This stuff does not exist anywhere, at any price. Nobody's thinking this way. They're all talking about superficial stuff. You can get that tape as part of this program.

The other thing you get is an hour with me and my top web designer, which will save you tens of thousands of dollars just on its face. The value of all this stuff is \$2,620. We are making it available for \$795. The first ten people that buy this from this group can have it for \$495. So if you're one of the first, you can cross out the \$750, write in \$495. You're never going to see it cheaper. In my humble opinion, I don't know where else you could possibly get all this information together for less than thousands of

dollars and thousands of hours of your time.

Dan: The Gold members already have the Mizzell tape, because you were kind enough to let me give it to the Gold members. You've got some other report or bonus you want to give Gold members, and they can just write on the form that they're Gold, and you'll substitute something?

Ken: Write down "domain name." I'm doing some research into the buying and selling of domain names. It's actually not a bad little business. I made money in it accidentally. So if you're a Gold member, just write "Gold" on the form and Ken will sub a bonus. Jim, you started to play significantly. Seriously, you've got about five minutes.

Jim: First of all, if you're not a Gold member and you don't have the Mizzell tape, Ken's a little bit wrong nobody else is thinking about this. We talked about it the other night. There's ten steps in that interview that are exactly what everybody should be doing. What you're learning here is market, how to create a product, how to create your sales letters and get that going. But then once you go to the web, if you still need a product and all that, that's a different story. But once you've got all that, there are some steps to take. I'll give you the steps real quick. We won't be able to explain them, because I don't have time. But Yanik here is pretty much doing them, and it's probably because he worked with Ken. But if you want to get your pencils out, I'll give you the steps real quick. Stuff Dan doesn't let me do with the Platinum, because it's such a close atmosphere. He can actually throw things at you.

First thing you want to do is you've got to market. You need to know what keywords and what things people are going to search for. So go to GoTo.com. Go to the help screen, find their suggestion, their keyword suggestion tool. I'll give you an example as I go through these steps. The HVAC company we did, I plugged in HVAC, there's a bunch of peripheral keywords people hit search on HVAC training, HVAC marketing. I ended up with about 10,000 hits that I could have paid for the prior month. In a niche like that, they would have cost me one, two, three cents apiece. So you're talking \$50, \$100 to get a pretty good amount of traffic to your site.

Dan: And you buy that position for essentially however many hits you want to get to run your test.

Jim: Right. You figure out how to use the suggestion tool, and that's fine. You can bring up the bid tool, too, so you can find out what people are paying. You bid an extra penny. you're number one. Frankly, you could probably be one, two, or three at GoTo and still be okay. But in some of the niches, it's going to be a penny. It's going to be five cents. It's going to be seven cents. That's a lot of clicks.

You've got to get your site working now. You're not going to have much time getting Ken's help doing that anymore. But go look at Yanik's. That's a good example. Go look at the HVACprofit.com site. It's as simple as you're going to get. I had a discussion form. I had "about me," "contact us," "home buttons," "product," everything. It's my sales letter. Sells a \$500 product.

Dan: Which by the way, let me quickly tell you that I am increasingly hearing of the successes where the site is nothing more sophisticated or prettier than the sales letter on the site. Where you would physically turn a page, you click a button to turn the page. And that's about it.

Jim: That's where you can even do it poorly and it works. if your copy is good and it already works now to your niche when you're lead generating, slap it up there.

Ken: If I could just add to that, every single successful how-to-make-money-on-the-Internet marketing guy uses that format to sell his own stuff. And they're the biggest players, other than the porno guys.

Dan: They kind of do need pictures.

Ken: Yeah.

Dan: Okay Jim, go ahead.

Jim: One last site that will help you determine what people are searching for, and this is no affiliation to me. Although I wish I would have thought of it. It's called JimTools.com. I'm not going to say anything about it. Jim.

Step two. What you're going to get out of that first step is you're going to buy traffic. \$50, \$100. Those that have the Mizzell tape, again, you're going to hear this in a little more detail. They go to more steps than I use.

You've got your traffic. There's some tools you need to find out about the visitors and how far they're going through your site and why they're not buying. You tune up your site, you get it working. Now you're ready to start rolling out a little further. Now you go to the search engine, regular free search engines, while they're still out there, and you submit your pages. There's a whole thing about search engines. It's a full-time job. Planet Ocean. find their book. It's a great book, great service. Give it to your webmaster and it will get you on the top of the search engines.

I tested with just GoTo. and once it was working and we were getting a couple of sales, go to "pay per click search engines." Just like it sounds. Pay per click search engines, all one word. Is that right, Ken'? They'll give you a bunch of other GoTo's. Insignificant compared to GoTo. One of them's kind of picking up some steam. I forget which one. But you can buy traffic from there, too. These are onesies, twosies, threesies. But they add up, especially when you know you're closing 10% of the visitors or 4%, 5%. You've just got to bite when you know your cost.

After your search engines, this was a big laugh, banner advertising. Going out and buying the banners, getting them slapped on CNBC or Yahoo. Big companies are spending millions of dollars doing this. It's like image advertising. They're not getting anything out of it.

Dan: Remember the number one rule about advertising, because it doesn't change when the media changes. Never emulate the big, dumb companies. It doesn't matter whether we're talking about billboards or we're talking about the Internet. Anybody who's big is dumb, it's synonymous. The bigger they are, the dumber they get. You don't want to be copying Buick.

Jim: I'll sneak one thing in. If you have your sites now and you use some of this advice, you're going to want to change them because they're probably garbage right

now. So what's going to happen is you're going to put your sales letter up, for instance, but you're going to have all these pages you got rid of from your old site that might still be in the search engines. You need to keep those pages and do a redirect to your new page. Talk to your webmaster about that.

Banner advertising, how we're using it is we go to the trade magazines and the manufacturers in our industry and we get them to put our banner on their site. So when the HVAC contractors are going to buy tools, they're going to the main trade magazine because there's information about conferences and there's always free info and industry updates. Well, that's as targeted as it gets. They click on your banner, they come to your site.

I put a banner for how to make more money in your heating and air business on Yahoo, even if it's in the right area. First of all, it's going to cost me a fortune. It's not going to get anything. So it's tempting to go to the services that let you swap banners and pay for banners, because they promise everything. But don't do it.

Ken: That's great advice. He's totally right. You've got to do your own homework. Forget all the services.

Dan: You probably won't get through the whole list. You've got two minutes.

Jim: What was that? I don't know what step that was. Three? Four, e-mail. I can skip that, because he talked about e-mail. That's opt-in e-mail, and you can see how it's farther down the list. We've done some other things first.

Then joint ventures. Yanik did a few of these before he got his affiliate program going. It's tempting. He's got 250 affiliates. He hasn't been doing it very long. We were going to do this with our HVAC site. We talked about it for the remodeling industry. We've got to get an affiliate site going. But if you go out there

and start it and your process sucks, the sign-up kind of doesn't go smooth, you don't have any good banners to give them, they're pissed off. They're never going to join your affiliate program again. Even after you get it running smooth.

So if you go out to the contractor magazines, like I did, and some of these other things, you'll find the glitches there. Once that's working and you know it's smooth, then you start your affiliate program, because you know they'll be able to join easily.

Ken: Your affiliates need to make money, or they won't stay on.

Jim: And then the next step's actually the affiliate program. The step after that is you use something like Planet Ocean's search engine book, and you really optimize for the search engines. And that is a whole science. At this point you'll be making money. You pay somebody to do it.

Dan: Jim. thanks. Stay. Gives you an idea of what we get in Platinum. Well, you might want to sit in on a meeting. We're going to be able to take a few questions. Start right there.

Attendee: I've looked at a lot of the sites that you described, where they're selling how to make money on the Internet and they are all pure sales letter sites. They're not trying to create stickiness, they're just trying to get your money. Do you feel that there's a difference between a successful sales letter that worked in print? Often, they have lots of bolding and lots of exclamation and such, and putting that same sales letter exactly as is on the site, or does it need to be Internetized to soften somehow?

Jim: I think one of the biggest things is the underlining. People try to click on it because they think it's going to be a link.

Attendee: Right. That's a mistake.

Jim: I think, and I haven't had a chance to study it, strong language. But you have to tone the graphics down a little bit. For some reason, hype really jumps out more from the computer screen than it does from paper. It's just a perception I have. A letter is psychology. So it can seem like you're saying nothing. But by the time they get to the end of it, they've got to buy this thing or they're going to die. So keep that in it. Keep the psychology.

Dan: What you're saying is the content has to stay the same, but you're going to make

cosmetic changes?

Jim: Yeah. Be careful about 18 exclamation points and all this. The guys that I've seen that sell a lot of product in the how-to market, the legitimate guys and the guys who tend to be making pretty good money, they're doing fine, strong language, strong ideas. Copy is ideas. It's not just throwing a bunch of words around. It's ideas. You're trying to put somebody in a state where they have to do something. Keep doing that, but be careful.

Ken: Don't get bogged down. The HVAC site is a 20-page letter that Dan wrote, and has kind of massaged through the years as the business evolved. I don't any "go to the next page" clicks. The whole 20 page streams straight down. It loads a little slower, but there's the table trick and there's things to make it load quicker. But I slapped it up there.

Now, I might break it up as I see people are dropping out, and try to test it, but it's just 20 pages. I think, Jeff, you've got a client with an even longer one up there.

Jim: This is important. There's a company called Hot Socket that everybody should study. They're in the business of they don't charge for their services, they only charge you for what they sell. They go out and they'll develop websites, and they'll do campaigns, and they'll do all this stuff for you. And they tend to work

15-37with publishers, like Business Week and so on. So they've done some good studies that I would think are reliable. They say, "Yeah, one long stream. Don't have them clicking pages."

Now, that's really funny, because a lot of bright people, including if I'm in that category, thought for a while that this clicking thing was important. What Hot Socket discovered that is so logical is every time you're asking someone to click somewhere, there's a danger that there's going to be a hiccup out there on the network. Once that thing loads, it's in. And people are now smart enough—they might not have been smart enough originally—that they know if they don't want to read the whole thing and they want to cut to the chase and see what it costs, just like they do in a regular letter, they can do that. They can just scroll all the way down, scroll up and scroll back.

So I think the long sheet is working.

Dan: Next question. Who has the mic? And then Ted, just come forward. Skip some people and come forward so we get somebody in each hunk of the room.

Attendee: I don't have a question, I have a quick testimonial. If you're thinking about using Ken, Ken just finished my site. In fact, we just wrapped it up Monday before we left town. It only took three weeks. Could have taken two weeks if I hadn't dragged my feet. It's beautiful. My ten-page sales letter is in that, if you want to see another example of that. It's WriteToBusiness.com/writers. And Ken and Betina, who works with him, are just wonderful to work with.

Yanik: Thanks. Nancy's site had to do many things. She markets to corporations, she markets speaker services. So we couldn't just slap a letter up. We had to do a lot of other things to create effects for that.

Jim: The one thing you would change with copy that we did, slapping this 20-page thing up there, basically it's after you get to the next screen of text, I've got a big button that just says, "Get it now," so that they don't have to scroll all the way to the bottom. So at any time, if they're tired of reading and they still want to see what's going on, there's always a button up on the screen that takes them right to the order page, which summarizes everything they get.

Attendee: My question is a sales question, not a computer question. Number one, can you get \$895, \$995, \$1,495, \$2,995 on the web, like you can for books and tapes?

Dan: You're talking \$8.95? You're talking \$895? Okay.

Attendee: Right. My thought on that is I know you're opening yourself up to a huge market and the potential is so much greater, but it looks like they're getting the same goods instead of paying \$895, they're paying \$3,995. Instead of paying \$900, they're paying \$50 for them.

Ken: If you're looking at all the how-to-make-money-on-the-Internet stuff, a lot of that's happening. In goods, it's obviously happening. Amazon's selling books. It's

ridiculous. But they're not going to find a tool kit for HVAC guys anywhere else. We are testing currently a \$500 package, which is an Internet special, "We didn't have to pay magazines to get you, so we're giving you a discount." We trying to get them to buy right then. But prior to that, it was a \$697 basic, it was an \$897 deluxe. Same thing we did in direct mail.

Jim: So if you have a niche, and if you don't, you don't. The Internet guys who have a pretty big pool to play with, they're selling things at \$2,700, \$4,700.

Ken: They're building mailing lists, too.

Jim: Because once they get you, they can now joint venture with all the other guys out there. They're a rabid group of buyers.

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Dan: They're playing a different game, but that doesn't mean that you can't play this game fundamentally the same way you would run your business with other media. Fair summary?

Jim: Yes, absolutely.. And to play that game, I would pull out a couple of chapters out of my big course and make it into a small book. Maybe even an e-book. Test that, too. So they could get it instantly. And now, get them for the \$29 for that couple of chapters that was in your big course. And then you get their e-mail.

Dan: But if you do that, load that book also with testimonials and stuff. Put a lot of salt in it, as well as the content.

Attendee: When you have your entire special report on the website, do you capture that lead then for second notice, third notice?

Ken: We go straight for the sale. If they don't want to, they can sign up for our ezine also, and then I e-mail them and say, "Hey, we've got some new things." And I get them to click back to the site.

Attendee: What about sending special report via e-mail?

Jim: Something to test.

Attendee: Are you doing that?

Ken: They've got it right there in front of them. No, I'm not doing it.

Attendee: But you don't have a mechanism that they can just request it by e-mail?

Ken: It would be an awful big file. So what I do is periodically e-mail and bring them back to the site to see the sales letter that's there.

Jim: One very smart guy I know, Patrick Anderson, and some other guys, are giving away courses, like correspondence courses, so they get an e-mail every couple of days teaching them something about Internet marketing. And, of course, there's a pitch in every single lesson. And when they get to the end, there's the big pitch. And, of course, when the course is over, they get pitched for the rest of their lives.

Yanik: Right. That's actually what I'm doing on the Instant Sales Letter site, is they get a three-part mini course on direct mail, and then they get plugged into a bunch of stuff, a lot of follow-up. They get a pre-done e-mail newsletter, so it's all done for me. One of the best spots I've found for that is GetResponse.com, which is an auto-responder, but it does a lot more.

Jim: An auto-responder is something that automatically follows up. So if somebody sends you an e-mail, the machine just kicks out an e-mail to them. You don't have to be there to push any buttons. And, it captures their e-mail address.

Dan: Questions? Randy's first, then you. He's got the *mic* right behind you.

Attendee: Dan, being new to the direct marketing aspect with direct mail, what type of automation, if any, do you use when I hear people mailing 10,000 pieces a week or whatever?

Dan: You're asking me a software question?

Attendee: Not software.

Dan: In any kind of quantities, I and most everybody else outsources that stuff. They do the small stuff internally, the big stuff outside. The guys that play around doing

10,000-piece faxes with their own software on their own computer, it's like cutting your own grass. You can hire a high school kid to cut grass and he needs a job. What are you doing out there cutting grass? You outsource that stuff. You're into the vendor directory. You're into the vendor hunt. You're really not into an answer hunt.

Attendee: Is that in your rolodex?

Dan: Yeah.

Attendee: Okay, thanks.

Attendee: Dan, I've got three information products, \$295 apiece, that I'd like to sell. I have just come across a nice bonus. It's a three-tape set, and I've got four of them. They're dealing with the Internet. They're related, not exactly with my product, but they would be of interest. I want to use those as a give-away premium. Call it 300. 300, 300. And then I've got two, two, two, and two for giveaways. Give me some pricing ideas on if they buy one, they only get the \$295.

Dan: Okay. There's a number of things that you can do. If you see Brian Tracy *sell*, like from the front of the room, *it's* simple tiered pricing. It's one is \$295. If you buy two, they're \$245 each, you save \$50. Pick a number. If you buy three, they're \$225 each. What most guys will try and do is structure it so that if you're buying three, it's like getting the third one free. Then you can tier your bonuses. So buy one, pick any one of the three bonuses. Buy two, pick any two of the three bonuses. Buy all three, get all three bonuses.

Attendee: Get all four.

Dan: All four.

Attendee: I didn't know if there was a little formula.

Attendee: On the Internet, they've got a report that they do that saves you all of the checking of what day of the week, what's the best hour, and all that stuff. At least on the one I've got. It's a very detailed analysis of where your hits came from, time of day, all kinds of stuff that's helpful. Also, I've got music on my site, and I've polled a

lot of viewers to ask them if they like the music. Half of them don't like the music and the other half do.

Dan: So that's not definitive, but it is an interesting idea. Here's what we know about infomercials. We know music makes a difference. We know that the selection of the music during the CTA, sometimes behind testimonials, the opening music, we know it matters. So why wouldn't it matter here? There's a whole area of experimentation that probably not a lot of people have even spent any time on. But I'll bet you it ultimately proves to be significant and important.

Attendee: I put my warrantee on what they call a "marquee," which runs across moving. It's a great grabber.

Dan: Yeah, like a weather bullet across the bottom of the screen.

Attendee: Right. Like the Times Square Building.

Dan: Got it. Very smart. Who else? Somebody else want to talk about something? Alright, well why don't you guys all go to lunch? We'll start with the ones coming back in a second. Have you been here for a while? You missed a session you needed to be at. You missed what you needed to be at. I can't wait to get you the tapes.

Attendee: Dan, could you tell me please, in conventional direct mail, conventional wisdom, if costs were no option, would four-color graphics and a glitzy look improve, do you think?

Dan: Not necessarily. If we take price out of the equation, the first thing I'd spend more money on is on selection. Second thing I'd spend money on is delivery. Obviously, it varies in certain markets. Let's say we're going to sell cosmetics. You almost have to have a piece. I say "almost," because there are exceptions. I have a client with a 16-page sales letter selling skin care. There's not a before and after picture, there's not a picture of the product.

Yanik's in cosmetic surgery. He's got clients who are marketing cosmetic surgery with black on white. It's more common to beat a glitzy package control with an unglitzy

than it is for anybody to ever beat an unglitzy one that's working with glitzy.

So yeah, there's times that it's helpful. but it sure isn't a lock. What you can't conclude is, "Gee, everybody's doing this dirt-cheapy looking stuff because they can't afford to put a full-color brochure in with it. That's not the case.

Attendee: Then as a follow-up question, in the Internet space, where you're going to put a sales letter up on a website, your customers can select a high bandwidth or low bandwidth option. So if you have graphics, it doesn't have to upset them. I guess you'd test both, right?

Dan: Yep.

Attendee: To just basic Internet concepts, as far as marketing rule goes, I took a report, put it out on the website, put essentially—I'm not the techie guy—what I would call a data collection form, so I'm capturing all the information. Then they would click a button, a screen pops up and says, "Congratulations, it's on its way." And then we would send it traditional snail mail. Great conversion rates meet or beat our normal procedure in marketing, ATG phone lines, that sort of thing.

Dan: Let me guess. You decided to switch it to delivery by e-mail, and your conversion rate went to crap.

Attendee: You've got it. Now we're pulling it all back to the old way. Should I just accept that and be happy that I've got an electronic version of ATG?

Dan: Yes. You have just described what eight out of ten people are going to experience if they try and do this predominant selling by e-mail. That's why having the whole letter up on the website is better than letting them ask for it and auto-respond it to them. It doesn't damned work. Everybody's tests have proven it. There's too many things now we can't do at all with that e-mail. We can't boldface. At least when we can put it up on the website, we can do 80% of what we would do in print. When you send it to them in e-mail, you can't even do 20% of what we would do in print.

So what everybody's experience is, who I know, is exactly yours. So my standpoint is here's the only usages I'm interested in, is what was just described, full-blown sales letter up on the web, they've got to sit there and read it on the screen and then they can buy and/or lead capture and send the primary pitches in print by snail mail, the same old way, to make the major sale.

Now, can you use e-mail as additional nudges? Yeah. Can you use e-mail to keep going to the leads to get them to raise their hand the way you want them to raise their hand? Yeah. But to replace your primary sales package, you're going to experience every time what you just experienced.

Attendee: I would assume there's fall-off as well in putting the whole letter on the website? Because we actually did a PDF deal, where they click and they've got it, they can print it out on their printer, just like I send it to them. But that still sucked.

Dan: But let me tell you something about that. You still don't know that. Everybody tells me that, and then I see what came out, and it ain't the way you wanted it to be. The second question, sure, there's fall-off even when you let them read it on the site. But it's nowhere near as dramatic as what you experience the other way. If you wanted to run this the optimum way, you would only use it to capture leads, and your primary mail to sell your primary product, if it's a high-priced product, would be you're just taking them and using them. It's another lead *source*.

But there's a lot of people, and whether they'll be happy or unhappy down the road, like Ken said, a lot of them don't want to screw around with books and tapes and any kind of physical product at all. They're just happy to take the trade-off and deliver what they can deliver electronically, and people are happy with that. Well, that's okay right now, because they're making money doing that.

Now, five years from now, they may regret having made that decision when they're sitting around with a bunch of poorly-developed customers from whom they haven't milked the most money possible. And all of a sudden, it's harder and harder.

The same thing happened in the infomercial business. When everybody was getting

rich on the front-end, you couldn't get anybody to even have a conversation about backend. "Screw that, let's just produce another show." And five years later, they're all in bankruptcy court because all of a sudden, media costs, instead of being able to buy half an hour for a grand, the station's saying, "I want \$20,000." And there were enough dummies standing in line to do it, that everybody lived off tests.

So something like that can happen to this game where, all of a sudden, instead of being able to buy a click for a nickel, a click's \$50. Now, everybody's going to be sitting around saying, "Shit, I wish I had a bunch of customers that I could sell books and tapes and CD's to."

Attendee: I have a personal question, since we're all information marketers. I think all of us here have even done this. You're in this business, people walk in, they multiply the number of people who have attended by the amount they think was paid.

Dan: Oh, the seminar business?

Attendee: Seminar or boot camp. And they say, "Oh my gosh, he made a fortune." Well, I don't think half of us in the room understand the amount of work and effort you go through to fill the seats. Could you give us a little overview of your methods, the amount of work you have to go through to fill your super-conference that's coming up in October?

Dan: Sure. Let me give you a general answer to your question, and then let me give you some specifics. The general answer is this. One of the worst marketing jobs on the planet is filling seats. When I got done with the Success Track business in 1987, I said I'd never be in a fill-the-seats business again as long as I live. I never wanted to deal with it. I never have, in terms of front-end. There's a couple people here in the public seminar business, which fundamentally we were in a niched public seminar business.

Boy, it's an ugly business. And it's enormously expensive to put people in those seats. I'll give you a Peter Lowe example. Here you've got 20,000 people in the room. The cheapest they paid is \$49. Somebody comes in and counts that gross. He's in the negative when the doors open in three out of four cities. Between the cost of filling the

seats, the cost of the speakers, the cost of the arena, the cost of the production crew, he's in the negative. The only money there is in what we sell. His split or what we sell from the stage. Anybody has a bad day, he's in big trouble. Zig has a cold, that city's going to be a loss. That's how tight that business is. Proportionately, a lot of seminar businesses are that tight.

Now, this kind of a niche market, this, Joe Polish doing a boot camp for carpet cleaners, all of the economics are different because we're selling only to our customers. So the cost of sale is significantly lower. The responsiveness is significantly higher. The number of steps in a sequence required to get the number of bodies you want is lower, so there's less manual labor just involved in doing all the marketing. You hardly ever need anybody to do closing on the phone, so it's not personnel intensive. I don't do it at all. Some guys do that, who are niche marketers. They'll have one person in the office who will take calls and push people over the edge. Some will even do a little outbound telemarketing, if they get pressed. We did it last year for the super-conference. Tracy got on the phone in the last probably three or four weeks before the super-conference and ground out X number of additional attendees. Which, by the way, there's no doubt that works. It's just a question of whether you want to do it or not.

So the economics of a sell-it-only-to-your-own-customers event are significantly better.

**INFO-RICHES SEMINAR 2000
HIGHLIGHTS PACKAGE**

AUDIO CD TRANSCRIPTS

CD #16

You take an event like this, this baby ain't cheap to put on, and I'm not paying guest speakers. But still, your hotel bill is enormous. Your guarantees are onerous. So if you make a mistake, you're really going to get slam-dunked.

Again, it's nice to deal with your own customers, so you don't have to do full room blocks. But even partials, most of the hotels these days, for example, if you do a room block and you come up short, you're not just responsible for the cost of the unsold rooms, you're responsible for the estimated revenue they would have gotten in the restaurants and the bars from the bodies you didn't put in the rooms. So you come up ten rooms short for four days, you've got 40 rooms times two bodies, you've got 80 people who they're going to say would have eaten three meals, drank four beers, etc. You could be in the hole big time, in a hurry.

Hand out materials, copying costs, believe me, it all adds up. So a typical backend boot camp for a niche marketer, they're going to be around 25% net if they do

everything right. Joe puts 150 in this fall; 50 of them will be alumni. That's another thing. When everybody counts gross, they take the gross registration fee and multiply it. But very few people in the room are ever paying the gross registration fee. Like in this case, they got Gold discounts, they got Platinum, they got this discount, they had a certificate from over here they had \$100 off on.

So maybe he's got 50 in at \$500, so that's \$25,000. And let's say he's got 100 in at \$1,000, so there's \$100,000. So he'll be at \$125,000. If you want to do a big thumb rule of that, multiply it by 25%. Whatever that number would be, if he does everything right. that's going to be his net.

Now, like in Joe's case, he overspends on some things, in my opinion. Like he feeds them at all of his boot camps. I never do this. I did this this time, because I had to have the lime. But I never do this. I turn them loose. It's expensive to feed everybody. So Joe may come out at 20%. He may be down around a 20% factor. And that's including not just the registration money, that's his share of what's sold there. I'm counting all the money made. He's going to be around 20% when all the dust settles. That includes cost of sale and everything.

Now, you take an event like a super-conference, that's even uglier. Because there's speaker costs in those things. There's fees. This is the first year I haven't had big fees. I haven't had a high-paid headliner. But Vance, Brian, those guys, you're writing a check. There's travel costs and there's hotel costs and all of that. So the super-conference is more expensive to put on than this and far less net. There was, for example last year. there was infinitely more net that came from the free customer appreciation seminar than from the super-conference. I made more money in one day at the free seminar, than I made working three days at the paid superconference. I had no expenses except me, and we sold a ton.

But in every case, including boot camps in niches, it is extremely important to make money on your speakers. It's critical. That's one of the reasons I'm stopping doing super-conferences, is because the task of trying to find a speaker who meets all of the qualifications I need is Herculean. They've got to deliver legitimate value. They've

got to be doing something that we didn't do last year, because I have alumni. Just about everybody has that environment.

You get a guy that can pay his own way, which like for other guys, I can pay my own way. But you take like Joe or somebody that's been at this a while, this is the last year I'll speak at his boot camps. And it's not necessarily because I don't want to do it and it's not because he doesn't want me there, but he's got so many people who own my stuff and have heard me two and three times, that I'm not a detriment to attendance rather than a help to attendance, and I can't pay my own way.

So you can't afford to take that time slot and use it up for me. It's kind of like running a retail store. This amount of shelf space better turn this amount of dollars per calendar month, or we've got to get that product out of there and put a product there that will. In the catalog business, it's per square inch. So this product has to generate X amount of dollars for these four inches on the page. And if it can't, we've got to take it out of there and we've got to put a product in there that can.

So this game is if you're going to give somebody 45 minutes, they've got to generate X number of dollars as a result of doing those 45 minutes, or you've got problems and you should have had somebody else in those 45 minutes who could generate X number of dollars. So I've got to have somebody who's going to turn the dollars, who delivers legitimate content, who everybody's happy with, who isn't going to do anything strange to them later. Ain't going to sell them bad stuff later, rip them off, take advantage of them, give them bad service, who's going to guarantee everything they sell unconditionally, because I'm not going to let anybody do conditional guarantees. Make a list of everything I need. I'm out of human beings. I've used them all up. And it's the least profitable thing we do.

Is that helpful to you? Is that what you wanted to know?

Attendee: Dan, will you let us know what you did to get us here?

Dan: Not much. Attendee: Not here, but the super-conference.

Dan: Well, not even much for that. Let's do the super-conference. We did one preliminary mailing last year, which we sold sight-unseen advanced registration at a discount and on a layaway plan. Of course, we sold it at the super-conference. You sell the next one at the one you're doing. So we got some right there.

Then we did the advanced discount, sight-unseen. I don't even think we told them the dates. I think we just told them the month, if I'm not mistaken. We didn't even have the date set, but it's going to happen in October. The only thing you know is I'm going to be there. Beyond that, you know squat. For taking a chance on all that,

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you can have X discount and we'll put you on the equalizer plan and pay it out every month, so by the time the thing comes around, you're paid off. I think we did 20 or 21 or 22 entities on that basis. Single mailing.

Then we did an insert in the newsletter, which is the same piece we handed out here today. The one with the picture of me on the elephant on the front of it, which some smart-ass asked which one of us was named Jumbo. When you're a smart-ass, you breed your customers.

So that went out with all the newsletters. Hardly any other mail. Some guys will use, like Chauncey said, he's testing this piece with expires. The triangle box. He's sending it to some guys who just bought his \$20 product, but didn't buy his... I don't do any of that. So it only goes to members.

There's a few rare exceptions. Sometimes, like last year, Ted Thomas took 500 brochures and sent them with a cover letter to his best customers. He did it as a favor in one of the joint venture deals. I don't seek that out. Some of the Platinum guys sell one or two to their best customers that they really think should be there. So like Ron had three there last year. He called them personally and said, "I'm going and I think you should go. Call Kennedy's office and sign up." So some of that happens. But it's statistically insignificant.

So the brochure in the newsletter. Then this month's newsletter will have a second pitch to those who haven't signed up. I did the same thing last year. I do the same

stuff over and over again, with slight variations. It's a big, red page, and it says, "Red alarm bell," "Alert," or something like that. "Time's running out and all your discounts have expired, but we've set aside two days. And if you call Carla on those two days, she'll figure out the discounts you would have gotten if you'd done this when you should have done it, and get you registered." So it drives them into a narrow window of activity. So that will be in all the newsletters to the folks who haven't already signed up.

We put it up on the website. Ken takes the brochure and puts it up on the website. Last year, we had four non-members at the super-conference who enrolled off the website. We do an e-mail blast to all the accumulated e-mail addresses saying, "This year's super-conference information is now up on the site. Come look." It isn't much more elaborate than that.

And, of course, each year the e-mail list grows. It's getting significant. I got four last year, maybe I'll get six this year. I don't know. And I nag in the newsletter. I nag, I nag, I nag. I go out of my way to use a success story or an example from somebody who was at last year's super-conference. My Gold tapes leading up to the super-conference are often interviews with people who will be speaking at the super-conference. So I nag, I nudge. I'm in their face about it without a full-blown pitch.

And then, depending on where we are, the last thing we would do would be some kind of a last-minute thing a month beforehand, probably only to Gold who hadn't signed up and to new members who had come in during that 60-day period. And we would do that by fax to everybody we had a fax number for, and that's it. Does that do it for you? Okay.

Attendee: Dan, I market business-to-business, and there's some lists out there that will give you the contact name, address, phone number, but will include like the email address, website, fax number, additional whistles and bells. What do you think of that type of source in terms of multi-channel?

Dan: I think it's fine. I think you're best advised, if you're going to use cold e-mail to them, to do very brief stuff designed to *drive* them to the site. To get something, make

them register, collect the name.

We're doing a thing right now, for example. I'm about ready to have Ken do it. We've got a site called ArizonaSpeakersBureau.com. We've got me and eight or ten other speakers at the site. So we're about to take all the e-mail addresses of all of the members of ASAE, the Association Executives, meeting planners. Got the directory, all their e-mail addresses are there. We'll junk e-mail. We'll blast e-mail them. "Go to this site to get a free copy of the book for meeting planners of 92 ways to boost attendance at association events and conventions."

That's all the e-mail's going to say. This free book's up. It's *92 Ways To Boost Your Attendance. It's e-published*. You can go get it at the site. All we want, obviously, is them to go to the site. To get it, of course, they're going to have to opt in. So we will then wind up with X number of this huge batch who wanted it bad enough to say, "Okay, you can send me other stuff about your speakers." So that's pretty soft, if you will. And therefore, it's likely to be inoffensive to all but a few. And I don't mind offending a few. I think if you junk e-mail them all a fairly elaborate pitch, you're going to have problems.

Attendee: I did something conceptually real similar to what you're describing, to a bunch of my company's customers, and I got a 40+% response on a free report kind of an offer, and that works really well.

Dan: Yeah. With our list, when we do an e-mail blast...

Attendee: It's a lukewarm list, by the way, is what I have.

Dan: We often will get 40%, 50%, 60% returnees. And that's basically all the email marketing I've been doing. Periodically, I write a little couple of tips, little things. We post some new freebie on the site and Ken e-mails all the accumulated email addresses and says, "Come get it." A bunch of them come get it. And while they're there, they spend a huge number of minutes. The average minutes per visitor is ungodly. We always do business. They subscribe, they buy product. It's always worth doing. I just don't do it often enough.

Attendee: I'm puffing together an information product for direct salespeople, and I've heard you say a couple of times here about that personal development is a tough sell. One of the things I've taught in the past is what I call the "inner game of selling," which is all that kind of stuff that you have there. If it's that bad, why is it so popular and why do you have a program around it?

Dan: It's so popular because it's what everybody wants to sell. Virtually everybody who gets into speaking, probably 80% of the people who get into the speaking business this year, get in because they want to be a motivational speaker.

When I had the Self-Improvement Center, I could have sold more franchises in a day than I sold products. We had people streaming in the doors wanting to get into the business. We had no customers. If I had had less integrity, no shit, I probably could have sold a franchise a week. And you could disclose to them it wasn't working, and it didn't make any damned difference. Everybody wants to be in the deal. They find it. they fall in love with it, and then they decide, "Gee, the whole world's waiting to hear about this. I'm so excited about it, if I just told them," and it's a huge shock for everybody to discover that the whole world ain't waiting to hear about it. In fact, 95% of the world would rather that you did not disturb them with the idea that they really should be doing better than they are.

Attendee: What about specifically the salespeople?

Dan: Even salespeople. It's not as bad, but there's a vast majority of the salespeople for whom, basically, the idea of success education is just annoying. It's like, "I wish these people would stop yakking about this goal-setting shit, so my sales manager would stop bugging me about it and I can go to the go-go bar and be undisturbed.

The other reason it's a tough sell is—understand this—what I said yesterday about religion. You're selling religion with no promise of salvation. That's what you're doing. You're selling philosophy. You can't eat philosophy. So the further on the soft scale you get, the harder it is to separate people from their money, because they can't

justify it with a measurable or a He clear-cut argument.

See. I can say to you, "Here's a book with 50 sales letters in it. They're all tested, proven." Let's take the sales *guy*. Give me a sales *guy* and pick a field.

Attendee: Water treatment.

Dan: Water treatment. I can say to the guy, "Here's what I've got for you. I've got a flyer, that if you'll mail out 100 of them a week, you're going to get five phone calls, two appointments. This is what's going to happen. Here's a script. If you memorize these five closes, they're better than the closes now. All you've got to do is memorize them and try them. You're going to find your closing percentage is going to go up. If you get one more appointment a week and you close one out of four, that's another sale a month. How much do you make on a sale?" "\$280." "Boom, that's \$280. If the script improves your closing percentages by 10%, what do you close now?" "30." So if we could close 40, how many more sales a month would that be?" "X" "Times \$280." "Boom, \$1,462. Package cost, \$300. How dumb are you?"

It's the money close. If the bank was doing a sale today, and for every \$10 bill you had, they gave you \$20, how many \$10's can you round up? How many friends and relatives and neighbors do you want to round up with you to go to the bank with their \$10's? And how many times will you go back to the end of the line, stand in the line again, to get back up to the front and exchange more \$10's?" I can't say that about this. A) I can't prove it. B) I can't document it, so I can't claim it.

See, there's this connection that if you don't have the right self-image, self-image limits performance. You and I are talking the same language. Even if I give you all these tools, you either won't use them or you'll sabotage yourself and screw it up so you won't improve your closing percentage unless you fix your self-image. But that's a much harder argument. It's just a much tougher pitch.

So all the great self-improvement successes have been perverted. And by that, I don't mean sexual pervert. They have a factor in them that is very hard to duplicate. Go down through the ages. Dare To Be Great, Holiday Magic's Mind Dynamics, Dare To

Be Great, huge multi-million dollar hits in the self-improvement business, but all tied to a pyramid selling plan. Take the pyramid selling plan away, nothing there.

Tony, TV, once in a decade occurrence. Not that it hasn't been attempted to be duplicated, believe me. I could show you 50 shows, including Brain Tracy, Tom Hopkins. Zig twice. Go down the list. Tony, unique. There's a factor in there. Everything we're doing here is formulaic. You can't clone that. There's a weird factor in it. EST, Sell It By Zellit, he ran a pyramid plan without compensation. If you're not willing to duplicate that, you've got to be willing to create a cult, a movement, a vast, elaborate, Sell It 13y Zellit system lives today. The forum lives today.

But we're going to run out of examples before we run out of fingers, and every one of them's going to have some weird factor in it that we're not going to be able to formulaically clone. Whereas give me a money argument, and I can formulaically clone that niche by niche by niche by niche. I can take any kind of salesperson, I can clone that argument with. So it's a much harder sale.

Now, the second part of your question, why am I in it? Same reason everybody else stays in it when they get in it, they're doing it out of love for the product and the message and all that. From a purely economic argument, every minute I spend dicking around with that, I should have been spending on something elsewhere there's infinitely better payoff. I've got however many people we've got here, at whatever it is we charged. I don't remember, but it's a lot of dough. There's a quarter of a million dollars sitting here in the room, give or take. Basically, one mailing to my list. How much work do you think it would take to get the same number of people in this room paying the same amount of money for us to talk for three days about the inner game of success? I'd spend all the money and more. I'd be negative when they walked in the room.

We tried it in carpet cleaning. Let me tell you what we tried. At Joe's boot camps, we do hot seats, just like the hot seats here. Here's what's undeniably true, and it's true in every niche, by the way. It's what you and I know. I knew it in chiropractic. The truth of the matter is that all of the technical and marketing stuff that we teach them, the

ones that have huge quantum leaps in their incomes, it has actually less to do with any of that stuff than it does with they changed their attitude.

So like the carpet cleaners, where the quantum leaps come from is the guy suddenly decides to sell something. He suddenly decides to ask somebody for money. He gets his confidence up, and he becomes a different person. That's the deal. They think it's the flyer. It's not the flyer. It's that all of a sudden he actually gave it to somebody. It could have said, "I kleen carpets," with a phone number, and he'd have gotten almost the same results because nobody's doing nothing.

So we do all these hot seats at Joe's boot camp over and over and over again. The questions that they come up with, the problems they've all got are all head problems. They're not marketing. They think they're marketing problems. There's one at every boot camp. "I can't do well because nobody in my town has any money. They're all cheapskates and they buy everything by price." Well, we know where that is. It's here. So he's not going to do well until you fix that.

Then you find out this other one, they have such an aversion to this kind of marketing because their mama and their best friend criticized it all, so they've got that in their head. This one, "Daddy never made more than \$30,000 a year. I can't make more." It's all that stuff. And that's what we're dealing with in the hot seats.

So Joe and I finally say, "Hell, let's do a boot camp about all this. We'll have two boot camps now." So we created Transformation 2000. We had me, we had four or five other really good—all head trip stuff—speakers. I taught Psycho-cybernetics. By the way, it's a great program. It's on audio and video. It's a phenomenal product. Can't give it away. Can't give this thing away. As a boot camp in a box product, not only can't he sell it as a bonus given away with other stuff, it suppresses response.

Now, the ones who came to the seminar, unbelievable results. Extraordinary testimonials. Changed lives. Not us, anybody who teaches them that stuff will change lives. But don't try to sell it to them. I think he lost close to \$45,000 doing the boot camp. \$1,000 apiece, average cost to put them in the seat was around \$2,500. And

that's before you paid the speakers. We killed ourselves. Multiple mailings, four different free teleseminars.

The football guy, I can't remember his name now, but he's on the phone for an hour doing a teleseminar. I'm on the phone for an hour doing a teleseminar. We slogged mud to get them people in that room. I wanted to cancel it halfway into the deal, because I called it an experiment. But Joe, "We're going to fill the sPats." We had three enrollments after we spent \$10,000. I said, "Hey, do the math." "What should we mail them next?" -Nothing!" "Teleseminars." "No, just give back the money. Let me go watch a horse race and you go do something, and let's get out of this." But no.

It's always hard to sell. We had it going a little bit in the Talison days. Here in the Arizona market, there's a celebrity theater here. There's a theater in the round. Seats-I don't know-3,000, 4,000 people. We had that thing full every weekend at \$5,000 a clip, and we had them stacked up out in the parking lot listening to it on speakers. We got about a year out of it running it legit. And then the numbers started to go to crap. We used up the cream of the market. So what he did is he flipped it into fundamentally a pyramid plan. He followed the Dare To Be Great example. And then you could keep it going forever, because the thing is irrelevant. Everybody's doing it to get the money.

But it's just very difficult. And about the only way you can even deliver it is to sneak it up on them. So like what we did in chiropractic nowhere in any of the sales material and marketing material did we ever talk about any of this shit. We sold practice management and marketing and promotion, and we taught this. Because the only way you were going to get results with them is getting them past all that stuff. You couldn't ask for money. All the stuff that's in their heads, you should be treating people for free, the sackcloth and ashes attitude, all of that's in there. So you've got to fix all that or they screw up the other stuff. But you can't tell them that's what you're doing.

I managed to work in 12 minutes on self-image here by talking about the customer. I

was talking about doer, too, I just didn't say it.

Somebody asked me, by the way, in the sales letter it said there were three magic words that if you could just write them on a three by five card, you guys could all stay home. We could give you the three words and you could have your money's worth. Somebody actually remembered and came up and asked me what the three words were. The three words are "it's all math." You could double any sales guy's

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income by giving him a three by five card, if he'd pay attention to it. Just give him Clemenstone's old quote. "The sale is not contingent upon the attitude of the prospect. The sale is contingent upon the attitude of the salesperson." That's it. End of seminar. Head out. The guy would look at you and say, "What the hell is that?! Where's the five magic words I say when I'm closing? That's what I want. I don't want to hear this crap."

Who's got the mic?

Attendee: We talked about the pluses of the Internet. I'd be interested in getting your thoughts about the extent to which the Internet poses a threat to us as

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entrepreneurs selling high-priced information products. In the subscription newsletter business, there's been a number of newsletters that have taken real circulation hits because people have launched free e-mail newsletters. The computer video training business, a lot of those people have gone out of business, because you're now having computer companies bundling that, putting free training on their website.

Tracy was telling me about his ForArizonaRealtorsOnly site and he apparently sells mortgage services. And he gives away a lot of free real estate marketing information.

Dan: Oh yeah, we run a program called The Pinnacle Club. And essentially, we're giving them for free what Craig Proctor is selling them for money.

Attendee: But if you're Craig Proctor, how does that affect you?

Dan: Not good. Not good. The only protection that he has is his personality, all the things that are not duplicatable. See, the answer to this is the same thing that's true about a commodity product.

Let's take Proactive, the acne product. You and I can knock the product off tomorrow. There's no way to protect it. The FDA only lets you use four ingredients to make acne products. Every acne product on the planet is made out of the same four vats of glop. Anybody can get the glop, so there's nothing you can do to protect it. But what they can't get is Judith Light. They can't get the guys who really know how to buy media and do shows.

So it's the parts of you that they can't duplicate. And if you don't have parts that can't be duplicated, if you let yourself be in a business that is commoditizable, like using how to use DOS, the guys that are in that business that have been doing

seminars and the company sends 50 of their employees to learn how to operate, they're dead. They may not know it yet, but put a fork in them. They're dead, because there's nothing there.

I don't care how many people give away marketing newsletters on the Internet, they can't duplicate me. The reason most of my customers stay my customers is me. If you don't have a factor like that, a personality factor or some other factor like it, a combination of things that you stitch together that nobody else is willing to stitch together, it's always the same answer. How did little retailers survive Wal-Mart? A lot of them didn't. But the ones who do have to do it by doing things that Wal-Mart can't or won't do. The best place to be, by the way, is at the high end of the marketplace. Because the first place where all the losses occur is at the bottom.

Who did McDonald's kill? Well, McDonald's killed the local coffee shop. McDonald's didn't kill the gourmet restaurant with 22 tables in it, that's only open on Friday and Saturday nights, and you put your wine six months ahead of time and they stock your cigar. I don't care how many McDonald's you open. You ain't going to affect those guys.

So it's a threat to people who are in businesses that are easily threatened by it. And if they're not scurrying to reinvent their businesses, they're screwed. But us, for the most part, can make ourselves impervious to it. So we have the opportunity to profit from it without being destroyed by it.

We're going to do two more.

Attendee: Dan, I've got a muddy waters question. I've got enough information and the reputation to do two boot camps; one in harassment investigation and one in dispute systems designed for corporations.

Now, the muddy waters is in our area and the surrounding area, we've got two law firms that work with the human resources association twice a year. Put on one-day workshops. They know beans about either subject, and they know less than beans about corporate culture. But they're doing these workshops twice a year, without fail, at \$195. And that's muddied the water because that's what the market thinks this information is worth.

Now, how do you differentiate? Do you do a preliminary preview at a cheap price, or do you go in with the whole boot camp and just go for it?

Dan: Well, first of all, you have two sort of message options. One is to take them on. One is to completely acknowledge what it is they do and say it's crap. "If you think you can solve these problems for \$195, you're a bigger idiot than you look." That's one option. The other option is to so totally change the way that you describe what it is that you do that you're not in the same business. So those are your message options.

Now, as far as marketing structure, sure, you could do \$99 seminars that are nothing but seminars designed to sell them into the \$4,995 program. That's an option. You could skip the seminar all together and sell a \$99 information package, which is designed to sell them into the \$4,995 seminar. You could do the seminar for free to sell them into the seminar. You could send them the information package for free to sell them into the seminar. Or, you could skip the step altogether and just go right to selling the high-

priced deal. Some of that's going to depend on which message option you choose.

But they're not a big enough muddy-the-water factor to be an impediment to you. There are cases where it destroys businesses. Similar to what he just discussed. Career Track, before Pryor bought them, Pryor and those guys pretty much destroyed the \$195, \$95 one-day "I send my staff to it to get fixed" seminar. They did manage to kill it. But they were mailing millions. They were in your face every two minutes. I don't think you've got that problem.

In theft control, when we were doing theft control in supermarket and convenience stores, the grocery association would do their two-day educational event, and it would be like \$95 or \$100 for the member. We went with a \$595 sign-up for the day. All the associations, of course, said, "Our members will never buy it. We can't sell it." Of course, our deal was you either do it or we do it in your state without you. We don't give a crap whether you're involved or not involved, because we know we can fill the seats. So the only question here is whether you want to be in the tent or you want to be outside the tent watching.

But the strength of the content and the story and the proof, you can go to a \$95 seminar if you want to, by some nitwit groceries executive who's going to talk about how to stop theft, who doesn't know squat, or you can pay \$595 and come and get a seminar from somebody who's been stealing from you guys for the last 15 years and knows what the hell he's really doing. Which would you rather do? It was a pretty simple pitch.

So I don't think you have an insurmountable problem at all. Last question. Who's got the mic?

Attendee: Dan, we have two industry associations, and both of these associations sell products to their members about marketing. I'm looking for a way to approach these associations, get our foot in the door, so that we can sell our product with them in a joint venture. Is there any key way to approach this situation?

Dan: What do you perceive as the obstacle? The fact that they're already selling something?

Attendee: I perceive that it's a good old boy's network and they're going to look at that as competition.

Dan: Oh, okay. Well, you may not be able to, until you're already successfully competing with them. That's really the answer. They may not want to let you in until they perceive the fact that they can't afford not to.

Attendee: Or could I just make the dollar amount so good to them that they can't turn it down?

Dan: Sure. you could always buy them. Everybody's got a price. They'll cut the legs off of that other guy so fast, your head will spin if it's an irresistible price. Loyalty died in the 1900's. I wouldn't want to be in business where I was dependent upon my joint ventures partner's undying love and loyalty based upon what happened yesterday. That would not be good.

Attendee: I'm primarily just after the backend.

Dan: Give it all to them. Really kill the guy. Give it all to them.

Attendee: Dan. just one more. Knowing what you know now, if you were in a position where you were starting all over again and you knew everything then that you know now, what would you do?

Dan: I wouldn't do it at all. That's really not the answer you wanted, is it? I'd niche. I wouldn't be a generalist. I'd niche. I wouldn't do any manual labor on the front-end. We'll talk about backend. I would do manual labor backend, but I would completely have eliminated all of the manual labor front-end. It all would have been done with tools and systems, direct marketing, and all of that. I would very tightly niche.

I like this one, this Dilbert cartoon. "I'm going to make an infomercial. I'm targeting the people who want to invest their savings, but don't know how." "I hope you're planning to sell educational information about how to avoid scams." "Good idea for phase two."

Alright, page 210. Still sort of in electronics, in e-commerce.

Home shopping TV. Somebody said earlier that they had some products on QVC. It was in the back of the room somewhere. Here's what I can tell you quickly about QVC and HSN. This is the last live television. What you see is what's happening; good, bad, indifferent, screwed up, it doesn't make any difference. It's live TV. It's television without a net.

It is essentially a Tupperware party to three million people at a time. It works just like Tupperware. Women in here, how many of you have been to a Tupperware party? When you go to a Tupperware party, what do you go to do?

Attendee: Buy something.

Dan: Good. Buy something. They got it. They don't go to a Tupperware party to think about buying something. They don't go to just look. Because sometimes, even women go to the mall not to buy. They just go to go to the mall. They shop. Not to a Tupperware party. They go to a Tupperware party to buy something. It's a real important mindset to understand. No other selling environment is like that. They don't go through catalogs, necessarily, to buy something. People go through catalogs all the time just to look. Set it aside, keep it for later, maybe buy, maybe not buy.

Now most of us guys, we go to the mall, we go to buy something. if go, we go get it, get out, get home. But women go to go to the mall. They don't necessarily go

16-19anywhere to necessarily buy anything, except to a Tupperware party. Go to a Tupperware party, you go to a Tupperware party to buy something. That's the deal.

QVC and HSN is the same. They tune in to buy something. They don't tune in to an infomercial that way. It's the opposite. We're constantly scrambling and fighting to hold them for ten seconds, let alone get them to buy something. "Oh, no, you can't leave yet. Come back over here." That's something else I want to show you. "Don't leave. Please don't leave!" Not QVC. They tune in, they sit down on the couch. they get the phone right here. they get their credit card out in front of them, and they wait for something to buy. And then they get impatient. if something hadn't come on

pretty soon that they want to buy, they buy anyway. Because they're there to buy. That's what they're there for. That's how they sell all them figurines. Put about eight of them back to back, everybody gets impatient and says, "I'll buy it anyway." And they buy.

So this is Tupperware to three million people. They're all sitting there, credit card, phone, waiting. "Soap in a jar. Can't get soap in a jar anywhere else. Grocery store doesn't have soap. Got to get it from QVC." The numbers are ungodly. \$30,000 a minute, \$50,000 a minute, \$100,000 a minute. Just incredible. The environment works like a telethon. The person on camera, the host, and the seller see the clicks. You know, minute by minute, second by second, millisecond by millisecond, what's happening.

So if you're not making the phone ring when you're saying what you're saying, you better say something else because the phone's got to ring. The person's got an ear piece. Somebody's talking to them, helping them. "Phone ain't ringing Joan, try this. Try that. Try this. Try that They're bugging them. The hosts are all pretty darned good. Some better than others, but they're all pretty darned good. They know this game, so they'll help.

So this is party plan selling on TV. In a sense, it's like pitching from the front of the room, and it's also celebrity-driven. Because people call in and buy in order to get into the lottery by which they might win a chance to talk to the person who's on the air. So they want to talk to Joan Rivers, so they call up and buy the damned jewelry so that they might get through to call to Joan. They want to tell Joan, "My sister went to school in Larchmont where you went to school. Of course, eight years apart and you couldn't have possibly known here, but I just wanted to tell you that. I've been on hold for 3V2 hours, and I've bought seven pieces of jewelry while I was doing it."

That's the deaf. They want to talk to Joan. And the host, the hosts are celebrities in this world. So Dan Wheeler, who we were with in Hawaii, Kathy Levine, who just retired from QVC, these people have fans. These are fans. They send them cakes. They send them birthday cards. They send them pictures of their babies. They believe they have a personal relationship with these people. So they calf to buy, just so they can talk to

them. They want to get through and talk to Kathy.

There's no other environment on the planet that works like this. Nothing. On the other hand, it's also the highest pressure sales environment on the planet. So if you see somebody there three or more times, you're seeing somebody who's really good. Because if they ain't clicking the number of dollars per minute that they have to click, they ain't coming back.

The competition for the slots is very tough. Take like QVC. QVC is dominated by sequels. There aren't that many new slots, because there's a lot of stuff that works, that works over and over and over again. So Joan Rivers is going to suck up X number of hours this year. No matter what you've got, you can't get one of those hours. That's a done deal. The guy with the Oxi, the soap that cleans 56, he's coming back X number of times. They already know what that dollar-per-minute deal is.

But they test a lot of new stuff, because 20 hours a day, seven days a week, 365 days a year is a lot of TV. It's a lot of TV. Average series television, they now make 14 episodes. So ER has to account for 14 half-hours in the same year that these guys account for—do the math, 20 hours a day, seven days a week, every day but Christmas. Christmas. they play Christmas music, I think. But every other day, they're selling something. They actually have not tried to sell anything on Christmas. Isn't that nice of them? Shocks me.

You can turn enormous numbers in this environment. And they are grudgingly, cautiously, moving more and more to intellectual properties. Paper and ink. It started with book books. Real books. But now they've discovered margins. They take a big chunk, as they should. But they discovered they could take a bigger chunk when there's bigger margin. The worst margins are like a card goods product, like a vacuum cleaner, because they've got to make the vacuum cleaner. But Suzie Ormond. 12 tapes. a bunch of paper, big margin. So instead of taking 60%, they can take 78% of the gross, and Suzie's still going to make a few bucks. So They are increasingly interested in all this. And anybody in intellectual property who gets a gig pretty much owes a debt of gratitude to Tony, because Tony went on there and proved

you could sell this stuff on QVC. He's a huge hit. One of the top five in terms of dollars per minute.

So this is an environment not to be ignored. It's not easy to get on. The economics are not wonderful. You have to put in inventory. You can't make the product exactly the way you'd make the product for everybody else. Lee, right now, is going through this process with her habit-busting product. In order to reconstitute the product to make the numbers work, not only you can't package it the way you packaged it for anything else, but you can't package it the way you'd like to package it.

What were we going to put in it, some kind of cards or something?

Attendee: It was in a four-audio cassette with a workbook, and now we were going to put it in a two small pack. We were going to put some queue cards in there and then the cardboard to hold the two things up.

Dan: Because you can't afford a library case, plus you want to be able to hold it up, like I did.

Attendee: Right. And you've got to use every piece of paper. So the cardboard, I'm going to now make that a goal sheet.

Dan: Because you can't afford to put the extra piece of paper in it. So the gold sheet's got to be on the back of the chip board that holds the tapes, because the two cents for the piece of paper is a deal-killer.

Attendee: It's too much. Really.

Dan: There was something else I wanted to put in the thing, that we couldn't do. I don't remember. A bonus something or other. Oh, the bonus reports.

Attendee: I wanted to do three reports, and I wanted to put a little card in there that you could check the card, because I wanted to get the names. The agent said, "No, QVC will not allow a second process at all. They don't want you to have the names. They don't want any kind of second process at all." But I was going to customize the habit-

busting where you could send a card in, where if you are a smoker or an overeater or a nail-biter, or any other thing I could think of, you could just check this

Won't let me do it.

D card and I would capture the name, and I would be able to send them a report.

an: Can't do it. And, you couldn't have made the numbers work anyway.

Attendee: No. It was 32 cents to send them something.

Dan: It would kill you. You can't do it. And then you've got inventory. I don't think you've even got to that.

Attendee: They want like 3,000 units.

Dan: For the test.

Attendee: Just for the test. It's an 11-minute test.

Dan: They don't buy it. They do, but it's all 100% returnable. Even later, when they're buying 50,000 units From you. If something goes awry, it's coming back. They ain't stuck with it. This is now what, you're in about the third month of working through this?

Attendee: We're trying to get the prototype, which is a lot harder than it sounds. Dan and I have been putzing around with habit-busting now five years.

Dan: We shot a show.

Attendee: We shot a show. I've shot a radio infomercial. I've done television, radio, the Radio Television Reports. I sold a lot on that. A ton on that, but killed myself. Sold it in the back of the room. It's been priced from \$19.95, and currently it's \$99. But we'll sell it on QVC for \$29. And by the way, they won't pay a penny over \$17 for it. So by the time I pay Dan and everybody else's commission, and the price of the product, it's pennies that will come back to me. So you've got to sell a lot of them.

Dan: Here's what has to happen for her. The test has to go well, and then you climb

up the food chain of tests. QVC is a little tougher about this than HSN, by the way, but they pretty much basically work the same way. You start to crawl up the food chain.

So like the first test is like 11 minutes, and it's going to be in a horrible time slot. It's going to follow something that doesn't lead into you well. It's like being on Wednesday night on ABC after the worst show that they've got. And opposite you is the Survivors or something. There's your time slot. But if you do the number they think you should do there, then they're going to get 5,000 units and they're going to give you two shots, and they're going to be slightly better shots where the standard of success is higher.

Get over that hurdle, then you're going to get maybe a decent time slot and they're going to move you from the B-grade host. See, they really do test with the saddle on the pig deal. They do. That's the way they test. Let's put the jockey on a pig and see if he can get that sucker around the track. If he can get the pig around the track, then we'll give him a lame horse. And if he doesn't kill the lame horse, then we'll let him have an old one. And then finally, we'll give him a good horse. That really is the way they operate.

Attendee: And by the way, you have to pay your own way there. They won't even go for the ticket to Philadelphia. You have to pay your own way, your own hotel, your own food, everything. personality—or whoever is the pitch person for your product, if it isn't you, like your guy—has to be a perennial personality on QVC that is going to keep coming back now with product after product after product, and extension after extension after extension. So if she's a hit with habit-busting, then we're into the game of what's next. That might be vitamins. That might be cosmetics. That might be hair color. That might be an ab device. He might not be the right pitch guy for QVC, but the product might be okay. She might be the right pitch person for QVC.

Because ultimately, look at Joan. Jewelry. Now skin care. Vitamins. I don't think hair, but I think skin, vitamins, jewelry, self-help product. At Christmas, baked goods, I think, from someplace. Joan's a QVC star. Suzie Ormond, QVC star. They're going to be able to link all sorts of stuff to her; credit card offers, banking, anything that has

to do with money will come in under the Suzie Ormond brand. Some of these, in QVC businesses alone, the volume of Victoria Principal skin care that Guthy-Renker sells on QVC dwarfs the infomercial business. Victoria Principal is a star on QVC.

So this is an environment where you need a personality. And if it ain't you, you've got to get one. You need a personality. This is performance. This is performance art. This is live television. You need a personality, you need a product, you need a story, and it's got to be mini-pitchable. Because in 11 minutes, what you're going to do is a 60-second pitch 11 times, interrupted by taking phone calls to which you better twist into a pitch. So no matter what the question is on the phone, "My sister went to school with your mother in Larchmont," "that's nice to know. The bee is made in Pueblo by Indian craftsman artists missing their third finger. Did you know that?" "No." "Well, let me tell you about the Indians, and why everybody should have a bee pin. Your mother would love one of these bee pins. Next call?"

"I'm ready to commit suicide." "Well, wonderful. Let me tell you what you really should..." Of course, they screen the calls. But that's the deal.

You should think about whether you should play. TV infomercials, we talked a whole lot about. So we're going to skip over those. TV spots; 30 seconds, 60 seconds, 90 seconds, 120 seconds. Spot advertising, if you're going to one-step sell, it's either got to be a product that has been built up via other advertising so everybody knows what it is, or it's got to be brain-dead mini-pitchable. Think about what can you do in a minute?

It's usually price-driven, so it's five pair of sunglasses for a \$1. It's got to be like that. Or the best way to use spot TV advertising is lead generation. You see a lot of spot direct response advertisers come and go for short periods of time, one-step selling. You see the Chia Pet every year. You see The Clapper every year before Christmas. But they can't stay on all year long. They need Christmas. And you see all sorts of spot products come and go. They live for three months, they live for four months, they live for six months, you never see them again.

But the longevity in spot TV advertising, which is what tells us what we should do i we

want to do TV, who's around for ten years? Lead generation advertisers. That's who's around for ten years. How long has International Correspondence Schools, now Harcourt Direct, been doing lead generation TV spots? As long as there was television. That's the correct answer. When it turned on for the first time, ICS was there. How long has, on a local level, the aluminum siding guys...? So you've got to generate leads that somebody then sells something to. That's TV.

Radio infomercials. Real interesting thing. A developing market. Not as easy to get the time as it is in television. It's become an accepted thing in TV. The radio stations are all still kind of skitzy about interrupting formats and having irregular programming. The TV stations have gotten over it. So at 10:00 in the morning on Sunday, this Sunday, if it's George Foreman selling a grill, next Sunday it's Lee Miltner selling Habit Busting, and the next Sunday after that it's your guy selling an ab machine, they don't care.

But the radio station guys are still thinking 10:00 on Sunday should be the same show every Sunday, Sunday after Sunday after Sunday, or we're going to lose all our listeners. They're still in that mode. But it's proliferating. It's growing. The junk stations, of course, went first, which is understandable. Junk's fine, as long as you don't overpay for it.

All of this. television and radio, is small numbers multiplied, not big numbers. TV and radio is small numbers multiplied. Very important to understand it. Again, it's all math. So you buy a half an hour on a radio station in the dead of night. It's a Christian radio station that doesn't broadcast between 2:00 and 5:00 in the morning, and now they're selling the time. You pay \$80 for it and you've got your half-hour show on there talking about whatever it is you're talking about, and you generate four leads and you close one out of four for a \$150 product, bingo, it's a winner. Now all you need is 1,000 of them. But this is not about the one show that's going to sell six bazillion units. That's not the game. This is small numbers multiplied.

Jeff, are you around? You're back there. Got a mic handy? We did the mail order deal as a radio infomercial. Do you remember numbers?

Jeff: They didn't run it very much, but we had to record a different show because he had to listen to this instead of look at this. So we had to record a whole different show. And then we ran it maybe five or ten times. And the average price was like \$50 to \$70. And, of course, we had more orders and leads and conversions. Everything was fine, and they pulled the plug.

Dan: Yeah. It was all fine. That's what I thought. I thought we were like two to one.

Jeff: One show was eight to one. It was so good, they pulled the plug.

Dan: Yeah. That's a whole other story.

What you hear a lot, if you pay attention to this, a lot of it's done for nutrition products, where there's continuity on ingestibles. It's appealing for that. A lot of it is done for the right-wing conspiracy kind of stuff, because they're stations where that works very well. You don't hear much of anything else. You will.

This is a place where you can do well. And if you have a pitch that works, that can be delivered interview style, there's a lot of attractive things about radio even though it's a little harder to buy. One is it's infinitely cheaper to produce a radio infomercial than it is a TV infomercial, because there's no pictures. We don't need these guys. They can't see nothing.

Second of all, your talent can be ugly. You've got to think about if you do a TV infomercial with somebody and they've got a beard, you've got a problem. You can have hair growing out of your ears, if you want to. We're on radio. One of the problems we had with Mental Bank Breakthrough, the only other self-improvement thing that's ever worked on TV, this was essentially a habit-busting product that wasn't called Habit Busting, but Mental Bank Breakthrough product, the author, Florence Henderson's husband, John Campus, the problem with John was each time we re-shot the show, he'd gained another 20 pounds. So now you've got the author of the product on TV telling everybody about how they can have complete control over everything in their lives and his gut's flopping over his belt. But we put him on radio, they can't see him. Perfect. He sounds great. The pitch is fine, that's the problem. It's a

real complicated production.

But radio. no problem. You can test. Because its so cheap to produce, you can make changes. So you find a station that works, you know what the control number was. Okay. what happens if we put the price in instead of just lead generating? What happens if we put more testimonials and less interviews? It's cheap to redo the show and test. So this is something you ought to look at.

Radio spots. Michael, are you running spots yet? Okay. Ron LeGran, who's not here, is doing very well with radio spots. A lot of the seminar guys do very well with radio spots. The people selling courses on day trading and commodity investing and all that are doing well with radio spots. Guthy-Renker Internet, when we were doing "Get Rich On The Internet" seminars, radio spots.

Perfect lead generation mechanisms. Just about every station will run them. So it's not like you have any limitations. Good demographic information is available about radio stations. So if you've got lead generation that works in print, unless you're selling to heating and air conditioning contractors, if you're that narrowly niched, no. But if you're not that narrowly niched and you have lead generation that works in print. you've probably got lead generation that works on radio. One probably suggests the other.

Okay. whoever's running the mic. we're going to go to backend business, but I'll take a couple of questions first. Carla, you can hand out the last chart.

I acre's the short course in backend. Nine out of ten instances, this is where all the money is. The more mature the business, the more it's true. But this is where all the money is.

On the other chart, everything underneath the buyer, everything underneath the line. And where all the profit is, is in the development, care, feeding, and then exploiting of the hyper-responsives. I lyper-responsive is that percentage of your customer base who will drink the Kool-Aid, who will buy anything you tell them to buy, anytime you tell them to buy it, as often as you ask them to buy it. Their capacity to consume is virtually

unlimited. Their rabidity about what it is that you do is incredibly passionate. Their seriousness as students is extreme. Their discretionary income is pretty good. And their affinity to you, the quality of the relationship, is extraordinary.

They, then, are your profitable customers, because you don't have to work at all to sell them. All you've got to do is say, "Got new ball." "Great, give me one." "Don't you want to know how much it is?" "No." "Do you want to know anything about it?" "No." "Do you want a guarantee?" "No. I just want them all." That's the hyper-responsive.

Now here's the good news. They happen even if you do nothing to create them. So this is a natural evolutionary process. It's just that you can and should make it better, faster, and with a greater percentage of the people than would do it on their own. But even if you screwed it up, it happens naturally, as an evolutionary process. Every one of you who has any kind of a longevity in your business, has some number of hyper-responsives already.

Jeff said, yesterday, a real important thing about this. Jeff said, "We tried to close down PPS, and we couldn't. They wouldn't leave." Well, guess what's left? All he's got now are the hyper-responsives. And there's enough of them and they're so good, they're supporting the whole business with nobody breaking a sweat doing anything to extract money from them. They just give it. And if he goes a month without trying to take some of it, they're nuts about it. they're grumpy. "You didn't try to take my money. What's that about? I want to give you some more money. When are you going to have a new product?"

Attendee: About what percentage of them?

Dan: It's right here on your chart. Here's what happens. Natural evolutionary process. If you do nothing, it's 5% of your list. 5% of your customers are going to evolve into hyper-responsives pretty much if you do nothing. Up to about 20% can be turned into hyper-responsives if you do everything.

These are also, for the most part, lifetime hyper-responsives, as Jeff's example

illustrates. They won't leave, even if you try and drive them off. They won't go away. They'll keep buying. They will come and press money into your hand. They will insist on giving you money.

So this is where the money is. because their value is exponentially higher than every other type of customer you've got. Their responsiveness, the cost of sale is lower, the longevity is there, this is where the profit is. Your business must be devised to create and develop hyper-responsives.

Attendee: How does that translate—not info marketing, but a service business? Could you turn your hypochondriacs into your hyper-responsives?

Dan: So how does it translate to the doctor? Is it the hypochondriac? No. No, not necessarily. And I doubt that MD's have them. My suspicion is, for example, that MD's and attorneys do not get hyper-responsives. It would be an unnatural process.

Chiropractors do, though, because there's an emotional bond in the relationship. So chiropractors have people who have nothing wrong with them who come. The only place MD's have that is where there's National Health. In Canada, they go because it's a place to hang out.

That's true. The joke in Canada, about the healthcare plan, is that there's three little old ladies that see each other at the doctor's office every week. They all come and they knit, and they wait to see the doctor. They see each other every week and they show each other pictures of the grandkids and all that. So one week, one of the little old ladies is missing. The one little old lady says to the other, "Where's Marge?" The other one says, "I don't know, she must be too sick to come."

Like in carpet cleaning, it's harder to create a hyper-responsive, so they have to lock them in with maintenance plans. But I'm going to talk about that. One part of this is locking them in.

So a big part of this, page 218, is you've got to be in the newsletter and/or the continuity business. This should be your real business within your business. Because if they are getting something from you every month that they like, and they

begin to look forward to, and they want, and they enjoy when they get it, and they are paying for it so they value it, then they don't want that disconnected. So you've locked them in.

A business without continuity is infinitely more fragile and develops a smaller percentage of hyper-responsives than a business with continuity. So that's the reason, even above the money, to do continuity. Take any business. If John can figure out how to get 5%, 10%, 15% of his customers on continuity, so every single month they're getting a new interview with the martial arts guy of the month, the new guy who's figured out how to survive in the jungle or kill somebody with a paper clip, whatever it is he is, and they start to look forward to that, if you try and take it away from them, they don't want it taken away from them. That's the customer you want. He's the business.

Let's talk about the newsletter and/or continuity business. Although it can be done and although it is done, and although the big guys do it, it's a tough thing to front-end. It's a very tough front-end product and I try and avoid it when possible. It is not naturally a good front-end product. because it requires the customer to commit to marriage without a date. You're trying to sell a long-term relationship when you haven't sold anything else yet. Difficult. And that's why most of those offers that you see are bribe-driven.

Almost the only way you can front-end this is by making the commitment almost irrelevant. That's why all those offers are 22 premiums, 23 premiums, a mountain of stuff Really, what they're doing. they're buying the premium. They're not ready to commit yet. But now you have a customer you put into a committed relationship who wasn't ready to have a committed relationship, which is then why you have all kinds of renewal problems.

So its not a very good front-end product. in my opinion. Of course, a natural backend product. You bought my box. You liked my box. I did what I said I was going to do, and maybe a little more. I treated you well. Now let's agree to have a date once a month. That's good. It's a natural backend product.

When you bundle it, you can force it down people's throats. Right? You can say,

"Here's the box and you get my newsletter subscription." And you can build your list that way. There's justifications and reasons to do that, but what you must know is that that person is not nearly as good of a subscriber is one who makes a decision consciously to subscribe.

So it will be harder to hold them in if you've got them on continuity, on auto-charge. It will be harder to renew them if you renew them. And a smaller percentage of them will develop into hyper-responsives. In a different way than the premium-driven offer, but similarly, you force them into a committed relationship before they were ready—let alone eager—to make a commitment.

The best one is the one who consciously decides, "Yep, I want a committed relationship, and I'll pay for it."

The most important strategy in terms of immediately beginning to improve their value is the same strategy we talked about earlier, and that is the immediate upsell. As soon as they give you dollar one, they immediately give you dollar two. They make a second buying choice.

Now, there's a new strategy that's working in some of the niches. Somebody get a mic to either Reed or Maria, one or the other, and they're right here.

To give credit where credit is due, I think Reed invented it.

Attendee: She'll say it quicker.

Dan: Reed and I have in common the stuttering thing. And what I've always said about that is the good news for Reed is he needs only a third as much material to do a three-day boot camp.

Attendee: And the good news for me is I get to hear it over and over and over again.

Dan: So the preparation time is way down.

When I saw this, I thought it was fraught with peril. But it is working, as they will tell you. And now others in our Platinum group are emulating it. They are forcing

continuity linked to the purchase. They are one in the same. It's akin to bundling, but it's even worse. When you bundle, like if I sell from the front of the room, Magnetic Marketing and this and that and the other thing, and you get the 12-month subscription to the newsletter, and it's all X and you pay Y, I've bundled in a subscription. They're forcing continuity, auto-charge, right from the beginning. Would you describe what the order form kind of looks like, what this says and how this works?

Attendee: We sell an information package. We have a basic and a deluxe version, so they checkmark one of those boxes. And then when they come to the next part of the order form, this is part of their bonus is that they're getting two months free into what's similar to Dan's Gold membership. Silver membership. We call ours the same thing. Silver and Gold. And then we explain next to each box what Silver is, and it's basically a newsletter subscription and priority access to boot camps and things like that.

You're going to get it for two months free, and thereafter it's \$19.99 a month. And then the Gold membership, with some extra added stuff, is \$42.99 a month. You check one of the two boxes. And if you don't check either box, then we'll automatically give you Silver.

Dan: But you can't not take it.

Attendee: You can't not take it.

Dan: If you're going to buy one of the boxes, you are automatically agreeing to this.

Attendee: The only customers that don't take it are those that literally write in there. "I do not want this." and then we don't automatically charge them.

So then after 45 days out, we send a letter that reminds them that, "Your free period is coming up on your inner circle membership. Just wanted to let you know that starting next month, you'll be seeing your charge. By the way, you signed up for," and then we let them know if they signed up for Silver or Gold. And then if they did

sign up for the Silver, we have the upsell. "Those of you who signed up for Silver, if you join Gold, you get all this. Plus, we'll bonus you with this, this and that. If you're happy with this, fine, you don't do anything. If you want to change, to go from Silver to Gold or vice versa, then fill this out and fax it back to us. Or, if you want to opt-out of it, then fill it out and fax it back to us.

Dan: Tell us what's happening.

Attendee: Well, the percentage that we get faxed back either requesting a change or to come out of it is less than 5%, which means that 95% are staying in the continuity program.

Dan: That was forced upon them.

Attendee: And 80% are Gold. That was forced on them.

Dan: It was forced upon them. They're staying.

Attendee: This is even better. We have some that send the kit back, but want to stay in the continuity program.

Dan: Now, I've got to tell you, when I saw this I thought, "Uh-oh." I said, "First of all, it's probably going to suppress response. It's going to kill the initial buy." Then I thought, "Maybe they get over that hurdle, but then the customer service headaches are going to be extraordinary. Then, when the charges hit for the first time, the phone's going to ring off the hook." I was dead wrong about all of it. It's all working just fine.

Attendee: We may get two or three a month disputed charges from credit card companies, which don't take that long to process. We immediately take the charge off.

Dan: It's all statistically insignificant, especially compared to the gain. The gain here is enormous. Okay, a couple of questions.

Attendee: One more thing. The kit sale has gone from \$999.95 to \$42 a month times 12.

Dan: Got it.

Attendee: Plus we haven't got to renew them.

Dan: Yeah, you don't have to renew. It's forever.

Attendee: Plus, we can stuff it full of ads each month, and they buy much, much more.

Dan: They really should have kept the mic. We'll rough it. Take the mic back to whoever's going to ask the question.

Attendee: What's your price point for your package?

Attendee: \$997 and \$697.

Dan: And one in the back.

Attendee: Were those price points changed when you did the forced continuity thing?

Dan: No. It's all plus money.

Attendee: It's all plus money. I didn't hear the price points on the continuity part.

Dan: It's like \$19 and **\$42**.

Attendee: Okay, and the percentage?

Attendee: What is the change in front-end conversion?

Dan: See, that's what I thought was going to happen. I thought it was going to kill conversion. It hasn't affected it at all. When I say it's all plus money, I mean it's all plus money. It costs nothing, and it added, two months in, 80% of them are getting whacked at \$42 a month and 20% of them are getting whacked at \$19 a month on top of everything else. And there was no adverse affect, which astounds me.

Attendee: Part of the reason this came about, that we came up with this idea, was when we first started marketing our information package, we didn't have a continuity program. We hadn't started writing a newsletter. So by the time we finally had the newsletter in the works, it had been six, seven, maybe even eight months for some people by the time they had purchased our original product. I did the bribe letter that was a knockoff of one that Dan has used in the past. We sent it to them free. We just

couldn't get subscribers. So we thought, "We need to somehow get people to subscribe to the newsletter." And Reed said, "Well, we'll just force them to."

Attendee: When people are buying, give them the option to buy more.

Dan: Yeah. A buyer is a buyer, is a buyer, is a buyer. Essentially, what you're doing is forcing an immediate second sale. Yeah, the time to make the next sale is right after you've made the first sale. Of course. What's exciting is that the stick rate's there, the right ratio is there, there's no problems, there's no suppression of response. But do the math on this. Go ahead and run the math on with or without, on say 1,000 units. What it now means is that the profit on the front-end kit can evaporate, and they still have a business. That's what it means. And that's important.

Attendee: Can you tell us again what you got, what you give for the \$19.99 and the \$42.90? Is it just the newsletter?

Dan: Yeah, it's stuff, Rory. Come on, you know. It's stuff. They get the newsletter, they get priority access.

Attendee: They get the tape.

Dan: The tape.

Attendee: Gold gets tape.

Attendee: They get discounts on any other products we sell.

Attendee: Basically, nothing more than the tape.

Dan: Mostly air. It's mostly air. Somebody behind you, maybe back a ways.

Attendee: Guys, Maria. do you guys mention that in the pitch at all, or is just on the order form that it's like an upsell?

Dan: There's a very good question. and we'll make that the last one. We'll let them answer that, and then we'll move on. Is it explained in the pitch letter? Where is it sprung on them, in other words, is the question?

Attendee: It's not in the pitch letter. And it's mainly not in the pitch letter, because I had already had 10,000 of them made up and couldn't put it in there.

Attendee: That's because you forgot to check inventory.

Dan: Don't you two start. This ain't Platinum. We do not have time for this. Everybody can watch the Honeymooners tonight. Let's go. Okay, so it's not in the pitch letter.

Attendee: So what we did is we did an insert. We have a very brightly colored insert that explains inner circle membership, one page front and back, and it's on the order form.

Dan: So it's sprung on them by a loose piece, which of course is all positive. And then it's on the order form, where they are forced to say yes or yes, and they can't say no. Which is clever as hell.

Sampling for continuity. Low ROI strategy. Again, it's not a natural, logical process. They don't let you watch the movie, pay them afterwards. They don't let you watch half the movie, and decide whether you want to pay to see the other half. People don't walk out on movies, but how many of them do you think would leave and not pay to see the second half? Well, every movie I've seen lately, if you travel like I do, if you could stop the spectravision halfway through the movie and get half of your money back, how many would stop the spectra? I mean, how many of us have sat through it thinking, "It's got to get better. It can't possibly stay this bad for two hours. How can this be?" I'm going to get my \$7.

So I'm no fan of sampling. The trailer's better than the flick. You can always write a better sales letter than you can a newsletter. I don't care how good your newsletter is, you can write a better sales letter. So I'm no fan of it.

Conversions of trial subscriptions, low, low, low percentage game. There's abhorrent exceptions. You hit just the right list with just the right thing with just the right people.

But think about it for a second. Let's just even take a qualified group like this. Let's say, which I'm not going to do, let's say that I had announced today that, at least for the next year, I was going to publish the No BS Information Marketing Letter, and do a special newsletter just for us in the information business, and do a pitch, and hand you an order form. It's \$200 a year. What am I going to get? Half of you, probably. I'm not going to do it. I swear to God. Raise your hands.

Now, if I give everybody a sample issue, what do you think happens? Sure, the conversions going to go down. It's not going to go up. I'm not going to persuade anybody who I wasn't going to persuade with the pitch. But some people are going to unsell themselves based on the content, no matter how good the content is. So why would you sample?

The only justification for sampling, in my opinion, is when you have some kind of a joint venture environment Opportunity where it's the only thing they'll let you do. So it's better than doing nothing.

**INFO-RICHES SEMINAR 2000
HIGHLIGHTS PACKAGE**

AUDIO CD TRANSCRIPTS

CD #17

Dan: Okay, continuity businesses. High margin. You've got to be in them. High margin, because you're making a sale every month with zero cost of sale. You rarely get that opportunity in any other way. We get to make a sale every month, we've got zero cost of sale. It creates lots of sales opportunities, because in the tape of the month, whatever the thing of the month is, you get an opportunity. And Jeff eloquently described yesterday the differences between separating the sales pitch from the editorial content versus commingling the sales pitch with the editorial content. Do you abuse it? Do you not abuse it? How fair do you play? Are you subtle? Are you unsubtle? There's all sorts of sales opportunities now with these people who essentially are paying every month to get sold, again, something else.

The value of the subscriber grows the longer they're in continuity. Because the longer they're in, the more likely they are to stay. Now, in consumables, that's not true. There's a profound drop-off point. But here's what's true about intellectual property continuity. The longer they're in, the more likely they are to stay longer. Why? Because we're in an emotional bond business. Our content itself creates personal relationships. Sending somebody a box of glop doesn't do that. Sending somebody a box of things to eat doesn't do that. But this kind of product strengthens the relationship the more of it they

get. So that ultimately, they think we're buddies.

Don't take this wrong, we all get it in our business, the correspondence I get with critiques and customers and stuff, they think I remember them from eight months ago when they sent me a note about their aluminum siding business in Beefuck, Alabama. The letter's like, "As I told you about seven months ago, my kid's got a wart on his left toe." "Oh, yeah, I remember that. Sure." But that's what's supposed to happen.

When Ed McMahon retired from Carson, not his choice but nevertheless, when he retired from The Tonight Show, Disney cut a deal with him and they pay him a surprising amount of money to come to the parks six times a year and walk around. Brings his kids, brings his wife, just spends a few days in the parks. It's a pretty good deal. You know why? Because he's ranked as the most approachable celebrity in America. Everybody feels they could walk up and talk to him like a buddy. There's no intimidatory factor, there's no hesitancy to interrupt. This is good news and bad news if you're Ed McMahon. There's absolutely no hesitancy to interrupt him no matter what he's doing or who he's with or what's going on. Ed is the guy.

Now, they don't feel that way about Carson. They got the message from Carson. I like you guys. but there's a distance. They got that. Ed, the message they got from Ed is Ed lives next door. We barbecue together. So Disney pays him to walk around, because a lot of people go up and talk to him, and they go home happy.

They say. "I talked to Ed." And then they send him mail and cookies and all sorts of stuff.

What that tells you is that there's value in this feeling that occurs between you and your customer. There's equity there. So why did it occur with Ed McMahon? Part of it is the right personality. But then five nights a week, for how many years, this guy was in everybody's home. So the longer they stay, which means the more they get from you, the more likely they are to stay forever. The audience didn't quit on those two guys, they quit on the audience. We'd still be tuning in.

Attendee: Eventually, they get worn out on you and go to some other guru.

Dan: Not your hyper-responsives. Oh, sure, there's a segment of your customer base that, of course, you're not going to keep. We wish. But your hyper-

responsives, no, no, no. Your hyper-responsives, there are people who come to my seminar that could do my seminar. Even here. If I suddenly keeled over, there's five or six people who could come up here and finish, and it's not going to sound dramatically different. And they paid to be here. They're just gluttons. But those are the guys I make all the money on. They're not going away. Those are part of your hypers.

So the value of your subscriber grows the longer you have them as a subscriber. It's another reason to be in the business.

And fourth, any business without renewable income or continuing income is really no business at all.

About sampling, Dean Duvall and I agree. Dean said it more eloquently than I. A prostitute never delivers her product until she's properly compensated in advance.

Newsletters do not have to be elaborate. A couple of examples in your kit. Here's a successful practice newsletter. Travis is very successful. Here's Rory's. Rory's allows me to make a point.

How many of you are in business niches? Business-to-business niches? You are or you think you are? Here's very important about business newsletters. You write them just like consumer newsletters, and they have to hear about your dogs, your kids, the restaurant you went to, the trip you took, the horrible experience you had with the dry cleaners, the car wreck. They've got to get your personality and they've got to get your personal life.

I always say, "Here's what you never totally delegate away in your business. You never totally delegate away the marketing. You never totally delegate away control of the checkbook." Good idea to sign them checks. If you're not going to sign them every month, at least take the statement when it comes and look at the checks that somebody

else signed on your behalf. I wouldn't let too many months go by without doing that. You're liable to find out there ain't no money in the checkbook. So those are two things you never delegate.

In your marketing mix, in my opinion, the last thing you let somebody else do for you is write your newsletter. Big mistake. We can chart it in Joe's business, because he gets lazy about this. I'm sure by now you've seen it. He gets lazy about this, and will go two or three months without really doing it. He gets a couple of other people to write it for him. Or he sends out a tape instead. Or somehow, he cheats. All of the numbers that are meaningful in his business go bad. Response to offers drop. stick rates in continuity programs drop. If there's an event being promoted. all of a sudden its tough sledding to get registrations. And then I get him back to writing his newsletter his way, talking about him, his personality, and all the numbers recover.

If you look at Rory's, and I don't know if I gave you one page or I gave you all, I guess I gave you a complete issue, same kind of deal. This is his Mother's Day deal, and he's talking about where he went for dinner, his experience at the restaurant, and so forth.

Now, you let a pro get a hold of you, and they're going to tell you to take all that stuff out of there. Nobody wants that when they're paying good money for a newsletter. By God, they want information and advice. No. Not to build hyperresponsives. Not to nurture, lock in, keep, cultivate hyper-responsives. The newsletter or the tape, or both, is where you do all your bonding.

Jeff, you got anything to add?

Jeff: A couple things. One thing I invented in my newsletter, the original one, was I knew these people are very skeptical people, and most businesspeople are very anal and have all these excuses. So about five or six times a year, I invented a guy called "Mr. Professional," who would come and visit me in the newsletter. Some of you may have seen Mr. Professional.

He would always argue with me about everything I was saying. So if the topic was

about using National Inquirer type headlines, he would interrupt and come in and give me this two-page argument. I would just listen to him and then tell everybody what an idiot he was, and let him talk himself into being an idiot. He would say, "Well, I'm just happier not getting any leads, but at least I look good," or whatever. That sort of stuff really went wild on me. People love this stuff. I'd get all this mail about Mr. Professional, and then I'd get people calling in saying, "Hi, I'm Mr. Professional," and all that sort of stuff.

But I think all that kind of stuff is the things nobody would ever tell you to do or you should not do because it's not professional. They have Mr. Professional arguing with you in your own newsletter.

And then there's also other psychological things going on there, too, because it shows your advocacy position.

The other thing was that in the financial services business, the home office is really an enemy for anybody that knows that type of business. So I would just blast the home offices with everything, as good as you felt about doing with the attorneys yesterday.

Dan: Present company excepted. Jeff: Right. Of course. I would say all these things. It was interesting. People would say this to me later, that I was articulating all the things they really think, but they're not allowed to say according to the convention of their industry. And I'm speaking all the things that are really in their heart, that they're not allowed to feel or speak or think, even though that's exactly how they feel.

Dan: What you don't want to copy—this is going to sound outrageous—is like Bottom Line Business. You don't want to copy Boardroom Reports. Yes, they're a phenomenally successful company. And yes, they publish newsletters. But their kind of newsletter and their relationship with their customer in their business is such a different business from yours that really, just because you both sell newsletters there's no other commonality. Yeah, you each put words on paper and sell it. But they're in a huge volume, tiny little margin business. And, Marty and I have had this conversation, what do you think their biggest business problem is? What do you think the weak link is in their whole business?

Attendee: Renewals.

Dan: Yeah, renewals. Sure. Sure. It's not because the content's not good. It's because there's no relationship between anybody and the customer. So there's no guilt about leaving. There's no emotional bond. There's no anything. He and I have had this conversation. You can't say he's wrong. He's a phenomenally successful business. But a different business.

But the renewal problem, when you isolate it, I think he's one of the most fascinating guys on the planet. This is a guy you could sit with and have a four-day conversation and not run out of stuff to talk about. He's a renaissance guy. He's very opinionated, and he's very colorful, and he's very funny, and he's very witty, and he would beat Ben Stine every time on Ben Stine's Money, because he knows more trivia about every imaginable thing than even Ben Stine does. And there's none of him anywhere in his publications.

And if I was getting a monthly newsletter from Marty, that Marty wrote about what Marty thought, I'd be a lifer. But I don't subscribe to them other things. I lose interest so fast. It's dull. It's institutional. And therefore, they have no hyper-responsives. They have a business with nothing in the middle of this circle. Nothing. That's not their business. And they've proven it when they've tried to do various and sundry other things with their subscribers.

They have this product they love, called I-Power, which they use in their own company, that is an information product and seminar-type product. They've got all these subscribers. Think about this. Think about all the other stuff we talked about. They own media, so they have no ad costs. They've got all these subscribers. They've got a product. The product's a good product. It's right for their subscribers. And they can't turn it into a business and they can't sell it. They own the media, and they can't be successful, because they've got no hyper-responsives. That's why. Not a position you want to put yourself in.

Speaking of renewals, here's the latest funny thing we found out about renewals. This

is a sort of advanced secret, and it flies in the face of a lot of logic.

Most of us have control pieces for renewals that are pitch letters. We resell them like we sold them. That's what you're supposed to do. So the renewal letter is a long pitch letter. If we sold them with bonuses to start with, it's loaded up with bonuses again. So when you renew, you get another wheelbarrow full of stuff, and it's priced at X but it's discounted to Y. It's a pitch letter.

These controls are being beaten by invoices.

Attendee: I low embarrassing.

Dan: Yeah. So my 16-page sales letter is getting its butt kicked by a one-page fax that looks like an invoice. The important thing is it looks totally like an invoice. And routinely, the rate's better than the pitch letters.

Part of it's fax. The immediacy of the fax. Now that you know what I just told you, you can figure out a rationale to suit yourself for why that is. But the important thing is to know it and to at least test it.

Now, Bill Glassier switched to it, and then he's having some success with a follow-up piece. which I put in your deal, page 242. This is a two-page fax that goes after they have not responded to the renewal invoice. "About a week ago, I sent you a renewal notice." Here, he adds a bonus. He gives it to everybody, he just didn't pitch it to the other one.

So the ones who didn't respond to the invoice now get this, and they get a bonus. By the way. it's a brilliant bonus. And a lot of people could copy it. Niche marketers could copy it. It's a very good bonus idea, and it doesn't take much work.

So this is working. But so far, several people are beating their long sales letter controls with simple brain-dead invoices. Just kind of incredible.

Jeff: One quick thing. We did that really as an effective conversion on newsletter renewal. We tried three or four steps to renew them. And whatever the final one was.

I can't remember, we give them the first page of the newsletter and it would just stop. The last sentence would say, "You're not going to get the rest of the newsletter here, because..." and there was pages behind it, so it looked like a newsletter. "unless you renew.

Dan: So the rest of the pages were blank?

Jeff: Yeah.

Dan: That's good. That's good. Here's an interesting twist. You want to test something else? Take the blank pages, and let a few words appear on them. So there's a sentence here, there's half of a sentence here, there's a fourth of a sentence here, and the rest of it's blank. And each page has less on it.

Attendee: The newsletter is disappearing?

Dan: Yeah. So the whole thing is disappearing. And by the time you get to the last page, there's one word left. You like that? That's clever, huh? I like that.

I just redid my whole renewal campaign. I wish I'd heard and thought of that before I did that. Now I've got to go do something else. Take a mic over here to this guy. He's been very patient.

Attendee: Two quick things. The last word on the last page could be "renew," if there's one word on the last page.

Dan: Or "gone."

Attendee: Pardon me?

Dan: Or "goodbye."

Attendee: One other quick word about freebies. I spend a lot of time on the net and have literally hundreds of free reports from websites that I don't pay anything for or have not bought anything from or done. So those do not necessarily mean that someone's going to buy something that you have because you put a free report or something out on the net that way.

Dan: Oh, no. Sampling there is probably worse than anyplace else, in a sense, because what they've built is an entire culture of freeloaders.

Attendee: Right.

Dan: Now, wisdom says, however, and very smart people, Ken included, but lots of smart people are finding out that even under those conditions, they will change behavior and not be freeloaders if they want what you've got and they can't get it for free. But it's kind of like my answer to Bill Harrison was. You better have some differentiation factor, something that cannot be replicated elsewhere that they can't get elsewhere. Because otherwise, everybody's giving away something that fits the category that you're in.

Attendee: And if you're patient, you can collect it all. So there has to be some significant differentiation that gets you into the paying mode.

Dan: Yep. A couple more.

Attendee: I have a question. I have a newsletter. When I say, "I," I don't publish it. I'm one of the newsletters of Georgetown Publishers, the American Speaker that you had mentioned earlier, and they do an enormous amount of cross-selling of their different newsletters. However, what they don't do at all is any development of my newsletter, "The Organized Executive," in terms of associated products. I'd like to go back to them and make a proposal that we begin doing this kind of additional selling. I was just wondering if you had any ideas, specifically, what I might propose?

Dan: I have something more useful to say. If you have subscribers who have been getting a newsletter for a while and have not been asked to buy anything, they have now been trained to get a newsletter and not buy anything. So you're now going to teach them new tricks. A) You're going to have to be patient, and B) you're going to have to ease them into it.

So the best stuff to start with now is free. Lead generate. Let them get a free report. And let them get a free report that doesn't even try to sell them anything. Let them get

a free tape on thus-and-so, that doesn't try to sell anything.

Then the next thing you let them get for free does try and sell them something. Then you start to train them. The first thing to do is to teach them to respond. See, they don't know how to do that now. All they know is to be passive. They get a newsletter, they read it, that's it. So now you've got to train them that they're supposed to respond. So you've got to do surveys, free report. You've got to do a few months of that to get them trained to that behavior. Then you can start to train them to respond and buy.

So when you do your deal, you've got to educate Georgetown that this is a patient customer retraining process. They don't have to admit to having been dumb to buy into that idea. So you've got to present it in a way that does not require them to admit to having screwed up. But it has to happen.

So you're looking at a six-month sort of retraining process before there's probably any money there to get.

As far as the deal itself, it probably has to somewhat mirror the deal you got, unless you do a flip in terms of production and fulfillment.

Attendee: How do you mean?

Dan: Well, right now, you're providing content and they're typesetting and printing and publishing and all that. And presumably, they're paying you a royalty. So that's how they've been trained to think. Pay you a royalty. So the only way, if you want to change that formula, is you have to change who does what. If they won't let you change who does what, then you're going to be reduced to creating product that they sell and pay you a royalty on.

Attendee: But that's actually just advantageous to me in the end.

Dan: I'm just saying it depends on what you want to do. The first natural thing to do, probably, which I've been trying to get Boardroom to do, is a deluxe level of the

subscription, where they get a tape a month. That's like the first logical thing to introduce into the mix.

Attendee: That's great. Thank you.

Attendee: Two questions regarding the economics. What kind of guidelines on renewal can we look at in terms of are there some ranges that you're finding with people that you work with?

Dan: Yeah, business management. We'll get there. So give me your second question.

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Attendee: And then the second one is are there some down sides to advertising from vendors to help underwrite the cost of the newsletter when you sell subscriptions?

Dan: Sure. Where are you going to put the ads? Are you going to put them in the newsletter? Yeah, of course there's a down side. Because now you've changed its character. You've made it more magaziny. What's more valuable, a newsletter or a magazine? It's not often the content that makes the difference. It's just what it looks like. So you've got to be careful.

Now, there are other ways to play the game. There is the pure "sponsored by" identity, like at the Peter Lowe events, where the programs are sponsored by TWA. There's the hidden deal, where they get editorial content, where the CEO of that company writes an article every month. He writes a column, even if you have to do it for him. There's those kinds of deals.

So they're a technology provider. So they're going to write the monthly article about technology and get their plug at the end. You're going to give them one feature article a year about their new product of the year or something, and you're going to interview them once a year one out of 12 of the tapes. For that, they're going to pay X.

The other way to play the game is the Jeff approach to the newsletter, which is a

purist approach to the newsletter itself. Not only is there no advertising, there's no self-marketing. There's content only. And then there's a free-standing catalog insert every month that goes with the newsletter. You mix your paid ads in with the ads for your stuff, but it's a whiff. Not the same.

So those are the ways to play the game.

Attendee: The leads that you get that do not convert on the front-end, do you pursue them with continuity programs?

Dan: Well, the logic in the past has been no. But we're learning new stuff. It's like by accident, Maria and Reed are having people return the product and stay in the continuity. So that's interesting. And there is one niche marketer who is simultaneously running his regular front-end, and now front-ending continuity, is willing to go negative, and is getting somewhere. So no hard and fast rule.

Attendee: I have a question that relates to the issue of sampling. We talked about this briefly in one of the teleseminars. What do you think about the strategy of a free electronic newsletter with the object of stepping them up to a paid deluxe membership type newsletter?

Dan: I think it's even tougher than stepping them up from a basic print to a deluxe print. I don't know that it's impossible, but I think it's dicey. If anything, there may need to be a step in between, where the free electronic newsletter is really stepping them into a product, a box, a single purchase commitment, which then creates the need and the desire for the continuation of that product, which is in continuity form. Does that make sense to you?

Attendee: Yes.

Dan: Okay. We have a bunch of people who are going to depart us at 3:30, or when this break ends. I know some of you want to talk to some of them, and so forth, so we're going to take a slightly elongated break. But don't make this any worse than it is. It's ten of 3:00. We will resume at 3:15. I do mean 3:15, not 3:16. Let's go.

Three years ago. QVC. if you guys don't pay attention you don't know, but every so often they do this product-finding, local interest tour. They go out on a bus and they go city by city, and they let local people come and pitch them on products. They take the best of them, and they guarantee them they're going to be on the air. It's a way people can get on QVC. It adds local interest to the shows and so forth.

So a guy comes in to them, and he's got a product that he wants to go take down and pitch to QVC when they're here in Phoenix for this tour. But they've told him it's got to sell for at least \$19.95, and he doesn't think they'd get \$19.95 for this product. Here's the product. It's a giant plastic tube, with an opening on the end, with a cap, and it's called "The Sloser." What you do with the slosher is you take your

Venetian blinds, your vertical blinds down, and you roll them up and you shove them in this tube, and then you fill it with water and squirt soap in there, and then you slosh it around. That cleans your blinds. Of course, these guys are all looking at him like he's nuts.

The guy doesn't think he's got a product problem. What he thinks is he needs something to get it up to \$19.95. Who said the other day, "Sell them what you've got?" Ted's solution to this guy is an instructional video. Shameless.

So they produce an instructional video for this guy on how to use The Sloser, which must have been an event in and of itself. He schleps down to QVC with his Sloser and his instructional video. In Phoenix, he wins best product of the entire city, and goes on QVC and sells 50,000 of these things in his first time slot. We shall not judge, right?

Okay, manual labor backend.

There's a guy in Texas that came to them with an illuminated boot jack. You know what a boot jack is? It's a wood thing to take your cowboy boots off. When they were in Texas, this guy had a little light built into it, so when you touched it, it lit up. So I guess you could take your boots off in the dark without waking up your spouse or something was the story. And they put that guy on the air, and he sold 30,000 or

40,000 of them things, too. People loved that thing. You've got to remember, they're sitting there waiting to buy.

So manual labor backend. Manual labor, meaning you can't just ship something, you're actually doing something. You may not want to do that at all. In some businesses, you may not ever have to. In many niche businesses, you either may want to do it because there's so much money there, or you may have to do it because there's not enough money to survive otherwise.

17-15I have a niche market client right now who's in a very small niche. About 8,000, 9,000. 10,000 at the most. So a 30% market share is 3,000 entities, 25% market share is 2,500. In a year, he's already starting to hit scorch. Cost of sale is starting to go. all the numbers are starting to not look good.

However, this particular niche, they're heavily invested in their businesses. These are big-ticket buyers. There's a segment of them, several of them have already of their own volition tried to do it, who it's the principle of even though you give them everything they need to do it and even though you show them everything they need to do and even if you give it to them fill-in-the-blank, some of them still want you to do it for them. There's a significant number of these people who would pay him \$25,000 to \$35,000 apiece for a couple days work to do it for them.

He just don't want to do it. Nor does he want to supervise anybody else doing it. He is adamantly opposed to doing it. It's lifestyle issues and all sorts of things. But he may very soon face a point in his business where he either has to do it or he doesn't have a business.

With that said, let's talk about the different kinds of manual labor backend. You've got a list somewhere. I don't know what page that is. 243.

One is telephone seminars. If you're a pure information marketer and not a speaker, this may not have a great deal of appeal. If you happen to be a speaker and are used to getting on airplanes and schlepping around in order to get your money, the teleseminar happens to be incredibly appealing. It sort of depends on which field you're in looking over the fence.

But the teleseminar, fundamentally, works just like the regular seminar. People pay to hear it from the horse's mouth, live. It's just you don't go to them and they don't come to you. You do it from wherever you want to do it, and they dial in from wherever they want to dial in from. Presumably, a bunch of them are walking through airports with these goofy headsets on.

I did one last year in between harness racing drives at a county fair, standing in a phone booth. Made about \$4,000. The only bad news was the phone booth had a beehive in it and was full of bees. That was not good. And it was the only phone there, so it's not like you had a choice. We just had to coexist. So I'm like outside the phone booth as far as the phone would go. "What's that background?" "Don't be disturbed."

I gave you some sample stuff in your kits. This is not rocket science. Pick a topic, sell it the same way you would a regular seminar. It's not any easier to sell than a regular seminar. Don't misunderstand the ease of delivery, thereby dictating ease of sale. That's a mistake. It has to be sold bullet points, all of that, just like you would sell a regular seminar.

They can be pieced, they can be bundled. What we did this year was bundle first, and then unbundled later. So you had to buy a bundle when we did our first sign-up. You had to buy either three or six or nine, I think. I don't remember now. You couldn't sign up for individual ones. Once everybody who would buy a bundle and we started doing them, then we started individually pricing them. And we'll continue. We've got two more, so there's a pitch for the last two in this month's newsletter. Because obviously, you can keep selling it right up until the end.

Once you've hit mass and you're going to do them anyway, it's also a good bonus for certain things because it doesn't cost you any more to put another body on the phone. If you're going to do it anyway and you've got 138 people signed up for the seminar, to give one away and have a 139th person listening on the phone costs nothing. So it's a premium with zero cost. Even when you give away a seat in the room, there's cost. But not when they're on the phone.

So it's fairly efficient. Can they be used to sell? Yeah. To have the speaker on the teleseminar sell product, it's never as good as having them locked in a room physically with a speaker. Because obviously, there's a lot of things that can't happen, like a stampede effect. And since there's no way to have a physical stampede that people get caught up in, that's a problem. They can't go physically get the stuff. And then they've got it and this guy doesn't, and he sees them playing with it and he wants it. All that stuff that we know from the front of the room is hard to replicate over the phone. However, since you have no cost and you didn't have to get on an airplane. you can live with smaller numbers.

Some groups are more receptive than others. I've done a few of them for other people as a guest speaker over the last couple of years. The results have been erratic. On one, I sold like 40% of the people who were on the call, and on another I sold like nobody. I was the same. So they're certainly not as predictable as would have been live events. They're also—although this is not part of this conversation—some people who use them purely they're really telesale pitches as opposed to teleseminars, but they masquerade as seminars. Our niche marketers sometimes use that. Joe does it pretty effectively in order to sell people into boot camps or sell them into coaching programs, that sort of thing.

The Rolleters have an entire weird little business model built around the teleseminar as part of the product, and the product involves the distributorship. It's far too complicated for either he or I to explain to you here. I think he's explained it five times to Platinum, and about half of us have finally got it. It's fairly convoluted. It's very clever, it's just convoluted.

But they certainly can be given away or low-ball priced. For some people, it's become like a step in the sequence. Okay, after they've said no once, they've said no twice, they've said no three times, they said no how many times, now the offer is free, or \$9, or \$19, you can come to a teleseminar and hear the guru give his three or four or five best ideas. Satisfaction guaranteed on the teleseminar. And now, on the teleseminar, you pitch the same thing they've been saying no to or you vary the offer, or whatever, In

those environments, you certainly seed them with testimonials. So you do like you would do here.

Ken used Yanik to teach, but he was a testimonial. You would do the same thing on the teleseminar. You've justified, it's valid, but it's really also selling.

Coaching and telecoaching is different in a sense that it is telecontinuity rather than cafeteria list of teleseminars, or even a bundled cafeteria list of teleseminars. It's coaching predominantly delivered by telephone. Usually, most coaching programs that are sold have other component parts. They may have one call a month, they may have two calls a month. Sometimes the guru only does one of the calls and the other is a mastermind group conversation and it's led by some of the superstars who are the customers. Sometimes there are guest coaches. There's usually other stuff. Everybody usually gets a packet of stuff.

In fact, that's usually important when you're trying to keep them in a coaching program, particularly if the monthly hit's fairly substantial. Because compliance is not good. And if you need compliance in order to have satisfaction and retention, then this can be a very bad business because people pay and then they don't come. But they'll still pay if they got other stuff, so they feel good about paying and they can rationalize, "Well, I missed one, but I'll make the next one," or "I missed two, but I'll make the next one."

So most coaching programs have a print component, a stuff component, that people get every month. There are a lot of these things in niches that are priced from \$199 to \$247 a month. The most expensive one that I know of that has significant volume is \$847 a month. By the way, same phone call. It doesn't take any longer to do a telecoaching program that you charge \$800 a month for than it does to do one for \$200 a month. It's not a function of more minutes, it's a function of what will they pay.

Some people have levels, just like levels in everything else. So there's a basic coaching program and there's a deluxe coaching program, and there's a super-deluxe

coaching program. Because the hyper-responsives, what will they buy? The super-deluxe coaching program. Yeah, you've got it. It has all the benefits of other continuity. It gives you opportunities to sell things, it increases the bond, it does all the things we talked about before. The only detriment, if you will, to it is it requires manual labor once a month.

It's a very salable product to just about every market. If they've bought you as an expert, an advisor, a guru to any degree and they're passionately interested in this topic category, getting you via materials is fine, but they want the personal, live contact. People want their hand held. They even think they want forced accountability, until they start to get it.

Attendee: How does it work as front-end?

Dan: Well, like any other continuity, the front-end sell is tough. There are people who do it. In chiropractic, for example, where a number of us operate, there's one guy, Ben Cummings, who front-ends a telecoaching program. The big-ticket practice management deals are really coaching, and they usually include telephone and live meeting. The menu of things included is more involved.

Willis and Brady, my guys in dentistry who sell a \$36,000, 18-month deal, it's called a coaching program. They're selling the coaching program. And they pay \$36,000 for 18 months, and they get a call every month and they get some access, and they get a meeting every three months. They get a menu list of stuff.

So it's really just like a big coaching program. I don't know what \$847 a month is times 36 months, but that's probably pretty close, actually, so Craig's probably in that league too.

Most coaching calls, if you want to know format, a lot of people do exactly what I did this year with teleseminars. They'll do 90 minutes, and the first 30 to 45 minutes is monologue. He's teaching. And then the second half is Q&A discussion. Mechanically, you can do anything. You can have it wide open and everybody can talk. You can have it where nobody can talk. You can have it where they have to be led in

by an operator one at a time, and then they go out, so that works like radio. It's like doing radio. You can do composites, where nobody can talk for this period of time. You can have certain people led in and nobody else led in, so you can have three on the call talking and nobody else can talk. You can have five on the call talking and nobody else can talk.

Mechanically, pretty much, you can do any number you want. I think Jay still holds the record for conference call bulk of anybody. I think he had 15,000 people or something hooked up at one time to a conference call.

Again, people think they invented this. This is not new. Tracy's father and I and our whole bunch, we were selling \$5,000 packages by conference calls 20 years ago. But you couldn't hook all those people up. What we were doing is we had you all in the hotel for the weekend. And then at night, we would go put everybody on conference calls to get their friends, relatives and neighbors on the conference call, and we would all close them on the conference calls. This is even tougher to do in hotels, so it was a real patchwork deal. We had 15 key people, so you had 15 conference calls going on at the same time, and you had 100 people packed in a hotel room and out in the hallway with extension phones. It was a god-awful mess, but it worked.

Today, technology is dramatically improved. It wouldn't require anywhere near the mess that we had in order to do this. But the techniques are not new.

People generally like it. People respond to it. They get value from it. If you're in a niche where your member has employees, they can put it on a speakerphone, they can tape it. You can give it to them on tape after the fact. You can make tapes available to the ones who missed the calls, if you want to. You can create product out of it. The Greg Stanley "Answers On Demand" product, all of that came out of tape-recorded coaching calls, cut, pasted, and reconstituted into a product. So it's an excellent part of this business.

Individual consulting. I'm going to teach you something that's pretty important. On the break, somebody was talking to me about the program that they sell includes unlimited telephone consulting for X period of time. A lot of people do this. A lot of

people pitch it knowing that they're not going to fulfill on it, and praying to God that its only a tiny percentage of the people who ever try and do it. I think, sometimes, it's a bad thing to pitch.

Bob Allen pitches it and leans on it heavily in selling a very expensive coaching program from the front of the room, and he's running 30% to 50% buy-back rates. Because when they come out of the ether two days later, they realize that what they were promised is impossible to deliver.

"Let's see, the guy was in front of 300 of us tonight; 200 of us bought this. He does this 50 times a year. He's going to provide individual consulting on an unlimited basis to 10,000 people anytime they want to call him. Hell, I'll never be able to get through." They figure that out. They don't quite know that 9,992 of them would never call him anyway. But that's neither here nor there.

But here's the better way to do that in almost every circumstance. My objection to it is actually less functional than it is perceived value. Unlimited has no value. How do I value it? I can't. So I believe in quantifying all of this sort of thing. You do it by couponing. So the phone coupons are the same as the critique coupons, which you have all seen and many of you use. So they get X number of coupons that are good for X number of consulting calls. I suggest you tighten the time frame. Nobody needs an hour. If they need an hour, they've got problems you can't solve in an hour. They need a therapist. 15-minute blocks are real good.

So you give them a bunch of coupons. Now you can quantify it. My consulting rate is X dollars an hour. Pick a number. What's yours, because you were the one I was talking to about this? What do you charge per hour?

Attendee: \$150.

Dan: Okay, raise your rates. I don't care who you're selling to, \$150. Did Lee go to record my phone message for me? Lee's doing some personal coaching for like Joe Spadotz off the street, and she's charging more than that.

So let's say it's \$200 an hour, so I can do the math. If we give half-hour certs, how much is a cert worth? It's \$100. So now, if I want to give them four pieces of paper, I've given them \$400. And I can show it on the board, I can show it on an order form, I can put it in a package. If I want to give them eight of them, I give them \$800. If I want to jack the rate up, so 15 minutes is worth \$100, now I can give them four 15-minute certificates and give them \$400. And if I want to give them eight of those... See the way the game's played?

That has more value than unlimited. It's still better to do it my way, because you're still able to create more value to talk about. And you can still put all those restrictions on the coupons, if you want to. But you'd be giving them 12 coupons. And if you want to get cutesy, each one's a different color. The green's for the third month, whatever.

Here's the trick. When you pad value with intangibles, you have to tangibilize the intangible. Does that help anybody? Okay. And it's probably grammatically disastrous, but so what. When you pad value with intangibles, you have to tangibilize the intangible.

Some of the car guys are doing unlimited oil changes, as long as you own the car. What good is that? First of all, who the hell needs unlimited oil changes? What are you doing with this car? Second of all, give them X number of certificates, each one worth the oil change they're going to need, and that's \$49.95 apiece. And now you're giving them something. It works much better this way.

About consulting as a backend. My whole life.

The down sides are, of course, you're stepping into the realm of billable hours. No matter how you want to squinchy around and play with this, there's only so much of you and you can only get so much for it. Although keep pressing that. You'll eventually get sick of it, and you'll only want to do so much of it. And every once in a while, you get a ringer and you wind up spending an hour or a half a day or a day with somebody you can't stand, and all of those down sides. But, easy to sell? Yeah. It's within the hyper-responsives, but it's the same kind of percentage. There's 5% to

20% of your customers, no matter how brain-dead easy you make doing whatever it is that you're teaching them to do for them to go do, when it's all said and done, they're still going to look at you and say, "Do it for me. I don't care what it costs."

I talked to a guy the other day. He's got a Magnetic Marketing system and he's got the pest control industry version of the Magnetic Marketing system. He's got every possible letter and coupon you could ever want to run a pest control business. The guy's got a pest control company in a relatively small market. Calls me up, wants me to do a whole marketing system for him. I said, "Look, it's like \$25,000 and 3% of your gross for as long as you use the materials. And I'm going to take that stuff, and I'm going to tweak it and I'm going to put your stuff in it. You can do that." And \$25,000, it's one thing if you've got 50 outlets or you're in five states. But this guy's got like two trucks in Duffus. And it's him and his wife running around killing bugs. I said, "I don't really think you want to do that." "Money's no object. I just want it done right."

Well, the down side of that is how big is the 3% going to be? So you don't even want to do it. But this guy is insisting on giving me \$25,000 to write his pest control business. • They're everywhere. And you're going to find them, too, whatever it is you teach them to do.

I know John has them. I don't know about you, but the other kill-people John. I assure you. And if they don't get to him, they talk to his staff. Somebody calls up. What do you sell, \$300 of video or something to teach them this technique in 14 manuals? They go through it all, and when it's all done, they call up and they want to come and have him teach them how to do this. What he's going to do is stand in front of them and do exactly what he just did on the video, and he's going to grab them by the elbow and move the arm a little bit for them. That's about all he can do. He, I'm sure, doesn't want to do it and tells them he doesn't want to do it, and they

17:25 keep offering him more money. And probably every once in a while, he probably lets somebody come and do it.

We all have it. So you've got to decide are you going to do it at all? Are you going to

let it happen? Are you going to formalize it? And do you want to sell it? And how do you want to sell it? But there's money there if you wish to do it.

One thing I would tell you about consulting is that if at all possible, find a way to get yourself some leverage. You either need time leverage or you need money leverage. So time leverage is from being able to deliver something beyond just the billable hour, such as doing something for them, but having it be something that you do once and just keep reissuing.

The practice-builder's business, for those of you who know that, is all about that. They create an ad campaign, they charge this pest control guy in Tupelo exactly what I said, but they keep all the rights outside of Tupelo. And then when another one surfaces in Botswana, they take the guy in Tupelo's name out and put the Botswana guy's name in, and they give that to him.

So they've got time leverage. It's a lot of work to create it once, but no work to sell it a second time and a third time. And you could even formalize that process more, if you choose. Or, you need the kind of leverage that I get, where somehow you have royalties on the backend tied to use or tied to results or tied to something. So the billable hour, you get paid for the time, plus then you get paid and you get paid and you get paid some more, long after you did the billable hour.

Specific services. The list of services you might provide for your customers is endless. But I'll give you an example. Here's an example that is happening increasingly in the niche businesses. Many of these services are ones that you might not provide, but essentially you might broker. You're the control person.

In Craig Proctor's case, in real estate, he bundles everything. So he's providing their website, he's providing their e-mail, he's providing their recorded message service, he's providing all the auto-responder service, he's providing broadcast fax, he's providing everything bundled into a front fee, a monthly continuity and a renewal.

So he's taken the content that they get to use, that is his, and put it in all these things, and then bundled the delivery service with it. And now they're up and running with

everything. So all the free reports are in there. All their e-mail follow-up stuff is all done for them. And if they stop the service, they lose all the content. So once they're dependent on all the content, which they certainly are not going to go reinvent from scratch, they can't stop the service. Their whole business stops. So once you've got them, you've kind of got them.

But let's take an isolated service. Let's take broadcast faxing. Almost everybody now who's a niche marketer to anybody in business, teaches them broadcast fax.

Rory, if Rory's in here, I know Rory teaches the restaurant owners how to broadcast fax menus and specials and all of that. Chauncey, I'm sure you're teaching the tax preparers broadcast fax a little. Even Bill Glassier, to men's wear retailers, is teaching them how to use broadcast fax to promote their men's wear stores. Everybody's teaching it. If you're not, by the way, you should be, because it's an exciting thing to teach. Just like you've got to teach Internet. Whether you like it or not, you've got to teach it because everybody gets excited about it. Broadcast fax is very exciting because it's cheap. And if there's one thing your customers want, it's cheap. This is exciting to them.

So now let's say you teach them something that works--let's make that a given for the sake of conversation—that you actually have some things that they could broadcast fax. And if they did broadcast fax them, something good would happen. Now guess what? Most of them ain't going to do it, but they will pay you to do it. Happily. You just have to decide whether or not you want to do that. And if you do want to do it, how are you going to do it.

The first big player that I know about is in insurance. It's a guy by the name of Dean Sipriano. Did you get the letter I brought you? Okay. Dean really wound up flipping his whole business. Dean was a seller of a box, information product, how to build your insurance practice, to insurance agents. Now he gives away the box to sell them broadcast fax services. The box is irrelevant. What he wants is a guy who'll spend \$1,500, \$2,000, \$2,500 a month with him every month sending out faxes.

One of you or both of you want to come up here? Why don't you both come, because we are time-tight. Fundamentally, the way the business works is you've got content. You've got four faxes that work. You've got five faxes that work. You've got six faxes that work. Whatever you've got. So you've got these pieces that work and you know where to get lists that they should be faxing to. You just take over the whole process for them.

In some pricing structure, which we'll talk through one in a second, you say to them, "Here's the deal. You get the right to use this fax or these faxes, or we'll create a fax for you if you want to make this more complicated. So you have the right to use it for a specified time in a specified place against a specified list. We'll go find the list. We'll do all that for you. We'll hand-pick the right list for you, match them with the fax, and we'll send it out for you and we'll drive leads to you. And we charge you X dollars initiation fee, plus some pricing formula to do it."

Here's the best news about all this. In most niches, if they get leads, like if something actually works, they are phenomenally excited. It doesn't take a lot to excite them. If the phone is ringing, in most niches, with somebody calling up saying whatever it is the offer was, "Yes, please come see me and tell me everything I ever wanted to know about life insurance," the life insurance guy, after he picks himself off the ground and restarts his heart, says, "This is slicker than owl crap. This is terrific." And if the phone rings three times, he's on the way home to tell his wife about it. "This is the most amazing thing!"

And because it's cheap, you don't need big response percentages. You need tiny little response percentages to give them some lead flow. They're excited, and they'll keep doing it over and over and over again.

So you guys have done this now in your niche with the mortgage brokers. You really have become a fax service provider.

Attendee: What we sell is we have the ads already created. First of all, let me just give you a little background. What we're doing is we're having to create leads from consumers

direct to the mortgage brokers. So we have the copy. We have really three or four templates that we have found really works. We know this, because we tested it in our own mortgage company before we rolled it out to other mortgage brokers.

Dan: By the way, very important. It's one thing to put untested or marginally tested stuff in a kit. It's *a* whole other thing to take people's money to send out untested or marginally tested stuff. The down side to this whole business is you are now accepting responsibility for results. You damned well better be able to produce them.

Attendee: So they choose an ad or a template, which we can edit somewhat.

Dan: How many do you have that are proven winners?

Attendee: We guide them towards one of two.

Dan: One of two. But you've got maybe five.

Attendee: We've got like ten different versions of each ad.

Dan: But basically, they're two times five.

Attendee: Exactly. But anyway, we guide them towards choosing an ad. We ask them questions about what they specialize in, because the mortgage industry is kind of wide. Based on the type of clientele they're trying to attract, that's how we push them towards one ad or the other.

And then from there, we try to keep it as simple as possible. We say, "Okay, the first thing we're going to is choose an ad. Second thing we're going to do is choose where you want to market it to. And when I say where you want to market it to, I mean one of two things. Give me an area code or give me the counties that you want to hit. Area code, preferably."

Dan: You're trying to place and sell by area code.

Attendee: Right.

Dan: Okay. So I've picked an ad, and I've told you area 602, which is one of our three area codes in Phoenix.

Attendee: Right. Then we say, "Okay, what size job do you want to do?" And right now, we've found that what works best for us is to sort of do like either a basic or a deluxe offer.

Attendee: We guide them towards one plan, preferably. Because if you offer them A and B, they will go with the small one.

Dan: Of course. By the way, remember the fundraising plan. If you do ABC, they pick the one in the middle. So part of the way to manipulate them is to do ABC. They pick the one in the middle. Anybody who's running a charity will tell you, when they give you the card and there's "give us \$25, give us \$50 or give us \$100," they're looking for \$50's. And they're mostly going to get \$50's. The person won't do the low one, because they feel cheap. But they won't do the high one. When they give you five choices, they're looking for the two in the middle. That's the deal. So it's the same kind of psychology.

So the one you want to sell is how much money and what do they get for it?

Attendee: \$1,495.

Dan: So it's \$1,495.

Attendee: And we fax about a 4,600-piece fax, which comes to about 33 cents per fax. But a very good fax gets passed around five to one, say.

Dan: So the pitch includes pass-along.

Attendee: Big time. We guarantee them 1%, knowing that they'll get 2%, 3%, 4%, 5%. Some as high as 10%.

Dan: So we're selling a \$1,487 deal, right?

Attendee: \$1,497.

Dan: Okay, \$1,497, which roughly represents 33 cents a fax. You're guaranteeing them a 1% response. Are you guaranteeing them money back or are you guaranteeing you'll fax some more.

Attendee: They don't know that we're faxing more, but we'll just fax more if they haven't gotten 1%.

Dan: Fine. This is lead generation. No responsibility for what happens after they get the leads.

Attendee: Right. But in order for them to get the 1% guarantee, they have to do certain things. Like one is they have to use one of the ads that we choose. They have to follow our prescription, which means they have to offer a toll-free number, it has to go through an IVR, they have to offer voicemail and a free report. A lot of them don't have this, so we rent them the line and we make additional money off that.

Dan: Let's get a rough handle on margins. Do you mind now? A rough handle on total margins? Because even if you do JV's, you're going to have to disclose it. So let's do the 33 cents. How much of that's hard cost?

Attendee: Hard cost is about a third. That's without the list.

Dan: So mechanical cost is 11 cents. Is there a list cost or you own the list?

Attendee: We have those lists.

Dan: You own the list, so there's no list cost. So we've got a hard mechanical cost for getting the faxes out of 11 cents.

Attendee: Plus, it's that price because we fax large amounts.

Dan: You're doing huge numbers. Then you've got a coordinator-type guy?

Attendee: Who has to tweak the ad.

Dan: Who's doing the grunt work. So you've got to pay him. So how many cents do you think that is?

Attendee: We're looking at we're up to like 15 cents.

Dan: So maybe you're at 15 cents. And then most of it, right now anyway, for them and for most people, only a small number of these deals are happening where somebody

just fills out an order form and does it. Most of them are calling in and having to be closed by a good inbound person, or even outbound and followed up. So you're paying commissions.

So when it's all said and done, on 33 cents, what have you got? Maybe a dime?

Attendee: Yeah.

Dan: Okay. So on the \$1487, you're making about—what does that translate to—\$400?

Attendee: \$500.

Dan: Four or five bills on a sale, right?

Attendee: But the next month...

Dan: Now, does the commission cost go down on the resale?

Attendee: No, it doesn't.

Dan: But you might when you multiplied. So are there any costs that go down on the resale or is it good news because we lock them in and we get to stack them?

Attendee: The great news is seven out of ten do it again and again and again. So a kit sale, where as they would buy your kit and take it and stick it in the corner and 20% come back, these people are raving lunatic fans from day one.

Dan: What you're saying is you've got a 70% hyper-responsive factor in this particular part of your business?

Attendee: Yes. And they do testimonials month one. They buy stuff month one. They want everything you have, plus they're a \$20,000 customer per year. Plus, there's tapes, seminars.

Dan: Well, so let's say we're at \$400 net, give or take. So each one of these is worth \$4,800 a year being driven to the bottom line, if they don't increase, if they don't bump

it up. So every ten is \$48,000. The numbers are pretty good.

How are you handling the exclusive question? "I want to be the only guy in 602."

Attendee: We aren't doing that, but we offer them the option of locking out certain folks.

Dan: Okay, so you've gone to the lock-out the competitor gag.

Attendee: If you can name a price high enough.

Attendee: We are also toying with the "if you'll do so many per month for 12 months, we'll lock out. You can have that." But there are so many business faxes. In 602, there's probably 35,000.

Dan: If not more. Now, there's two ways to do something like this. One is you could figure out how to do it all yourself. You can go get a list vendor, you can go get a fax vendor, or you find somebody who's up and running, like these guys, who want to do it on other niches on a joint venture basis. Those are your two choices.

Do we have another mic that will work for questions, or are we down to one mic? We'll go to you.

Attendee: This may be a real obvious question, but if you're faxing to consumers, who do you fax to? Most folks don't have a fax machine, do they?

Attendee: Businesses. The average business has a fax that services 11 folks. A very clever fax that is like scribbled across the top.

Attendee: Let me try and answer that.

Dan: A consumer offer can be faxed to small businesses. So like let's say mortgages. I'm not going to dictate a fax. You can do "homeowner" or you can do "hospital employee benefit." "Lowest discount home mortgages and refinancing. 50% discount on all points and fees exclusively for employees of Phoenix area hospitals. For more information, call." I've made that more simplistic than they probably would, but the ideas is now we could do "restaurant employees benefit. Put this up on your

employee bullet board," and fax it to all the restaurants. So there's ways to take consumer offers and deliver them through businesses and make them work.

The other thing I'd quickly say is that the fax is increasingly becoming a home appliance. A year ago, at home, I never got a fax; a commercial broadcast fax. They all came to the office. Now, one a day at home. And they're from travel, mortgage deals, restaurants, pizza joints. And I'm not talking about ones I have a relationship with. These are cold broadcast fax. So they're just taking every number in a prefix; business, home, they don't give a damn, and they're blasting them all.

Attendee: We have a whole list of fax numbers that are to faxes in homes.

Attendee: Three million.

Dan: Three million home fax numbers?

Attendee: We have got a special list that we share, that is about 3.5-million, which are not part of an SIC code. They aren't the fax list that everyone faxes.

Dan: They're getting less of it and it's going to one person, of course.

Attendee: They aren't as cranky and they aren't doing the "will you please take me off your fax list," which I'm sure lots of you have questions about that. There are ways to work with that.

Dan: Okay. Do you mind running the mic?

Jeff: I have a client who does this, and I had him do a test with his customers, because they're so lazy. I said, "I'll bet you that you could sell them an additional service of once they get the leads from the broadcast fax, to do the follow-up mailings to the people and do the sequence mailings for them. •

Attendee: They've asked us to. They want that, too.

Jeff: He introduced it, and he started selling it the first day he introduced it. We made it some ridiculously high price, and they're all biting on it. He's got a whole new

business now going of the continuity continuation of his fax thing. We figured out the only thing they want is to get somebody to call them, and they won't ever make a follow-up call.

Dan: In other words, the point here is this.

Attendee: The more you do, the more they'll pay.

Dan: Yeah. But the other point is—this gets back to selling them what they want—what they want is a lead, a customer, a phone call. What we've been selling them is we sell them a manual that teaches them how to do that, and we sell them the tools that they can go modify and use how to do that. And we sell them teaching on how to do that. All that's fine, and they tolerate it, because it's the closest they can get to what they want. But it's not what they want. What they want is somebody to put the spoon with the food on it in their mouth. That's what they want. Opening the can is too much work. They will pay more for it done than they will ever pay for it part-done.

Attendee: Just a follow-up on what you said. I have a very similar model. And what I did when I got that 1%, it isn't through broadcast fax but it's business-tobusiness, I have a way of identifying the 20% that account for 80% of the sales; a predictor. What I did is I went to a telemarketing firm and I joint ventured with them. And I went to those that wanted the appointment set. The telemarketing firm sets the appointment. We raise the fee of what it would be normally if just sold the list 400%. The telemarketer and I split the extra 50/50. And in telemarketing, it's how many appointments per hour of calling. We based it on one appointment per hour, and we're getting between one and four. And we've been doing this with banks. The other banks, big banks, they want to hire us but we don't have enough capacity. So we're really just testing it.

Dan: The good news about this versus that is the one thing you don't have is a capacity issue.

Attendee: Right.

Attendee: We can take thousands and thousands and thousands of calls at once. Now. Dan. we have the trade rag ads to sell kits.

Dan: Right. You started to do those for vendors.

Attendee: Well, our average cost per lead for our kit in trade rags was like \$38 per lead. When faxed, it dropped to \$3 per lead. So then we thought, "Let's try it for doing home loan leads," and the cost went way down. Plus, you can turn this on and off at any time. Plus, you didn't have to have staff. And if you messed up, you test ads fast, too.

Dan: Sure. Of course. A couple more questions. Jim?

Attendee: For the exclusivity, what were you charging them to lock someone out?

Attendee: Frequency.

Dan: Frequency.

Attendee: What was the frequency?

Attendee: Once a month, say.

Dan: And what are you doing? A three-lockout? Lock out three?

Attendee: Well, there's plan A or plan B.

Dan: Plan A or plan B. I got you.

Attendee: He sells one thing, I sell another.

Dan: I got it.

Attendee: We are swamped now. This has been the smartest thing, best thing, simplest thing, most duplicable thing. We are just thrilled. We're happy with this.

Attendee: You can tell you sort of customized it. You get them to use one or two of the templates, you were saying?

Attendee: Because we guarantee it. We do everything we can to not let them mess this

up.

Attendee: Say someone wants to do a direct mail sequence. Do you ever go there, or just try and stay away from that?

Attendee: The thing I would do is take the past piece that's worked real well, because we have tried to take that, just tri-fold, staple, mail, and that's worked out real well.

Attendee: So we won't create individual..

Dan: No. But to be in the direct mail service bureau business is infinitely more complicated than this.

Attendee: See, with the fax broadcasting, the fax is just that. It's a blast. So your response comes very quickly. Normally, within the first 48 hours. So it's immediate gratification. The fax is going out at 11:00, their voicemail box is full by 5:00 p.m. They've gotten some calls that may be transferred live into their office. One of the big selling features, like Reed alluded to, when we're selling the service, is, "We just had a Fourth of July holiday. You didn't work that Friday before. You didn't work that Monday. You're looking at your pipeline. Your pipeline's low. What are you going to close in July? Do a fax this week. We can get it done in two days, and you'll have 50 leads in a matter of days."

Dan: There are people in the business of doing direct mail. It's a business. But think about it. You're printing, typesetting.

Attendee: Do you have anyone pressing you for those services?

Attendee: Home equity loan direct mail responses are .025. We average 3% to 6%, sometimes 10% to 12%. Do you know how happy they are?

Dan: Another couple questions, and then we've got to close this off.

Attendee: You said you had no lead cost. Is there a source to get things like that?

Attendee: You have to compile this stuff, or there are some sources. But to get the

source that we have. you're looking at like 30,000, 40,000, 50,000.

Attendee: If you're driving them to an 800 number, where's the selling that you pay the commission on?

Dan: You've got yourself confused.

Attendee: You said you had a commission cost coming out of the 33 cents.

Dan: Of course. Somebody has to sell the \$1,487 deal.

Attendee: Okay, that. And then is this fax offering a free report? Multiple step as opposed to one step?

Attendee: We encourage them to use the multiple-step format, however we have some fax clients that are not familiar with it. We'll give them the free report. We'll e-mail it to them or send them a disk with all the materials, but we do have some clients that it's just too foreign for them. So in that case, we'll allow them to do it without a free report. But then we don't offer the guarantee, either.

Attendee: So if it's a multiple step, who handles the multiple steps?

Attendee: They handle the multiple steps. We provide them with all the information. Basically, we provide them with our kit, that teaches them how to do multiple-step mailings, follow-up. We provide them with scripts, reports, inserts, everything. But it's up to them to do it. I tell them, "I'm going to make your phone ring. I'm going to give you lots of clients. What you do with them afterwards, that's your deal. That's your sales skills, that's your loan products. You need to make it work."

Attendee: But we provide them with a tape, too, "How to convert leads to closes."

Dan: Okay, thanks guys.

Attendee: Now, to call us?

Dan: Yeah, yeah, yeah. Give out a number.

Attendee: To call is 910-484-4519. My name's Reed.

Dan: Thanks, guys. Okay, next part of the backend business is possible big paydays. It is increasingly difficult to run an information products-based business, whether niche or not niche, without building in the occasional huge payday. A lot of businesses, the whole business runs to set up the big payday.

Your options, the number one way to get it, is the periodic event. When you are going to sell to your own customers with very low cost of sale, and you're going to come to around 25%, 30%, somewhere in there on your bottom line on a big-ticket item, it's hard to beat doing it with 200, 300, however many number of people you put in a room at one time for two or three days.

In the mainstream markets, the events may be even bigger. The alternative health marketer with a half million customers is maybe going to do a four-day, multi-speaker, alternative health extravaganza is going to have 1,000 people there. But these businesses almost mandate being in the event business.

Is Tim Paulson around or is Tim out of the room? Okay.

Tim hates doing boot camps with every fiber of his being. Grumbles. He's got one coming up. He probably makes about \$50,000 every time he does one. Could do four times as many of them as he wants to, but he's kind of got to do two or three a year to justify the business. It's just increasingly difficult to run these businesses without doing them. So you've kind of got to think about that. And if you are going to do it, of course, you're setting it up all the way along. So your newsletter, your products, the testimonials you choose and select, the way you nurture the customer, bonuses that include stuff from previous boot camps, being very aggressive about selling boot camp in a box type products, because they set up the person who wants to come to the next boot camp or comparable event. It's probably a business you're going to have to be in.

Next type of big payday is, of course, when you have pent-up demand and a list that you own is the new product introduction. We've kind of talked about that. Most marketers are woefully negligent at keeping pace with their customers' willingness and ability to

consume.

If you want to eek maximum profits'out of this business, your hyper-responsives want the next new thing now. They don't want two of them a year, they want a lot. So you've got to get prolific and keep coming up with the next new thing.

Is the other John in here? Is kill-people John? John comes up with like one new major product probably every three months and is going back to them. If you get on a lot of these mailing lists and spend enough money that they consider you an A customer, you're going to see big offer after big offer after big offer. So that's the second place.

The third place is the ultra-expensive product designed intentionally for only a tiny percentage of the list, that's high-margin, huge price, and some small percentage of the list will give you some huge sum of money for it. Now, that may be the everything bundle. It may be something like a Platinum-level user group.

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Dan: I have one client who runs the equivalent of that business, but it's \$25,000 for each person, and they do four meetings a year and there's 50 in the group.

So those are your three options. They're important options and you're probably going to have to build them into every business.

Attendee: Dan, I noticed that your teleseminars are 90 minutes. Most of the ones I've seen have been 60. Do you go to 90 to get a higher price point?

Dan: Well, I did, and I did it just because I followed a particular Model myself. For me, the 45-minute monologue/Q&A split seems to work pretty good. I like that format. I'm coming off of teleseminars next year and going to a gold-plus locked-in coaching kind of thing. And I'm going to stay with the 90 minutes,

Let's go to page 249. Your own catalog as part of your backend.

The most important thing to know about catalogs is the following. Rare exceptions, not good front-end. This is not a way to acquire customers. This 6. a way to sell to customers you already have. And, even in that environment, you're never going to get the dollar productivity from a catalog you get from solo offers. You're never going to get the response percentages and the dollar productivity from putting a smorgasbord in front of people and letting them cafeteria pick, ^{than} you are with a dedicated, direct mail campaign with a full-blown, umpteen-page sales letter and enclosures, guarantees and testimonials, all devoted to selling them one product and one product at a time.

So for a true backend, the catalog is not a substitute for solo offers. Many people fall into that out of laziness and operational efficiencies, and all that. Myself included. But the trade-off is profound.

It is, however, when you have a frequently-buying in-place customer base and you have a lot of product. It is something you want to do once or twice a year, because it does set up a selling environment. People go into it to shop. Our kind of customers keep it as a reference tool. They mark something they might not want now, but they know they're going to want three months from now. They buy volume one and they do go back and buy volume two, etc. So it belongs in your matrix.

You can combine your products with other people's products. And in many cases, like you said, you do. And in many cases, you have to, because you won't have enough product to support a whole catalog. So one of the reasons to do licensing, one of the reasons to do joint ventures, one of the reasons to seek out out-of-print books, etc., is to be able to flesh out and support an entire catalog.

I think the first four years or so we did catalogs, our mix was probably 50% my product and half other products. Then it went to two-thirds mine and one-third everybody else's. And gradually, we got to all mine. I'm more prolific than good, so I created tons and tons and tons of stuff. But for most people, they're going to wind up with a mix.

Finding and testing products. Ideally, you want winners. You want what the catalog companies want you to bring to them: a product that sells, that has a sales letter that works, that has a mini-pitch that works. Sometimes we have to do it, and it's worth doing sometimes, but the horror show for you is good product and that's it. Now you've got to do all the heavy lifting you would do for a product of your own, just to be able to sell somebody else's product. The more annoying part of all that is when you're all done, they're going to go take all the work that you just did to create stuff to sell their product, and they're going to go use it and you won't get paid. So you want somebody to come to the table with a complete package, not just a product.

Like Alan said this morning, often you can improve on what they've got. But there's a difference between improving on their sales copy and writing sales copy for them.

Frequency and how to support frequency. I don't think there's any rule of thumb. You test. But most people mail to their own list not enough. And most people mail their

catalog to their own list not enough. We all marvel. Like I said, I get a Sharper Image catalog every week, and I'm sure you're on lists where you get catalogs and you say to yourself, "What are they thinking? How many times are they going to send me catalogs? How can they afford to do this?" Some companies are really that dumb. And of course, they wind up in bankruptcy. But most of them, those guys know what they're doing. They're running the numbers. They're at the right frequency rate. And the big lists, they have their list segmented A, B, C, D, E, F, G, in segments of responsiveness. So you may be getting that catalog every week, but your neighbors only getting it once every three weeks. The guy across the street is only getting it once every three months.

This brings us to this. On your big chart, see this little box over here? That's a list segmentation box. People move up and down. Hyper-responsive, good customer, mediocre customer, bad customer, sludge, crawl back out of the slug, buy something. Some people, once they get into the hyper category, they may stay static for a long time. They may stay there.

But in these other categories, they kind of move up and down. They're interested in something, they're not interested in something, they got laid off from their job and can't buy any tapes from John for a few months, they get a job, a relative dies and leaves them some money, they come back, they start to buy stuff again, they go to another guru and they're disappointed, they come back. So they're always moving up and down.

The real big sophisticated direct marketers are constantly tracking and they're moving them. They send them stuff based on where they are. And as soon as they indicate they've moved, then they send them different stuff. You, on a small scale, kind of need to do the same.

By the way, you'll notice on that chart that the hyper is profit, the sludge and the dump is marked as loss, and everything in between is marked as opportunity. Your greatest opportunity is in your good to mediocre customers who are not yet hypers. Because you can move them up. And that's where all the opportunity is in your business.

Secrets that bump the size of the order, which is what you want to do in the catalog business. There's a psychology that works in your favor. You've all been guilty of this as consumers.

Here's what happens. We get a catalog, we go through the whole catalog, and we find one thing we want. And now we're going to fill out the order form or fax it or mail it, or we're going to get on the phone and place the order. And it almost seems like kind of a waste to go through all that and buy just one thing. So the customer goes back and says, "I've got to be able to find something else to buy." And they start at the beginning again, looking for the second thing to buy. If you're catalog buyers, we all do that. Me included. You just kind of feel goofy calling up and buying one thing. So you wind up buying two things or three things.

Peterman nailed me that way every time. I'd find one thing I wanted to buy, and then I'd go back through six times and finally wind up buying two things I really didn't want. But you don't want to just buy one shirt. It's almost a waste of energy.

So that psychology works in your favor and you want to use it. In those that have emulated Peterman, do you make the copy entertaining? Do you put some content in? How do you organize the products?

Impulse items that bump orders. Your impulse items belong on your order form next to your order form. The stuff that's easy to add. "Oh, yeah, I'll add that book." This is the chewing gum and the magazines and the candy bars in the line at the checkout counter. This is pay attention to what they've got next to the registers at the Barnes and Noble store. 't hey've got bookmarks and iittie illy Bitty Book Light. So while the person's standing there, they say, "Oh, I'll get that too." So you need catalog items that are "Oh yeah, I'll get that too." And they belong on the order form or next to the order form.

The way you capitalize on the psychology-I didn't finish—of "I should get a second item," here's the basic ways. One is progressive discounts. You've all seen this done. You get 5% off if your order is X to X. You get 10% off if your order is Y to Y, 15% if it's Z to Z, and the discount goes up with the size of the order. The big guy's

got actuarials sitting in there, like the ones that calculate when you're going to die for the *insurance companies*. They're tabulating all the data, so that they pick the points where the discounts change right at where people stop buying.

"So our average order was \$47 from the last bunch of catalogs we sent out, so we're going to make the discount change at \$48. Because it's going to be real tough for somebody to find an item in our catalog that sells for \$1. But they're going to want to roll up to the next discount level, so we're going to force \$10, where they wouldn't even have given us the last dollar." So they're figuring out all those numbers.

You can do free shipping for orders over X or free priority shipping for orders over X. And you pick the number you want to bump them over.

You can tie gifts to the order size, and you can do the progressive gift deal. You'll see like Quill was a master at that. You know the office supply catalog? So they'd have kind of a crummy gift, maybe some paper weight or coffee cup or something, with an order of X dollars. And then they'd have a little better gift, a pen set or something, and you get the crummy gift plus the pen set if you bump into the next size order. And then they'd have kind of a real good gift. If you bump into the third group, you get the crummy gift, you get the so-so gift, and you get the good gift.

The only way you get the stuffed dog is if you buy X amount of dollars worth of stuff. You're trying to send them back into the catalog. This whole process is they've picked out one, they've picked out two, whatever. They're already buying. But now I want to force them back in to find something else to buy, even if they look for the smallest priced thing that will get them over the next hurdle, because they want the stuffed dog. So the only way they can get the stuffed dog is to bump over the hurdle.

This is ours. You either want an everything offer or you want big bundles by category. So Jim's got 18 products for heating and air condition contractors that have to do with management issues. Then he's got 12 products that have to do with advertising sales and marketing. So he might do a management bundle. And he might do an advertising and marketing bundle. And he might do a personal growth bundle,

and then a bundle of the bundles. But you want big buys. Because some percentage of your buyers will start to go through and pick and say, "Hell, I'll just buy everything." That's the guy you want.

Okay, next backend issue. This is very, very important. When you own the 'customer, you are the king. You own the toll booth. And when you own a bunch of good customers, there's a whole lot of people with a whole lot of reasons who want to get to them. And you get to decide what the toll is they pay.

First time I ever read and heard and came to understand this, was from Brody. Half of his course was about your purpose of life is to get into the toll booth position. You don't want to be the guy driving through paying the toll. You want to be the guy sitting there collecting it. And preferably, you want to own the toll booth on the road going into Disney, because they're going to go.

And that's what this business is all about. It's a very important source of revenue. The money [Amazon.com](https://www.amazon.com) pays on their affiliate program, that's because you're in a toll booth. You own a toll booth. Amazon wants to get to your customer. You'll let them get to your customer, but only if they'll give you a toll. Joint ventures are all based on the toll booth principle. Sponsors at events are all based on the toll booth principle. All these ancillary sources of money, most of which do not require you to make anything, inventory anything, or deliver anything, are extremely important. And some businesses exist purely for the toll position money.

Attendee: So here's your toll booth incomes. Joint ventures, we talked about those. Endorsements to your list. List rentals. List sales. List exchanges. Ride-alongs. Somebody pays to put their stuff in your boxes or pays to ride along with you in mailers. "Please print my flyer on the back of your flyer." Sponsorships at events. Affiliate programs.

The bigger and more mature that your business is, the more of your money should come from toll position money. The bigger your list, the longer you've been around, the better your relationship with your customers, the more money you should extract for

toll. And when you're on this side of the equation, you be as unreasonable as is humanly possible. Your starting position is, "I want it all." That's your starting position. "I want it all. The deal is 100% to me, no percent to you. But I'll let you through the toll booth." You be the ugliest troll under the bridge you can possibly conceive of being. You come out and stomp and snort and growl until they give it all to you. That's where you negotiate from. The better your influence, the better your relationship.

We've done joint ventures. The Tony list gets, on average, four joint ventures a quarter. There's enormous competition to get to that list through that toll booth. I'm talking about with endorsement. You can rent the list. You can go to SRDS and you can find it and you can rent the list if you want to. But I'm talking about with endorsement. Guthy-Renker and Tony jointly control the list. The steps you have to go through to win that battle are incredible, and the split is damned near "we get all of it. you get none of it." And they're standing in line to do that deal, as they should be.

So this is an incredibly important part of your business, and it's big payoff, which is why you want to play the game. This gives your business longevity, by the way. As your business matures and the front-end math gets worse and worse and worse, until it turns to crap, in some cases, and then the backend math is getting not so good or is stable, the place where the increases come from and where money can exist long after the rest of it is drying up, is from this toll booth money.

Let's talk about business management issues and go back to your regular manual, to page 253.

Certainly for niche businesses, not necessarily for big mainstream businesses, but certainly for niche businesses, many subculture businesses, this is what its lifetime is going to look like. You're going to start out during a little happy period where you're going to have front-end profits and you're going to be acquiring customers. At some point then, your emphasis is still on acquiring customers but your front-end profits are evaporating, which makes backend revenues important.

Now, for a lot of people, when they move from phase one to phase two, it's like, "Huh?" You know it's going to happen. You need to expect it. You can make some estimates of how long it's going to take based on how big your niche is and how fast it replenishes. And you can kind of think whether it's going to be one year, two years, three years when you're going to have to face this. You can plan for it.

The third stage, which is the period of time where you can make the maximum amount of money from the business, the good news is all your front-end experimentation is pretty much over. You have reliable models, you have faxes that work, you have ads that work, you have letters that work. You're kind of recycling the same things over and over again, but your front-end profits are gone. You are now acquiring customers either creatively or at losses. The backend of the business is now where all the money is.

Fourth stage, you've reached the point where the cost of adding new customers is prohibitive, and you are either not doing it at all, you're resting the front-end, you're turning the front-end off, you're having to completely reinvent the front-end like we did with Whitehall and all of your profits are going to come from the backend. And maybe, the business is even beginning to dwindle. Because if you're not pouring in new bodies on the top, the backend each year should be less than the backend was the year before, and you better start thinking about how you're going to leave. That's your life cycle. Nothing lasts forever.

Let me give you some big thumb rule economics.

Front-end cost of sale: 60% of the gross when it's good, 150% of the gross when it's bad. By bad, I don't mean bad like necessarily ineffective or disastrous. You can make all sorts of money with the front-end where it costs you a hundred and a half to get your customer. It's just bad from the standpoint that we'd rather have it be 60%.

Backend cost of sales: 10% or less when it's real good, 40% when it's not so good. If it costs you more than 40% to sell to your own customers, you better have a huge alarm bell go off about the relationship with your customers.

Nobody likes to hear that, by the way. You'll discover this when you do a bunch of joint ventures and endorsed mailings. You are going to encounter the ones where the endorsed mailing which works everywhere else flops. Or the strategy that works everywhere else flops. The deduction that you make from that is that your endorser's influence with his customers stinks. If he's real smart, he'll learn from it and it will be an alarm bell for him to get busy. If he's real stupid, he'll just argue with you that he told you the thing wasn't going to work in the first place. But if an endorsed mailing doesn't work, he's got real customer problems.

Cost of goods. talked about that.

Your fixed expenses and overhead, R&D and experimentation are variables.

Again, big thumb rules. I suppose if you averaged a lot of these businesses together, here's what you'd find. When 40% of their business is coming from their front-end and at 80% of cost of sale. when 60% of their business is coming from their backend at a 30% cost of sale, less the cost of goods, you're going to be down to \$125,000 in pre-tax net on a mil.

You have a certain economy scale as you curve up, and then you cross a point where you start adding all kinds of employees and overhead and stuff to take care of the really big one. And then the net per mil goes back down the other side.

But it's a good standard of comparison as you grow. Here's the main ways you lose money. There are more ways than this. In fact, the possible strategies that clients seem able to come up with to lose money are never-ending and unceasingly amazing.

But here are the six main ones. Cost creep. Nobody paying attention to the cost. Freight starts out as 3% of your gross, and two years later it's 14% of your gross and you didn't notice. Lots of ways that could happen. It happens to me all the time. You order something from a mail order company, and the thing you ordered is about this big and the box they ship it in is about this big, 4,000 pounds of Styrofoam, great big box, little glass in it. That's because somebody back in shipping has decided, "Why

stock eight sizes of boxes? That's a pain in the butt. Let's stock three sizes of boxes and ship everything in the three sizes of boxes," and they've unilaterally made that decision. And now you're shipping half of your merchandise in boxes four times the size you should be shipping them in, paying too much for the box and way too much for the shipping, and nobody's noticed. That's the kind of thing that can happen.

The guy in the back decided the client's sending out a lot of FedEx's. Now what we're sending out are sales letters by FedEx. But he decides why have FedEx come here, Airborne come here, UPS come here? This seems like a giant waste of everybody's time. Let's just send everything FedEx. The guy don't notice for six months. All of a sudden, he can't imagine why he's not making any *money*. Because FedEx got all the money.

Cost creep. Poor monitoring of vendors. Had we not packed up the shit-for-brains hat, this is my latest relearning of a lesson.

First of all, let me tell you from my friend in the theft control business: 5% of the world population will not steal from anybody, at any time, for any reason. They'll starve. Bread can be on the shelf in front of them, nobody looking, they'll die right in front of the bread. 5% of the world population will lie, cheat and steal 110% of the time, whether there's any need, reason. They just do it. This describes the guy that he mentioned, that I then said that Jeff threw up. These are guys who will be screwed into the ground when they die, and they lie, cheat and steal just because that's what they do. They are incurable. They are incorrigible.

Now, the middle group, the 90% that most of us deal with on a regular basis as employees, vendors, etc., including all of us, they and we will all steal if three circumstances are present. Need, ability to rationalize the theft, and the belief that there is opportunity to go undetected. You cannot control the first two.

I'll give you Jack's old shtick. If we have a room full of millionaires who just inherited another million, and we asked for a show of hands of who needs more *money*, how *many* hands do you think are going up?

Attendee: All of them.

Dan: Yeah. So we can't control need. No matter how much you pay anybody, no matter how many bonuses you give them, no matter how good you treat them, no matter how much business you do, there's no way you can control need.

How about ability to rationalize the theft? Let's take the vendor. The vendor says, "I'm doing all the work printing all this stuff up, making all these cassettes, I'm making a 2% margin. This schmuck over here is doing nothing but sending out letters, going and playing golf, using all the product that I'm laboring 12 hours a day to make, and he's driving around in a Rolls Royce. I think I should have some of that. And since I'm not smart enough to get it by doing what he's doing, I'll just help me to some of him. That's why if you order 5,000 cassettes, you might get 4,800 shipped to you. That's why almost every printer will short count on the stuff he knows you're not counting when you're going to use it. Buy 5,000 sheets of letterhead, I promise you, you ain't getting 5,000 sheets of letterhead. Ain't going to happen. Now, 5,000 mail pieces and they know you're going to put 5,000 flyers and 5,000 envelopes with 5,000 coupons all at the same time, they don't short that.

Attendee: They still do it.

Dan: But the stuff that's going to show up and go on a shelf and not be counted, doesn't seem like much, but 100 pieces of paper there, 100 pieces of paper there out of every job, all month long, pays a lot of money.

So here's the deal. The only thing you can control is the opportunity to go undetected. So Jack's story was as follows.

Mama just baked a bunch of cookies and she's got to run out and get the mail. The only people in the house are mama and little Johnny. Mama has to call little Johnny in and say, "Little Johnny, I just baked these cookies. There are 36 of them. You and I are the only people in the house. I am now leaving for exactly seven minutes to run out to the mailbox and run back. The first thing I am doing when I come back is count the cookies. If there is anything less than 36, you've had it."

If you don't do it, there ain't going to be 36 cookies. End of story.

So for example, not monitoring vendors. Well, they've got to know your competitive bidding them. It's not even enough to competitively bid them. They've

18-13got to know you're competitive bidding them. Because otherwise, you will have cost creep. In some cases, you may have rape, which was what recently was happening to me. I wasn't enjoying it..

Let's see, number three. Overspending on packaging. Shipping stuff, we just talked about. The way you package the product. Putting money where there is no return on the investment.

Neglecting the core business. Big way. Lots of people lose money. This is like the failure that follows success. It happens to a lot of people in niche markets. Because as the thing really does become formulaic and a lot of stuff is on autopilot and working, what you should be doing is using the time to focus on the little nuances that make big differences, the little hinges that swing big doors. But that gets boring.

So the easily distracted person now, is either letting the core business run itself while he's fooling around with 56 other businesses that may or may not make any sense. He's at not five seminars a year, but he's at 105. You name it. Two mistresses. So Tuesday and Thursday are taken up by one and Monday, Wednesday and Friday are taken up by the other. On and on and on.

There's another factor in there, and that's the arrogance factor. "Gee, I was successful doing this. I figured out how to make a million dollars a year selling information on how to grow earth worms to earth worm growers. That means I can do anything. So I'll start a dot-com company and I'll ignore my business, which runs at an 80% margin, and I'll put all my time and energy into a business that runs at a negative 80% margin. Then after two years, I'll wonder why my other business has gone to hell. Huh? What? I wasn't looking."

Wild hair ideas without testing. Arrogance factor. "I don't have to test anymore. I know how to do this. I've written three successful sales letters in a row. Why test? Mail

50,000 of them suckers.

Don't laugh.

Short-term gain, long-term damage. Travis McFee story I told you, which eventually will be a problem for him. Zig's multi-level adventure, which eventually I predict will be a problem for him. Peter currently putting people on the program that sell slam-dunk \$3,800 get rich in day trading programs. It's a wonderful cash flow idea right now, but probably isn't going to seem like such a hot idea two years from now.

Once you have a toll position, you have all sorts of opportunities to abuse it. The short-term picture may look good, but the long-term picture may not be so good at all.

Cost control. Skip a page and go over to your next page. Here's what you must remember about cost. Cost is always worst than cost. At a bare minimum, \$1 worth of cost is whatever it represents at retail. So if you operate your business on an eight-times mark, and somebody buys \$1 too many paperclips, they really took \$8 out of your pocket because you've got to go make the \$8 to replace the \$1. If you want to make that worse, add taxes on top of it.

If you want to do the math another way that's even worse, figure out what it costs you to get somebody to give you \$8, and pile all that on top of it that you've got to do in order to replace the dollar that somebody just peed away by ordering four box sizes instead of eight box sizes.

This cost control stuff is extremely important. And the bigger your business gets, the more successful your business gets, the more mature your business gets, the more important it is. If you're only shipping four boxes a month and you overspend by \$2 a box, it ain't no big deal. And if it's going to kill you, then you're probably better off getting killed at that point. But when you start shipping \$4,000 boxes a month, now we're talking some serious dough.

Oh S for brains here, over the last two years, let one of our printers nail us to the

point that on one particular thing, we're overpaying by 250%. Not a lot of dough. It's only like \$30,000 a year, which is three less dates I've got to work if I'd been paying attention. Pay attention.

Here are the most important economic truths of our business. Nothing overcomes insufficient margin or bad economics. Absolutely nothing, not even divine intervention.

Number two, having a vastly superior product is rarely a front-end advantage, and often an economic disadvantage. Very important to disabuse yourself of the idea that having a superior product gives you any front-end marketing advantage. It can't, because nobody can tell whether or not it's a superior product until they buy it, get it, use it, and get results from it.

Somebody with a vastly inferior product can and will make the same claims for their product that you could make for the vastly superior product. The quality of the product has no relationship whatsoever to the claims people are willing to make for it.

So like John's problem, he's built the best ab machine that's ever been possibly built, and it cost him X to make. And four months after he's on TV, somebody's going to duplicate that thing and make it out of bamboo and plastic. "Let's see, we figure the average customer's going to use it for three days before they put it in a closet, so this sucker's got to hold together for 15 reps." if you don't think that's the thinking, I've been in those meetings. That's exactly the math that goes on. "Okay, this thing's got to last for four days. How cheap can we make it, knowing that it's going to collapse on the fourth day?"

Now, it's a backend advantage, but it's no front-end economic advantage. And sometimes, it's an economic disadvantage. So you can't take any solace from it. You can't get any confidence from it. You can't feel bulletproofed or invincible because you've got the best product. You don't dare feel arrogant because you've got the best product. It doesn't matter on the front-end.

Rarely can you simply, blatantly trade margin for heightened satisfaction or lower

returns. That means if you take the product and put it in a better package, spend
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giving them**

eight tapes instead of six or 16 instead of eight, trading away margin, does not necessarily impact on their satisfaction or the return rate. It's not as simple as buying your way out of the problem by giving them more.

There's no point in creating or copying a marketing model if you are unwilling or unable to finance it based on realistic expectations. No point in getting halfway into the water with a marketing model, and then not being able to finance it. So you've got to figure out what it costs to run this business. If you're going to have to go negative, you might as well figure that out and know what it is and plan on it. Don't kid yourself.

Which brings us to the last one. The temptation to con yourself into unrealistic expectations is enormous. It's like irresistible. We all do it.

Here's all the places that there's more money when you need to start hunting. That moment will come.

Number one, test the price elasticity. Most people raise them too little, too late. We're all afraid to push it. Things are going well. Let's not rock the boat. But often, we're under-priced.

Improve the ratio of basic versus premium. That's often a place to get money. If you're two-thirds, can you get to three-fourths? What can you do there? Because that's something that's already working. The majority is already buying the deluxe instead of the basic. The pitch is fundamentally right. The mix is fundamentally right. What can we add? What can we say differently? How can we nudge it just a little?

Add another higher premium level. Add the super-duper level, and scoop up that small percentage of people who will give you a big chunk of chain. Immediate phone upsells, bounce-back offers.

Add more steps to the sequence. You heard that a lot here. Most people give up on the

lead they paid all that money to get way, way, way too soon.

Seller-exchanged used leads. Just because they're dead to you doesn't mean they're dead to the next guy.

Get money from advertisers or sponsors. Get your commissions from everybody.

Here's your toll position rule, by the way. Don't let anybody touch your customer without giving you money. You better have a real good reason. Or, at least if not money, fair exchange, some kind of compensation. You heard that idea a lot. Lee said it about talk radio, Mike said it about talk radio. They understand that game. They're providing talent and content. They deserve something in exchange.

Exposure, by the way, has no value. You hear that a lot in the speaking business. "Keep doing it, you're getting exposure." Get enough exposure, you're froze dead. We don't bank exposure. You need a better medium of exchange. And there's no reason for anybody to get to touch your customer without giving you something in exchange.

Let's see, add up on telemarketing.

Recycle old leads. Sometimes real old leads. You recycle them, and the cost per sale is still lower than getting new leads, particularly if the cost of getting leads has gone way up during the interim. It's all math.

Do joint ventures. Any kind of joint venture that's less than your normal cost per sale. By the way, that's how you evaluate whether you've got a really good joint venture or not. As long as it's costing you less to get a customer through a joint venture than it costs you to get them on your own, you've got to dance in the streets. You should be willing to give more, because you know you're getting a better customer, in many cases. But if you can come in even a dime less, so my cost per order is \$88 and I can get it from a guy in a joint venture for \$87.50, I'm jumping up and down. But you'd be amazed how many people whine. And over here, they're paying \$88 to sell it running ads. I don't get it.

Controlled costs, we talked about that.

License your stuff, get royalties, have a big payday.

Slack adjuster.

Recycle your old products. As you mature in this business, guess what? You'll have products you sell and retire. You'll have one-time promotions. You'll have stuff that gets a little out of date, and you'll just set it aside and move on to the next thing. And gradually, you'll have a whole closet full of stuff. It's new to them. If they haven't seen it in three months, it's new to them. Their memory's like a sieve. Drag it back out, change the title, go through and edit out the references to the year. We all have those problems. Lee had in her book and I had in one of my tapes a reference to the great O.J. Simpson. You've got to go through and you've got to snip.

So dredge the stuff out, put a new title on it, take two things, combine them, resell them.

Create a backlist, a catalog of all your old offers. Like, "Here's everything we sold all during the year. Pick and choose, you can have it again." It worked once, it will work again.

Leverage your toll booth, compete with yourself.

Protect your intellectual properties. Copyright, trademark, patent. Here's the bad news about all that stuff. Copyright, trademark, patent. Yeah, yeah, do it all when it's appropriate. Put the copyright symbol on. On the real important stuff, actually file the copyrights. File for the trademarks.

But here's the bad news about all that. Are you really willing to go the distance to enforce it? Because if not, really all you're doing is making yourself feel good. You'll intimidate some people. Some people, if it says "copyright" on it, they won't steal it. If it says "trademark" on it, they won't steal it. But you know the really bad guys. They don't care about any of that, because they know you're not prepared to go the distance. And you're probably not prepared to go the distance.

So this is only partial protection. If you think you're safe because you've got a

copyright or you've got a trademark on something, you're dreaming. Because the really bad guy, this is like having your house burglarproofed. It will keep out the hop-head drug kid who goes by and he sees a sticker in the window that says "dog inside." He'll go on to the next house. But the pro shrugs his shoulder, and throws in the poison meat and comes right on in.

So this kind of stuff keeps the amateur at bay. But it isn't going to stop a real pro rip-off artist. It isn't going to stop anybody that's determined to knock you off. He just shrugs, throws in the poison meat, and comes right in.

Sometimes a more useful gambit, and the disclaimer's I'm not practicing law, which you'll be able to tell because I don't actually know the exact legal thing, but any intellectual property attorney can quickly tell you about the statutes governing deliberate confusion in the marketplace. Here's what they really mean.

You and I can't go open a restaurant and stick two red arches over the top of it, even if we sell vegetarian food and we call it "Kennedy's." If we put two great big glowing illuminated arches over the top of it, of any color, and we have a drive-in window, and we sell any kind of a sandwich, we're in trouble. McDonald's is coming. We haven't violated any of their trademarks, we haven't violated any of their copyrights, but we are guilty of deliberately trying to confuse the consumer and get them to pull in and come into our restaurant instead of McDonald's; and once they're there, they'll shrug their shoulders and say, "Screw them, I'll buy whatever they've got and eat it." The actual best way to go after them is on this, because it's faster, quicker, more brutal, less expensive than worrying about violation of the copyright. So you might keep that in mind.

But here's really the only protection, ever. The only real protection is context. Everything you combine together that makes it impossible to replicate you. That may be your celebrity endorser, that may be you, that may be your marketing system. that may be some media you're particularly schooled at. It's the combination of things that you wrap around your product that makes it difficult, if not impossible, to replicate in the marketplace. Any product can be knocked off. I don't care how many

protections you put on it, it can be knocked off. Any sales letter can and will be knocked off. Not hard to change it enough for you not to make a case in court, if you ever got that far.

Internet. Part of the double-edged sword of the Internet is it has made this problem enormously worse. The theft of ideas and intellectual property is so quick and so rampant, that it's incredible. And anything you put up there, you've put at risk.

Worse, as you know, you could have a trademark over here. But if you don't have the domain name over there, and somebody else gets the domain name, or there's a nifty guy running around now that's taking all the companies that has done "suck.com" sites. You guys all know that? Go type in McDonald's, and you're also going to find McDonaldsSucks.com. You go over there, and there's all these bad letters and negative comments and all that stuff about McDonald's. And there's PinallutSucks and there's GeneralMotorsSucks and there's FordSucks. And this guy is doing this to all these big companies, trying to extort money out of them to take them back off the suck site. So that kind of stuff's going on. It's an absolute wild-west shootout deal out there is what it is. It's just insanity.

So the only other protection is your customer relationships. That, you can protect. Because they're not going to get your customer unless you leave your customer vulnerable to them. It doesn't matter what of your stuff they steal. It doesn't matter how close they copy you. Your customers' not going to them unless you screw up the relationship.

The most useful tool we've found over the years--I think Jeff would agree with me if he's still in the room—is the cease and desist letter. Very nasty, but this is fundamentally the bluff. So you win or you lose. Yeah, it works a lot. It works very well.

I didn't even tell you this. We're doing a Psycho-Cybernetics situation and we're winning. We have somebody who is not only teaching Psycho-Cybernetics, she has written and had a book published with Psycho-Cybernetics in the title; on which, may

I mention to you, we are getting no money. Hence cease and desist letter. Good tool.

Lawyer. Jeff and I would probably differ over this. Bad tool. Cease and desist letter costs 32 cents. Lawyer sends his kid to college.

There are, however, some risks of non-enforcement. This is why, like when you hear the horrible story in the news about the elderly couple who's got the bar out in the middle of nowhere that they've named Margaritaville, and that nasty SOB Jimmy Buffett has sued them and has foreclosed on their house, and now they're going to be homeless and out of business. What a schmuck he is. He has to. Because if he doesn't enforce it there, he sets precedence that later, when somebody opens up a chain of 22 of them and he wants to stop them, he can't.

Page 267 should be "Staying out of legal trouble." Is it? All of this, by the way, is less important to niche players than mainstream players. But some of it is important to everybody. So very quickly, let's go down the list.

Number one way to get into trouble is to make unsupportable or outrageous claims. Puffery is one thing, lying is another. There are standards for how you can make claims and how you must support claims. Certain product categories are worse than others and all that. But you can't just say any damned thing you want to without anything to back it up, and think you're not going to have problems. Somebody might actually some day ask you to prove it. And you ought to be prepared to do so. Be careful about this stuff.

Testimonials. It's a very good idea to use real ones. You would be amazed how many people think this is a clever idea. I don't have any, so let's make them up. Or let's use my sister. Or let's use all our employees. There's a good idea. Let's create a criminal conspiracy and let's use our minimum wage employees as part of the criminal conspiracy. This is brilliant. The more we use, the better. Right?

Real testimonials. You can help them to say it right, but you can't put words in their mouth. And what they say should be real and they should sign off on them one way or another. They put them in writing in their own handwriting, and they sign it. They

sign a separate affidavit. One way or another, you've got proof they said this.

Documentation. If somebody's giving you an extraordinary testimonial, "I used your methods and made \$62-million in 30 days," and you think you're going to use that, you better go get proof from that guy. I want to see copies of his bank deposits and his tax returns.

Typicality. Here's sort of the standard for testimonials and claims. Technically, the claims you make, directly or through your testimonials, are supposed to represent the typical performance. So if somebody says, "I made \$60,000 last month with your methods." your typical user is supposed to have made \$60,000.

Now, we all know this is, of course, an impossible standard to meet because nobody does nothing. So if it was typical of those who did something, and you were allowed to omit everybody who did nothing, this might be relatively reasonable. But we know that 98% of the people are going to do nothing with anything they buy. They buy a golf club, they ain't going to use it. They buy a weight loss product, they're going to be looking at the weight loss video, the dancing to the oldies video, while they're eating pizza. But you're held responsible for the fact that that woman didn't lose any weight.

So you can't abide by the letter of the law, because then you're not going to be able to say anything. But you better not be so unreasonable that your way out there and indefensible, should they look.

So for example, what we'll tend to do in weight loss is a reasonable mix. The ones who lost 20 or 30, but we also include some who've only lost a few pounds. And, of course, disclaim. But understand that disclaimers don't get you out of trouble.

Fulfillment. Not shipping product, that will get you in trouble. Happens all the time.

Complaints and white mail. This will get you in trouble quick. Most of the regulatory agencies officially and legally are not complaint-driven. And they will tell you, "We are not complaint-driven. We're independent investigative agencies."

However, they're all complaint-driven. They've got six million things going on, so there's some magic point, which nobody's quite sure of what it is, in each one of these places where there has been a sufficient number of complaints and a sufficient number of them have been sufficiently annoying, like when nothing happens they keep calling back and writing additional letters, that this thing hits some kind of critical mass, when somebody finally says, "Shoot, we better look at this guy. We've got a stack of complaints over here this high. The BBB is calling us, telling us they've got problems, and this guy's calling us and telling us we've got problems." Or, somebody comes in and says, "Hi, I'm the county attorney and I've decided to run for governor. Run around here and find somebody with a good sized stack of complaints, because we've got to go nail somebody so I can hold a press conference." Either way, it's complaint-driven.

So you do not want complaints piling up anywhere. Because even if they pile up over a decade, when they hit that—I don't know—whether they have a line drawn on the wall and when the stack hits a certain height, some system like that, when it hits that, boom. You're it. Like in tag.

Here's what you want. No complaints. That's what you want. And one of the ways that you are going to get no complaints is you have to look at your white mail. White mail is correspondence from customers that don't have checks in them. A lot of people think, "Let's just pay attention to the money." You've got to look at that stuff. The nut cases are the ones that are the most dangerous. The guy that writes you the 48-page letter about why he's mad at you is far worse than the guy who writes you the four-page letter. Because if he had the time and the energy, he has no life. He wrote you a 48-page letter. He's got nothing to do. He's about to make you his project. You do not want to be this guy's project. This is not good.

How does most of this occur? Number seven. Slow refunds or no refunds. Number one way everybody brings problems upon their house. Give them their money back, fast.

Number eight, be aware of the law that is specific to your category. If you insist on

being in nutritional ingestibles, get the law. Not [hard. FDA.gov](#). If you insist on being in money-making opportunities, get the [law. FTC.gov](#). All precedent cases are there, the hit list of everybody currently under investigation is there, the list of everybody that's operating under consent order is there. It's all there. Know the law.

Number nine, do not rely on the "Hey, everybody else is doing it" defense idea. If you've ever been stopped for a speeding ticket as everybody else zooms by, and you say to the cop, "Hey," he says, "We can't catch everybody, but we caught you." They learn it. "But here's all these other ads." Not going to get you a cup of coffee. So don't model blindly, and think, "Just because this guy's been getting away with it for five years that means I can." He may not be it. You could get to be it quicker.

Disclaimers. They're important, but they are not bulletproof protection. Helpful. "Results may vary. Results may vary a lot. Results do vary. I promise you, results vary like crazy. Results certainly vary from this untypical example I'm showing you." All of that stuff helps, gUys, but it doesn't make you bulletproof.

Number 12, this is important because it has to do with how you do joint ventures. I'm sorry, 11 is visibility. Sorry, 11, visibility. Real simple. The more visible you are, the more you will be looked at. Therefore, the more careful you must be.

That's more visible than running two ads a month. The more visible you are, the more you will be looked at, the more likely you are to be stumbled across and somebody says, "Maybe we should take a look at what these guys are doing." When they look, you want to be in the best position you can possibly be in.

Number 12 now, impacts on joint ventures. Old Chinese proverb: lie down with dog, wake up with fleas. If you are doing business with somebody that a regulatory agency has already had problems with, you're guilty. Stand next to a guy that *every* several years has a barn fall on him, one of these days, you're going to be standing there at the precise moment in time when the barn falls on him again. It doesn't just separate and the wood

make the shape of your head and not hit you. It falls on everybody within 25 yards of this guy. So you can't afford to be standing around him, ever.

So bad guy, bad reputation, past legal problems, can't sell his stuff. He can't sell your stuff. I don't care how much money there is.

High-risk categories. Not necessarily you shouldn't be in one, but at least be aware you're there.

Ingestibles, a high-risk category. Regulatory agencies are a little sensitive about stuff people swallow. Probably not all that bad of an idea.

Free money from the government. How to buy cars seized from drug dealers for \$1. That kind of stuff. High-risk category. Why? Because just about everybody who's ever been in it has been prosecuted. So the guy that just became the district attorney of Clark County, Tennessee, when he was in law school, he saw one of those. And now, he sees you as you says, "I think I recognize that. *Let me go look.*" He goes and finds the precedent cases, and there's 500 of them that look exactly alike. He says, "I think I might be able to handle this." Xeroxes the precedent case, and you're it.

Free money from the government, high-risk.

Money-making opportunities. particularly those promising big riches. High-risk.

High-risk media. Television. High-risk media. Mostly because of its visibility, but also because of its history. The infomercial industry has largely been dominated, and frankly continues to be dominated, by people who came to it from some other place where they already had legal problems.

My suggested slogan, when the National Infomercial Marketing Association was running its "name the slogan" contest, my suggested slogan was, "If you're not indicted, you're not invited." They did not find the humor in that, that you and I just

found. I thought in nice scrolling script or maybe Old English type under the logo. But no.

There are insurances, of course, you can buy. There's advertising liability insurance. There's publisher's insurance. SPAN, who I've referenced you to, gets you discounts on those kinds of insurances. It has recommended vendors for you. There's ENO Insurance, Arizona Omission Insurance, that's important if you publish the kind of information where like somebody can hurt themselves or get pregnant.

There's a very famous case, one of Dr. Ruth's books published by Warner, the first 50,000 copies were shipped to all the bookstores with one small typographical error. It told everybody that you would not get pregnant if you did not—emphasize the word "not"—use a condom. It should, of course, have said, "If you did use a condom." But it said, "Did not." So 50,000 books are out there floating around telling everybody don't use a condom, and that's the best way not to get pregnant. That's what Arizona Omissions Insurance is for.

Here are all of your risks: state, local, regulatory agencies. Everybody from the little dipsy county prosecutor all the way up. And keep in mind that almost all of , this stuff doesn't have to be civil. It can be criminal. Civil is one thing. There, you just lose your money. Criminal, you get a new spouse, in more than one way.

Federal, same deal. They're a little nicer about it, but still. Federal Trade Commission, FTC, regulates all commerce in the country. FDA, Federal Drug Administration, regulates stuff you put in your mouth and stuff you put on your skin. Coop. SEC, Securities and Exchange Commission. You might not think you would run afoul of the Securities and Exchange Commission, but then you haven't looked at the definition of a security lately. Just about any business opportunity, any money-making opportunity, any licensing agreement, any distributorship agreement, any joint venture agreement, for example, done with II people, and on and on and on, can technically fit the definition of a security.

United States Postal Service. United States Postal Service is the most powerful regulatory body on the face of the earth. They are more powerful than the FBI, they have more power than the CIA. I'm not kidding you. They have absolutely unlimited power. They can show up at your office, bolt the doors, take all your records, no warrants, no subpoenas, no advance notice, no nothing. They can stop your mail and keep it all for about as long as they want, while they investigate you. While they are doing that, of course, you can't fill any of the orders that are in the mail that they're holding, which ultimately puts you in violation of the 30-day rule. So when they get done with you, the FTC's waiting saying, "Hey, you didn't fill these orders within 30 days." "Well, they had all my mail locked up." "Don't tell me your problems."

The United States Postal Service are not people to aggravate.

Seven, media. You know the old joke, "It's a bad day if Mike Wallace is waiting for you when you show up at the office." That wasn't funny when it was just 60 Minutes. There's now six bazillion of them. Look at 20/20's on four nights a week and they rerun it on Saturday. There's 60 Minutes One, 60 Minutes Two, CNN, CNBC, MSNBC. Every local news program has some nitwit consumer investigative guy. On and on and on. All it takes is one. The worst I've seen, a \$200-million company on Tuesday. On Wednesday, a \$0 company, because 20/20 aired Tuesday night. By noon on Wednesday, there's nothing left but dust. CEO ran in that direction. They really weren't bad guys and it wasn't a bad company, but it was over. These are people to be real careful with.

Merchant account trouble. Merchant account stuff cycles. We go through periods of time when they're all pretty sane and it's pretty easy to get a merchant account. It's not too difficult, it's not real hard to keep it. Everybody's real happy to have direct response marketers. We've been in that kind of a period of time for a little while now.

Then you hit a cycle where a bunch of bad things happen to them, and now they get nuts. It's real hard to keep a merchant account and it's real hard to get it.

Be aware that just because it's easy at the moment, it may not be easy tomorrow. Jeff

said you want a customer who's completely irrational. Unfortunately, you don't want a vendor like that. But the merchant account industry is exactly that. They're completely irrational.

All sorts of things can scare them. Lots of charges for the same amount of money. The guy says, "You're not a shoe store. People buy ten pairs of shoes, they've all got different prices on them. How come you ran 100 sales today and they're all for exactly \$551? You're a crook." "Well, I don't run a shoe store." Now, try and explain your business to them.

When you're all done, you've still got the problem. You could spook them by a big spike in activity, which there's all sorts of reasons you could have for a big spike in activity. They actually will put you out of business for doing too many business and giving them too much money. "You nasty person. All of a sudden, you're going to give us \$5,000 in surcharges this month instead of \$500. Oh, we've got to pull the plug on you."

Here's the stuff you want to do. First of all, let's jump down to number three. Avoid charge-backs. Charge-back is where the customer forces it back. He either cannot get satisfaction from you, he doesn't understand what's on his statement, so he doesn't come to you because he thought he bought X and on your statement your company name doesn't ring a bell to him. So he charges it back. For whatever reason, he goes to them instead of to you and forces it. That's a charge-back. Don't take too many of them.

Refunds. You would think you're a nice guy. You instantly refund. You don't give anybody a hard time. You refund if it rains. But you issue too many refunds and you go up over the line they have painted on the wall, the ratio for the refunds that they've figured out somehow, that if somebody's giving more refunds than that, they can't conceive of how somebody could stay in business and have a 33% refund rate. You and I understand how we can do that, but the shoe store doesn't have a 33% refund rate. They want you to be a shoe store.

So too many refunds. So you've got to manage to walk the tight wire between a liberal

refund policy. But choosing your market carefully, making your offers right so you don't have too many refunds.

Avoid inquiries. Even inquiries are not good. Those are confused people who don't necessarily cause a charge-back, but they ask. I got this thing on my bill and I don't know what it is. Too many of those, you're in trouble.

Multiple accounts. Virtually every one of your merchant account agreements tells you, you should not have more than one merchant account agreement. Have more than one merchant account agreement. Do not leave yourself at the mercy of one. Find a way to split your business. Two company names, put the continuity through one, the regular sales through the other. Two divisions of the same company. Put Tuesday and Thursday business through one, Monday, Wednesday, Friday. Some rationale for what you do. All the customers west of the Mississippi go through Mountain Publishing West. All the customers east of the Mississippi go through Mountain Publishing East. Find some logical rationale to divvy up the business, so you have multiple active merchant accounts. So in case one, for some reason, goes bananas, you're not out of business. This is something you cannot necessarily control.

Attendee: Why is that important?

Dan: Well, you leave it lay dormant too long and then you suddenly start pumping it, you've set up an alarm bell again. So the best thing is to use them.

Exit strategies. For most, exit strategies for product will be more useful than exit strategies for business. But as a product dies, you've got a number of options as a product has lived a life and is now fading on you.

One is to cut it up into smaller pieces for product or premiums to change its format. It was audio, now it's print. It was print, now it's audio, CD. When all else fails, move it over into the sections of the website that service your members, so it lives on forever. You can license it. You're done with it. Doesn't mean somebody else can't use it. You can turn it into a reprint rights type of product. You can flip it over to trade publishing.

One of the things that I've always done, every one of my books in the bookstores, except No Rules, had a previous life as a higher-priced information product, which we sold to any number of our customers in its previous life at the higher price before letting it go into the bookstores and work for us there at the lower price. So Ultimate Sales Letter was a \$99 product for a number of years.

Backlist. old products never need to die, particularly when you can publish on demand. So if you're doing products that are easy to publish, especially your high-priced stuff, why not keep it around? Maintain it in a backlist catalog, keep it available on your website catalog. Even small quantities are okay. Or rest it and bring it back out.

So you may need to let your list recover. If you were very successful at selling a particular product to a lion's share of your list, now you may need to rest it for a year, two years, months, whatever the period of time is until there's enough new bodies in the list to justify reintroducing the product as new.

If you're going to try and exit your business, for whatever reasons, you can sell the company and your choices typically are to your employees, to your competitors, to a comparable. or to some dumb giant company, who will of course ruin it but will often give you more than it is worth.

I've done consulting work for them, so I'll give them a plug. The guys at Geneva, who do the "How to sell your business for twice what it's worth," I think is what it's called, their seminar, and they're constantly doing them, the seminar is, of course, a pitch for certain services. So when you go, you are pitched. But it is, in spite of that or in addition to that, depending on how you want to look at it, it is actually a pretty darned good seminar. So if this subject is actually of interest to you, it is well worth going to the two-day seminar, whether you ever do business with them or not. It doesn't matter. It's well worth going to the seminar.

You can isolate and sell assets, of course. Some of us know Bob Serling. Bob really sold his customer list a lot upon his exit.

You can place the product with somebody who will give you an ongoing stream of income, or you can just simply let a business wind down until the business is not there anymore.

The way you create saleable value in our kind of business is, number one, with the list. There's nothing else you can do that's going to exceed that as value and importance and substance in asset as the customer list. So the nurturing of that list and the building of the hyper-responsives and the maintaining of the relationships and all that has not only current income value, but it has long-term equity value. And it's really where you would create equity in this business.

Continuity or renewable income. It should be blatantly obvious that it is easier to sell a business that has continuing, predictable, steady stream of income coming in, than one that has to have all of its income started from scratch at 8:00 each morning.

Brand identity. Particularly those of you who are niche marketers, you will build brand identity by accident, which is fundamentally the way it should be built over time as a direct response marketer in a niche. And ultimately, if you are willing to continue to be used, as the Colonel Sanders of the business, then that brand identity has real value. The intellectual properties which tend to have value mostly in terms of that it would cost a whole lot more to knock them off and create them scratch than it is to get them in the way that you want to sell them to somebody.

A large bank of recyclable materials, same argument. It would cost a whole lot more to go out and find and ferret and organize and assemble and research, and put all this stuff together from scratch than to use what you've got.

Synergy. Competitor or comparable, they're selling to the same market. They've got a shipping department, you've got a shipping department. They've got four computer programmers, you've got four computer programmers. They've got a webmaster, you've got a webmaster. They can buy your business and fire all your people and keep theirs. And they can still handle the load.

The elimination of costly competition. Sometimes, it's just worth buying you to get rid

of you. That's a real factor. And, if you're willing to contribute any personal services on an ongoing basis, sometimes somebody will buy the business to get you, which may or may not be acceptable to you.

Attendee: Dan, talk about number seven on the list we just went through. I don't know if you want to speak in public about this. But why did Fred Pryor buy Career Track?

Dan: Well, Kit probably would have a better answer than I, coming from the Career Track environment. But I can only theorize. And I know Fred. So I would theorize that it's a combination of a number of these things. Number one, the list. Number two, synergy. Were both doing the same thing. We're maintaining a staff; they're maintaining a staff. Neither one's at 100% capacity.

Seven, elimination of costly competition. We've got to spend a certain amount of money doing things that we would not otherwise do if these guys weren't here. So we get rid of them, we save all our money.

Access to people. Career Track's got some good instructors we'd like to have. Good instructors are hard to find. We're going to keep some of their good people, dump some of our worst people, reintegrate them back together. We've just improved the team. So I suspect it's a whole multiple of reasons.

Attendee: Product? Product? Sure. The intellectual property. There's another reason. They got it for a great price. That's undoubtedly part of the deal. It was probably an irresistible offer.

Attendee: If you decide to outsource your fulfillment, what are some of the danger signs that the fulfillment house is not performing right? And also, are you responsible if they wait more than 30 days to ship the product?

Dan: Oh, you bet. Nothing absolves you of responsibility. In terms of danger signs, amongst other ways to police it, as with any outsourced or for that matter employee,

you must periodically and frequently play customer. Phone guys, you've got to call them up and play customer and put them through their paces. Here's what every phone service company is going to tell you—order-taking company—"Here's a special number to call to do a test call." No, no, no, no, no. You've got to call in like a real customer, and then you've got to order the product and see how long it takes to get it. And then you've got to see what condition it's in when it gets there. And you've got to have it sent to your aunt, your mother, your neighbor, and all that. If you use a mailing house to send out your mailings, you've got to seed the list so you get the mailings.

I'm having lunch with Joe—I don't think I told you this, Jeff—a couple weeks ago. He was going to show me the new boot camp mailing, which just went out to umpteen thousands of people. Tears open the envelope, and of course, two pieces are missing and it's all stuffed in the wrong order.

"Maybe it's an isolated example." I said, "Probably not." All of that, you've got to stay on top of all of that. Trust no one. And what's good today may not be good tomorrow.

Attendee: This morning, I was up a little bit early, flipped on the TV and saw the infomercial for Wal-Mart. It was the first time I'd seen that. Didn't last long enough to see the tail end of it. There were no offers along the way or anything. How does it work?

Dan: It doesn't. It's institutional advertising. It's the insistence that we are going to be able to use long-form for brand building, and we shouldn't pollute it by putting in any kind of an offer, like a Sam's Club membership or something that might make sense. So some big ad agency is making a lot of money.

Attendee: I didn't see the tail end.

Dan: To my knowledge, there's no CTA. I have not seen the show, but I've read in Jordan Whitney, a write-up of it. And to my knowledge, there is no call to action.

Attendee: Short of driving media calls.

Dan: Yeah. You're absolutely right. Here's one of the problems with a media like

TV. There's two things that have jack'd up all the media costs for the direct response marketers. One is big, dumb companies, like dot-com's. Wait until you see that. Instead of 60 minutes of the dancing bears and the incomprehensible commercial for something with a name that has no relationship to what it purports to do, which it doesn't do anyway, now you're going to see 30 minutes of the dancing bears. Since they don't track, the stations can charge them ungodly sums of money. So it shoots up everybody's prices.

See, for a while in the infomercial business, the stations were living off all the failures. If you got enough dumb people who will overpay for media, even though they're all going to be gone by Monday, if you've got another crop of them coming in for next week, you don't need anybody who knows how to make money. And that happens, too.

That's not good news for those of us in DR.

Attendee: You discussed the business maturity cycle, and it seemed to have a pretty definite curve up and down. My understanding is that's more niche specific. The more broad you are, the less that would apply.

Dan: Yeah. There's other trade-offs, of course. The smaller the niche with the slower the replenishment, the quicker that whole thing happens. It happens with a subculture market as well, but not near as fast. And there are exceptions in both cases. For example, in business niches, real estate seems to be immune to that particular situation. It has other problems, but everything's got its good and bad, yin and yang. But it seems to be immune to that. But most other niches are not.

Certain subculture markets may be immune to it. Wrestling fans. There may be other timing reasons. That's how now, but three years from now nobody may be watching. I don't know. But so far, it seems to be immune. It's too big and there's too much replenishment, and too many people reaching the age of 18 and 16 and 15 and all of that. But a lot of subculture markets have it.

What you can find in some subculture markets, for example, that makes that problem

occur, makes that cycle occur, is the aging of the customer base, where there's no replenishment – demographic replenishment. We have that in the racing industry with racing fans. We have an aging customer base, and the industry is ineffective at replenishment with younger fans.

Golf had it for a long time, until Tiger Woods and sort of the replenishment of golf. What you had in the golf industry was the thing collapsing around everybody, because they're reaching 70 years old and dropping dead. So your customers are dying on you.

Attendee: Nicholas retiring.

Dan: Yeah. Somebody else?

Attendee: Can you talk about the legal and practical aspects of putting copies of magazine articles and things like that in an information product?

Dan: Sure. Legally, you need permissions. And like book publishers have permissions people, who chase all that. A lot of it's very routine. It can be done with a form letter or a form fax. So technically, you need permissions.

Attendee: With Success Magazine or some article or DM News, how difficult is it to get these people to say sure?

Dan: It's not very hard. For the most part, it's routine. Now, do you want the practical consideration answer too?

Attendee: Yeah.

Dan: As a practical matter, using some common sense, in most cases it's easier to apologize later. For example, if it's somebody that should be thrilled that they're getting free exposure and free promotion, then that's probably a pretty good risk to take. If it's Disney, it's a real bad risk to take. The Dilbert guy is extremely aggressive. He's Disneyesque in his approach to all that. You've got to pick your gambles.

Attendee: Dan, can you just review how you make so much money on the free

customer appreciation seminar?

Dan: Yeah, you sell them a ton of stuff. And since it's free, you sort of have permission. So it's a sell-a-thon. It's not that you don't give them content. You give them content. But every speaker sells. Everybody you call up out of the audience sells. You sell. We sold product, we sold upgrades, we sold super-conference registrations. It's a sales event. It's a Tupperware party.

Attendee: Dan, we're going to pass out some tapes about licensing.

Attendee: There's an infomercial on selling something called alumiloy. It looks like it's a throw-back to the dinosaur early days. I've seen it going for about the last two years.

Dan: It's probably fine. I don't know it, but it's probably an independent show. It's probably being micromanaged by its owner. The buys are probably being done very carefully. There's probably a great backend.

Let's take David and Lucinda Bassette. Been Inner Circle members for years, with the attacking anxiety infomercial. Five attempts have been made to knock it off, three of them by big players, including Guthy-Renker. Everybody's failed. David and Lucinda have a very profitable business and a very profitable show, and have been on the air continuously for eight or nine years. But that's because it's their only baby, and they are micromanaging every little tiny aspect, carefully buying the media, making sure no lead slips through the cracks, working with the phone people every single day, tweaking the scripts, making sure nobody's deviating. Every detail where a penny might be made or a penny might be lost is being microscopically managed.

Whereas you take a big company, and it's not bad or good, it's just the way they are. Take Guthy-Renker, that's airing ten shows at a time and doing \$300-million this year, they can't do that. How do you compete against Wal-Mart? You do what they can't and won't do. So they're going to put a show on the air and it's got to kind of live with slop. And if it can't do well enough to handle some slop, it will die.

Attendee: This one's scary, because it looks like they've filmed it with their own home video camera.

Dan: It happens. People used to say that all the time about the Gold-By-The-Inch show. The lighting was bad, the shadows were bad. The first version that we taped, the set, the floor was that linoleum stuff you buy, the fake wood. And it wasn't glued down real well. One of the testimonial guys who was being interviewed kept tapping his foot, and you could hear the thing flopping up and down. It was really ugly. We taped it where these guys used to work, and we taped it in June or July. And you had to turn the air conditioning off in the studio or you got the air conditioning noise on the audios. So everybody's dripping in sweat. It's a pretty ugly little show.

Jeff: I've got an interesting upsell story, if anybody wants to hear it.

Dan: Sure. We've got three minutes left. So you can close this thing.

Jeff: Good. It's a pretty good story, actually. A client I've got is running an infomercial and they're selling a \$39 widget, which none of that is important. But they're losing about \$35 to \$40 per order, and then they do outbound telemarketing to the people who buy, and they're averaging about \$200 to \$250 per head on the backend. So when I took them on as a client, I have a checklist of stuff I go over, and the first thing I asked them is, "What's your upsell?" The guy went, "Huh?" So I said, "What's your upsell?" He said, "We don't have an upsell." I said, "Okay."

So we created an upsell for him. A tape of the month product for \$9.95 a month plus \$2 shipping and handling. I wrote a little script for them, and the first day they tested this, 30% of the buyers went for the upsell. It's been going on for a year now. I was just kind of thinking about it a little while ago, so that's why it came to my mind.

They don't know the exact numbers, of course, but they're pretty sure about these numbers: 80% to 85% of the people are sticking still now, through a year. Now, do some of the math on this. They're still holding at 30%. We changed the script two or three times, we changed the offer two or three times. It's about 30%. What happens to that business now if they're getting \$144 in the first 12 months from 30% of those

people? What's that doing to the front-end of their business? What's their average take per order on those numbers? It's \$48 average. So they just made up their entire deficit with the upsell. So they're very, very happy.

So I just wanted to bring that up as kind'of a closing thought, because you really need to be smart about how you do stuff, and there's a million ways to not be smart about stuff.

Dan: Also, it doesn't matter how you get the money. The other important point about that is any number of people would look at the negative \$40 on the sale and say, "Bum that deal. We can't run that show. We can't run that ad. We can't be in business." It doesn't matter how. You get the money here, you get the money over here, you get the money over here. It doesn't matter how you get the money, as long as you figure out a way to get the money. One model might work this way and another model might work the other way. But generally, it's like your question about this show. There's a way to make it work. Now, it may not be worth what you have to do to make it work, in labor and energy, and that may be a strategic choice you make. But never just make the choice that, "Oh, these numbers are bad, so it can't work." Because somebody else is going to take it from you and reinvent the formula, and they're going to make it work.

Folks. I've had a great time. You've been one of our best groups ever. I sure appreciate you being here and your stamina and staying power. We'll hang around and chat a little bit for 20 minutes or so, and then we all need to be out of here so they can pack up the room. Goodnight.