



Transcript

Episode 046

“The one with Ryan Deiss
(Idea Incubator)”

ilovemarketing.com

Dean: Hey, everybody! It's Dean Jackson.

Joe: And Joe Polish. Welcome to I Love Marketing.

Dean: Exciting.

Joe: A very exciting episode.

Dean: This is the hotel series.

Joe: You just said something to our guests, Ryan Deiss. You said, "It's about to get real."
What did you say?

Ryan: It's about to get real. This thing's going to happen. We're about to drop it.

Joe: Okay, let's get real. Okay, so you are the founder...

Ryan: It sounds like the type of things that rappers would say. And that's all I ever try to do,
is just what would rapper do?

Dean: There's been some discussion in our little circle. It used to be, "What did he do?" was
the answer to all questions.

Ryan: He went all corporate and forgot where he came from.

Joe: You trying to say he sold out?

Ryan: Yeah, he totally sold out.

Joe: Do you think selling out's a bad thing if you make millions of dollars?

Ryan: I think it's great thing.

Joe: But think about the term "sell out," because you have to first sell. And when people
become successful at selling, all the people that are not successful at selling say, "They
sold out."

There's a deeper meaning to that, too, saying you're not sticking with your roots, you're abandoning people, you're no longer authentic. There's different interpretations of the term "selling out."

However, I'm a very big believer of someone that has a product or service, be it music, be it whatever, that says, "Hey, I figured out a way to really leverage it and make a ton of money, so why not?"

Ryan: Yeah. "And hey, it was so successful, I sold out of it." It went from a very bizarre place to something that actually kind of made sense. Nice stream of consciousness.

Dean: I was going to say that Frank and I decided that the new is what JZ did.

Joe: Frank Kern?

Dean: Yeah.

Joe: Don't tell everybody. We don't want to talk about it here. He doesn't deserve any revenue.

Ryan: Nobody likes him, anyway.

Joe: So, why don't you introduce?

Dean: My good buddy, Ryan Deiss.

Joe: Go ahead. Introduce him.

Dean: We're very excited to have Ryan Deiss with us.

Joe: You guys just spent, like a couple of weeks or something, you spent the whole day brainstorming.

Dean: Cuddling. Cuddling.

Ryan: Close to cuddling.

Joe: Who is this dude? A lot of people know who Ryan Deiss is.

Ryan: They actually think it's Ryan Deiss. But I appreciate we're setting the record straight on at least the pronunciation.

Joe: You're a young guy, running a multimillion-dollar company. You have how many children now?

Ryan: 3 and one on the way.

Joe: Okay, cool. Other than that, who is he, Dean? Who is this guy?

Dean: It's very fun to have Ryan here, because this guy is like the most prolific publisher of, I would say, really cool stuff. He's got all kinds of things going on. Your company, I love the name, Idea Incubator. You've grown that over the last 11 years now that you've been in Internet marketing, to be one of the premier, one of the biggest, one of the best information publishing operations.

So, we're excited to hear some of the lessons that you've learned, some of the things you think might be the keys to success, that other people could apply to their business.

You're based in Austin, Texas. It's a pretty cool setup that you've got over there.

Ryan: Yeah, you weren't actually able to make it out to the office.

Joe: I've been to your office. I had to chance you around to do a damn flip video, because you're kind of camera shy.

Ryan: Yeah, I'm terrified of camera's, actually, is a better way of putting it.

Joe: Okay, you work with some really incredible marketers. And word on the street is, for some bizarre reason, you're very much admired. Because like Dean said, you are very prolific. You're very ninja. You tend to contradict almost everything we say on I Love Marketing. We talked about how to do free reports, and here you are saying free reports don't work anymore.

Ryan: Crap, when did I say that?

Joe: You're always trying to spin things.

Dean: Did I say free reports don't work? It must have been when I was talking about blogs are dead.

Ryan: Yeah, yeah. Blogs, yeah. I actually said I was wrong about that.

Joe: Where did you start from? How did you become this marketer? How many people, do you think, on a daily basis, read your emails? You just reach lots of people.

Dean: At least 200 or 300.

Ryan: Yeah, a couple hundred. Across all the different companies, there's one company, there's kind of the Ryan Deiss brand, I guess, where do teach and talk about Internet marketing, and that's one aspect of what we do. It's the most public.

We actually make more money, as a company, doing this stuff in all the different markets than we do from the Ryan Deiss brand.

So, in terms of the number of people that my company reaches, it would be in the millions; which, for some companies, that's nothing. We're just a speck.

For me, personally, a couple hundred-thousand, I guess, which is good.

There's people that do a whole lot more and that are a whole lot bigger. For me, I'm a lot more interested in the businesses where I'm not the front man, where it's not my face out there.

I really wish, more than anything, that back in the day when I first got started, I would have used a pen name, because there I am, sitting around the Thanksgiving table, and I've got my uncle (my wife's uncle, so I guess my uncle-in-law) and he's like, "I Googled you the other day." And I'm like, "Eh, give me a break."

So, I'm not comfortable being the face of stuff. It is what it is now, and there's no going back. But I much prefer the publishing side.

Joe: We asked, on the last episode, we talked about being introverted or extraverted. Dean's like an introverted guy. Are you an introvert, an extravert? What would you consider yourself?

Ryan: A situational extrovert.

Joe: That's a great term.

Dean: That's exactly what all of us are, I would say. You have the ability, but your preference wouldn't probably be.

Ryan: My preference would be just kind of hang out and do my thing, especially now that I've got a wife and kids.

It was different when...

Dean: T-ball champions.

Ryan: Yeah. When you have weirdos calling your house and it's like your wife answering, that's a different experience than when you don't have that.

Joe: Weirdos calling your house and you get to the phone before her.

Ryan: Yeah. Or if it's just me, then it's just me. But, that will take us into a dark place. I don't want to go there.

But I would much prefer to hang out with my friends. There's the whole thing would you rather be rich or famous. I would much rather just be rich. Some people would like both. There's some people, if they're really being honest, they would take the fame over the money.

Joe: Oh, yeah. I think there's a huge amount of people in the how-to business that would rather be well-known than well-paid.

Ryan: And there's nothing with that. That's what you want. I've heard some people before talk about, "Oh, I feel so bad for this speaker over here." I'm not going to name names. But you've got certain people that are prominent motivational speakers, and they might be in their 60's or 70's and they're still speaking, like, "Oh, my gosh, how sad for them, that they still have to do that."

In a lot of cases, they don't. In a lot of cases, they just enjoy it. Me, I would pretty much rather eat my pinky than speak on stage extended periods of time. But I'll do it. I'll do it.

Joe: Your pinky or...?

Ryan: Eat my pinky.

Joe: Yeah, that's cute.

Ryan: Thank you. Feel free to use it.

Joe: I hear you. So, what do you consider your freaking – we have to keep mentioning Dan Sullivan on every episode – unique ability is the term he uses, what are your unique abilities? What are your real skill sets and expertise?

Ryan: I'm good at identifying holes in markets, and figuring out where needs aren't being met. But mostly, piecing the different things that need to come together to actually release a product or service to market.

A lot of people have good ideas, but they don't necessarily know how to launch it. They don't necessarily know how to ship it.

I've been successful at bringing the right, more times than not it winds up being people, but bringing the right assets.

Joe: That's a good place, bringing assets. People are one asset, but there's many assets. But you're good at assembling it all together.

Ryan: Yeah. That's something that has worked out pretty well, and a lot of it's been luck. I've had the right people drop in, come around me at the right time.

Dean: But it kind of is a self-perpetuating thing, because you've had the right people, you've expanded that, built on it, and then other people kind of seek you out for that.

Ryan: And I'm really only good at the first part of it. I know the things that I'm good at. So, I'm really good at taking a company to about the million-dollar market, really. Maybe

\$1-million, \$2-million. And at that point, it's dead to me. I'm bored with it. Somebody else needs to take it over.

Dean: Because you've already solved the exciting part that got you \$1-million.

Ryan: Yeah, it's not fun anymore. That's exactly right. I like piecing together, creating the puzzle that is how do we get a profitable sale. And once we've figured that thing out, scaling it up is terrible. Absolutely terrible.

Dean: I was talking about that; that once it becomes at a point where you've figured out the mechanism, you've figured out the psychology, figured out how it works, and now it's only about the money-getting, getting out there and expanding that.

That's the mechanics, more than the psychology of it.

Ryan: And these are the mechanics that I suck at. I'm getting better. I used to not respect that skill. I used to be like, "Uh-oh, business person, MBA, bah." But man, oh man, I don't like to talk about numbers, but there's one company, one of my companies, was about an 8-figure business. It was a lower 8-figure business. And our profit margins were terrible.

I discovered, then, there's a big difference between making money and keeping money.

Joe: Yeah, there's a huge difference.

Ryan: And bringing somebody in to fix all of that stuff, boy, it just changed my life.

So now, my goal is to get off of my own org charts.

Joe: A lot of people that listen to I Love Marketing, there's brick-and-mortar, there's info marketers, a whole variety of people that listen to it, and you have built an organization. I think you currently have like 39 employees?

Ryan: 45 in Idea Incubator, and then there's some other companies, as well, that have a few more. So, Idea Incubator's kind of my holding company that represents my interest in

a number of other companies. It just depends on how you want to slice the pie. Let's call it 45, for now.

Joe: Okay. So, how do you deal with the complexity? Like how does Ryan Deiss prioritize? You're a very innovative, creative guy. How do you actually prioritize where to spend your time? You said you're really good at identifying holes in the market, which means you can see opportunities all over the place.

So, how do you decide what to do and convert that into money?

Ryan: Well, my whole goal, and this is kind of my number one over-arching business goal and it's the thing that I spend 80% of my time focused on, which is, "Okay, we've identified an opportunity." That's pretty easy, and that's fast. It doesn't take a lot of time. Something will pop out.

The next question that you've got to figure out is how can I have the highest 30-day average customer value in this particular market? If I can go into a market, and this is whether it's information publishing, whether it's physical products, because we do import and sell physical products, we manufacture certain products. So, chemicals and cleaners, across the board, if I can solve the mystery that is how do I have the highest 30-day average customer value of anybody else in my marketplace, then I win, now I don't need to be the best search engine optimization guy. I don't need to be the best pay-per-click guy. I don't need to be the best media buyer.

I can go out and find people to do all those things, because I've equipped them with the one thing that they need most, which is a high-converting offer.

If, to me, somebody coming into this particular space, they're worth \$300 within the first 30 days, because I have created an immediate funnel that converts well, have a good follow-up, and there's a lot of tactical/technical things that we talk about, if you want to, but if I can really architect that process – and that's what I see my primary thing as, is architecting that first 30-day process – if I can architect that process such that within that first 30 days we've got the highest average customer value, I know we can't not win. That's nothing new.

I heard Dan Kennedy say, “He or she who is able to spend the most money to acquire a customer wins.”

Dean: He said that this morning.

Ryan: That’s one of the oldest rules in marketing. And he’s right. If you can spend more than anybody else to acquire a customer, then you win.

Well, there’s only 2 ways to be able to spend more than everybody else to acquire a customer. It’s have a ton of money sitting there in a pile, that you can pull from, go negative. A lot of the silicon valley companies, this is what they do. They raise money, they buy critical mass. They buy market share. And that’s fine. But if I had a great big pile of money, I would probably just like roll around in it. I probably wouldn’t be motivated to go start businesses.

Dean: That would really add a new element to our cuddle meetings.

Joe: There’s someone in the room that I really think likes rolling around in piles of money. We won’t say who that person is.

Ryan: Alright. I’m just going to start staring awkwardly. I’m just going to start staring awkwardly and judgingly at people.

But that’s one way, if you can go raise funds and do that. But there are pitfalls to that. Right? Like I don’t like taking investor money. I don’t like being beholden to other people. If you go take a whole lot of money, you own a minority share in your company, you’re kind of an employee. The other way is use cash flow.

Joe: I like what you’re saying, though, because you’re identifying your philosophies. You don’t want to be beholden to anybody. What are some of your philosophies on how to set up your business so that it works for you?

You, obviously, in all the different things that you’ve done at a very young age, you’ve obviously done a bunch of stuff that didn’t work and you’ve done a bunch of stuff that has worked.

For our listeners, I think setting it up in a way that actually fits your skill set, in the beginning. In the long run, it really sets you up to have a successful business.

Dean has a process called “I know I’m being successful when,” because his definition... It’s funny how someone’s sitting in front of me, and I’m giving their definition of success. But what Dean talks about is you’re not successful or unsuccessful, he’s successful when certain things exist. And if those things don’t exist, you’re unsuccessful. You’re life can change on a dime.

However, he kind of has some core philosophies. What are some of your prime directives, your core philosophies, whatever you would call them?

Ryan: I believe the 2 best things that anybody can experience in this life, like the most blessed, fortunate people are the ones who find their calling at a young age and find their soul mate.

I was fortunate that I discovered both my calling, like what do I want to do when I grow up, and my soul mate before I was 20. And I think that’s part of the reason why.

What’s Napoleon Hill’s chapter in *Think And Grow Rich*, the creepy one that everybody ignores? The trans...

Joe: Transformation?

Ryan: Yeah, that. I think that’s a large...

Joe: Transmutation.

Ryan: Transmutation. Sexual transmutation.

Joe: Which, in a nutshell for people who don’t know what he’s talking about, I guess to say it in probably not these exact terms, but it’s like the reason that most men are successful after the age of 40 is because they take pent-up sexual energy and they redirect it in business. Because prior to the age of 40, they’re spending their time chasing women.

Ryan: Yeah. So, I stopped at 19. It’s not like I set out to. I don’t want this to get into like my philosophy on marriage and relationships.

Joe: Oh, we're going there.

Ryan: It's not like I set out.

Dean: We're going to take this wherever we want, Ryan. That's how this works.

Ryan: This, I promise, is going somewhere.

Dean: That shirt's coming off before the end of the interview.

Ryan: I met someone and I'm like, "This girl's cool. I'll probably wind up marrying her." I didn't tell her that, that early on. That's called being creepy. But there's something to sequence and proportion.

But I had that. I'm fortunate that she'll tell me. She will keep me on the straight and narrow, and she'll say, "Hey, your stuff's getting out of balance. You need to kind of get back into shape."

So, I've got somebody there who's sort of an arbiter of balance in my life, who will tell me that. So, for me, it's very practical things, like I know I'm successful when every Saturday morning I'm playing golf with my son. I'm know I'm successful when I... And I do use your "I know I'm successful when..." I love that. I know I'm successful when I get at least one super-happy fun day a week.

This is my thing. Everything I have, and I think it's appropriate that you quoted Dean, because I'm going to quote him also, while he stands there, but most of this stuff I've got from this guy right here, in terms of having balance. But I'm also totally cool with there being seasons of life where, for the next 6 months I'm going to buckle down, and this is what it's going to be about.

So, it kind of depends on the season that I'm in, when I know I'm doing the stuff with my family. I missed one t-ball game, one of my son's t-ball games this year, because I was with my wife in Mexico.

Dean: I've been texting you this week about when you're getting here, and you're like, "Well, it depends on the t-ball win."

We were talking, last night, literally you said, “If they had won, I would have chartered a flight.”

Ryan: Yeah, I would have had to charter a flight, because last night I would have been at a t-ball game.

Dean: And no way to get out of Austin in time to get here.

Ryan: Yeah.

Dean: But that’s total crystal clarity on your values, and knowing.

Joe: And the emphasis on how to the ability to make money, so you can live the way that you want to live.

Dean: Yeah, that that’s even an option.

Ryan: Yeah, chartering a flight is not.

Dean: Yeah, that’s the thing that it’s an option.

Joe: Again, this is going to maybe sound kind of a weird sort of question. I always am interested in where the drive stems from, for driven entrepreneurs that are already doing well financially. A lot of people that don’t quite understand the entrepreneurial mind think inappropriately about all they are is money, greedy-driven sort of individuals; when, in reality, I think most successful entrepreneurs pursue freedom, and money just happens to be a way to access freedom and options.

Where do you think the drive comes from? You’re a driven guy, and do a lot of stuff. Where does the juice come from? Some people are born with batteries included, others with batteries not included. And you’re just doing a lot of stuff. Where does that come from? What causes it?

Ryan: I think for me, it’s the only thing I’m good at. I enjoy golf, but I’m not good at it. I wasn’t one of those people that played baseball, but I wasn’t good enough.

I think it's all about doing – again, Dan Sullivan – what's your unique ability, what are the things you're good at. You're going to have the most fun, be the most fulfilled when you're following those things.

For me, the thing that I'm good at happens to take on a businessy sort of role. That's what it looks like. And, yes, the way that we measure it is through money. And I like having money. But I know people who are very, very, very good at other things, that maybe are more pastoral. Or maybe they're just very giving and nurturing, and what they love is being actively involved in charity or social work on a day-to-day basis.

I'm not a particularly nurturing person.

Joe: I would totally agree with that.

Ryan: So, as much as I like the idea of being charitable and giving and all that stuff, and it's a part of my life, it's not something I want to be actively engaged with every day. I'm just not that good at it. There's other people who are way better at that.

So, for me, I don't know what else I would do. It's fun.

And that's kind of when I realized I don't enjoy running businesses. So, my title, I don't really have a title in my company. I guess I would be founder. I think my official title is Managing Partner of Idea Incubator. It's kind of my official title, if we're going out and talking to banks and stuff like that.

But I'm not CEO. I'm not director of marketing. Nobody reports to me, because I don't enjoy that. That's not any fun. I just want to do the stuff that's fun.

Joe: I like that. I like that.

Dean: I think it's fascinating, because when you started out, everybody starts out as just you, if you could just go back there now, knowing the path to 45+ people in your organization, with different people doing different things, different divisions of your company, what would be kind of the benchmarks, the things that you would take from that experience, to grow from just you all the way up to 45 people?

You've learned some things going that way, that would make it easier for you to get there again.

Ryan: Yeah, and I made a ton of mistakes, too. For me, I had always tried to hire kind of from the bottom up, so I always put myself on the top, which is fine. If your unique ability is one of being a good organizer and being really good at running a business, being good at that skill, then maybe you should be the CEO of your company.

If all you're good at is selling stuff – which, at the end of the day, all I'm good at is selling stuff – I should not be at the top. I felt like because I was the owner, that I should be at the top of my organizational chart. And I shouldn't have been.

That's another thing that I did that was right. I always had an organizational chart. Even when it was me in all those different spots, I always acknowledged that there were varying roles.

This is kind of what my organization looks like. There's a CEO, there's a director of marketing, there's an editorial director. And I went and I blocked Director of Operations, Director of Legal and Finance. All these things, I had them out of my head. And for a while, it's you in all of them.

And then, you start looking at the things, "Okay, what am I especially terrible at and what do I enjoy the least, and what's costing my company the most money by me doing?" And those are the ones you fill first.

But what I wish I had done is gone out there and got that person at the top sooner. Because when I did that, and this year we went out and we were able – I still don't know how we were able to get her to agree to do it – we got Mary Ellen Tribby, who's maybe one of the smartest businesspeople I know. She's is insanely skilled at running a business, and a brilliant marketer.

So, when you find somebody like that, it's a no-brainer. She came in and basically fired everybody that I had hired. Like most of the people there, she had to turn them over or move them into substantially different positions.

I never, ever would have put things the way that she put them.

Dean: She's a rock star.

Ryan: I just didn't know how to do it. So, be honest about what you're good at and what you're not.

Joe: Let me ask you a question about that, too, because it's always interesting to me because things I experienced in my own company and I've seen a lot of other people, is that usually the big breakthroughs come from the outside, or they come in in an environment which is not your normal routine. And if you get into a routine of a certain group of people, there's this great line, again from Dan Sullivan that, "The skills to get you out of Egypt are not the same skills that get you to the promised land." And the skills, the people that get you to one place are not the same people that always get you to another place.

So you mentioned she fired a bunch of people. Is part of that because you hired the wrong people or, if there was the right setup in the beginning, they could have maybe blossomed? I see in a lot of ways. And I agree with you, Mary Ellen, I've interviewed her before...

Dean: We've been hanging out with her all week.

Joe: She's very smart. And she really has a good perspective. Her philosophy is you're doing a huge disservice to your company if you have mediocre people or the wrong people in there.

So, her intention is go build a great company and have people working together, have profits, and all that sort of stuff.

My question to you is was her replacing the people and putting new people in because a culture had been developed that it was easier to just get them out of there, or was it you just simply didn't have the right people? Do you know?

Ryan: It was both. It depended on the people. There was one person in particular, who I had doing way too much. And, unfortunately, he was unfortunately kind of ruined because

of that. He should have been focused on one thing. I said, “Well, I kind of need you to do all this stuff.” And we gave him an opportunity for a period of time, even after we changed the culture and changed his environment and said, “No, no, no, we need you to do this,” he would still gravitate over into stuff that he wasn’t good at.

Now, had I never had him over into that role, he wouldn’t have done that gravitating, probably.

So I made some mistakes that, unfortunately, cost people their jobs. And boy, you want to talk about not sleeping and just feeling really, really bad about it? I did.

Now, Mary Ellen was absolutely right, because she was like, “Look, number one, it doesn’t matter, because if the company doesn’t grow and the company doesn’t survive, they’re going to be out of a job anyway. So we’ve got to do what’s best for the company.”

And she was right. The other thing that she said is, “These people know they’re not performing. They know they’re not performing. If they’re honest, sincere individuals at all, they’ll feel better after you let them go.” And that’s been the case with everybody.

Now, for a few people, they were just wretched bad hires. There was one person in particular that was a cancer; that, when we got rid of them, everybody was like, “Ah, thank God,” He was disgusting. We found he had photocopied some of our company business cards that we found in his desk drawer. So, when he wanted to order something, he would just order it. And because it was my card that he had photocopied, accounting didn’t question it.

Joe: You mean credit cards?

Ryan: Yeah, credit cards.

Joe: Oh.

Ryan: And he had actually started his own thing on the side, where we were paying for something. I mean it was a nightmare. He was effectively stealing from the company. So, those types of people. Yeah, they were bad.

Joe: And the reason I bring this up, for one, I always have my own personal interest in it, because I look at my flaws in terms of setting things up. And the thing is, you aren't going to be an entrepreneur if you're not willing to make mistakes and take risks and take responsibility. It comes with the territory. A lot of this, you're learning as you go along.

My friend Kendra Todd, we had a conversation one day and she goes, "You know, Joe, sometimes I feel like running a business is like trying to change the tires while you're driving 60 miles an hour." You have a lot of that stuff.

There's a lot of people that are listening here that, I can assure you, there's difficult decisions of there's someone in the company that is keeping them from going to a better place, a higher level, the next level. They may be a friend, a family member, and they just can't bring themselves to make that change.

What I want to identify here is because, even talking to Mary Ellen, you've had incredible growth and multiplication of your profits and accelerating the success of your business as a result of making some of these difficult choices. And if people are not willing to do that, they are going to be stuck, even if they have the greatest marketing, which we're going to get to, because I do want to spend some time about marketing here.

Ryan: I love operations.

Dean: I love operations.

Joe: But the thing is like having just gone through this, what would you say to someone that is stuck in that place? Jim Collins says, "If you find yourself questioning if you have the person...

Dean: Yeah, like someone's an A-player or whatever.

Joe: “You’ve probably made a miss-hire.” What would you say to people out there?

Ryan: The right decision is exactly what you said. If you’re questioning and if you’re continuing to question it, and especially if you’ve tried to give this person another opportunity and say, “Look, I really want you to focus on this,” and you’ve worked with them and it still ain’t happening, they’ve got to go. They just do. And it doesn’t matter who they are, if they’re your best friend. I’ve had people work for me that were very good friends that I’ve known, that were there from the earliest days, that had to go. And man, it sucks. There’s no way around it.

I know now I would not hire friends and family. I just won’t do it. And if I do, I would basically not have to know about it. They’d have to be managed by somebody else, and it’s like, “Look, you’re totally on your own,” and all this other stuff.

Dean: I’ll put in a good word for you.

Ryan: Yeah, there’s no sacred cows at all. But, at the same time, I sympathize with it. Sometimes, if you’re an entrepreneur and your company’s making good money, it’s easier just to continue keeping that person on the dole than it is to deal with it. But what you have to keep in mind is that you will absolutely ruin a good employee if you allow them to watch you tolerate a bad employee. They’re done.

Dean: Mary Ellen said that, when she was talking this week, that you have a fiduciary responsibility to everybody in your company, that they’re depending on the company thriving; and if somebody is under performing, that’s robbing the other people of their...

Ryan: Everybody. It’s robbing your family. What she finally said to me, she’s like, “Look, you’re having to step in and cover for these people. You’re taking time away from your family. You said your family’s important.” “You know, you’re right. You’re absolutely right.”

So what I would say, I think the biggest lesson of all is that if you’re having that hard a time making that call, guess what you’re not? You’re not a CEO. You’re just not. You shouldn’t be the CEO of your company. So, bring somebody in at the top

and allow them to say, “Hey, these are the things that need to be made,” and allow them to make the tough decisions.

Now, I didn’t skirt away from it with these people. After they were let go, I got in touch with them. And it wasn’t one of these things where it was like, “Okay, I’m going to go away for a while, I’m going to China, and when I get back I want all these people gone,”

It’s not that I didn’t want to deal with it, although that wasn’t fun, but sometimes you’ve got to bring somebody in to actually do the deed.

Dean: It’s kind of interesting, because when you’re looking at that, even though when you’re making good money as a company, you’re being successful and you’ve got employees, and you know that it’s probably time for you to bring somebody in, sometimes it’s not cheap to bring in the right person, to bring in somebody. But what you got to realize it’s going to multiply the mindset.

I think you’ve found that, even though it would be not an inexpensive proposition to bring in a really good CEO. But you’ve found that they multiply what you’re paying.

Ryan: They don’t just multiply, they come with a 12-month finance plan. That’s the thing. A lot of people want to like, “Oh, I don’t want to hire this person because they’re going to be \$250,000 a year. Well, it’s not like they walk in day one and you cut them a check for \$250,000, right? They walk in and you pay them what you owe them for that month. And the next month, you pay them.

Joe: And at some point, they reach a point where they’ve multiplied it. Yeah.

Ryan: I will tell you this, Mary Ellen came onboard. The very first month, she saved enough money in the company to pay for just her salary. I’m not going to go into what her compensation thing is, but she saved enough within what would be saved in her first quarter working to pay her salary for an entire year. That doesn’t even account for all the growth that she’s been responsible for.

So people, it's like marketing, people should have a ROI. You don't like to look at them that way, because they are people, but they need to deliver an ROI. And that's one thing: I've never been shy to hire and I've never been afraid to pay somebody a really good salary. I'll be real slow to dole out equity. I'll be real slow to dole out equity. But I won't be slow to pay somebody a high salary; because the way I look at it, if they're that high of a performer and they're that good, and you're paying them that much money, if it don't work out and you've got to cut them loose, they're going to find a job somewhere else.

It's when you bring on the person that's kind of iffy, and you know you're going, "Ah, if I fire this person, they're destitute, like they're going to be living on the street," if that's the case, you never should have hired them in the first place.

Joe: Yeah, that's good advice, man. Good food for thought. I think that's very helpful. Okay, we're done with that topic.

Ryan: Yeah, you need to have Mary Ellen on to talk about that, because anything I said that even sounded remotely intelligent I probably heard from her.

Joe: No, no. It's great, though. That was very, very useful, from my perspective.

Dean: So, you want to talk about marketing?

Joe: Why do you love marketing, man? We're on an I Love Marketing call episode. What's your definition of marketing? Why do you love it?

Ryan: Definition? I haven't really thought about it like that.

Joe: What is marketing, man? What is marketing?

Ryan: That's very esoteric. The classic, what is it Johnny Kennedy had said?

Joe: Salesmanship multiplied is advertising.

Ryan: Yeah, the job of marketing is to make selling superfluous. I've heard that before.

Joe: I like that.

Ryan: So all that, it's basically...

Joe: What's the definition of superfluous?

Dean: Joe says, "Yeah, I like that. What's superfluous?"

Ryan: I like the idea that everybody is impacted by inertia. And I love the idea that words and experiences and stories and things like that can move someone to take an action that they wouldn't otherwise take. That's kind of magical. And if it's a worthwhile action, than it's just not magical, it's noble. And I think that that's a big, big part of it. If you're using this to do harm to the world, then screw you. But if you're doing something that's good, it's pretty noble to be able to move people.

Joe: And you know what I want to say? Being in this hotel room – and, by the way, we're going to post, if we haven't already, a video on ILoveMarketing.com. So, those of you listening to this on iTunes, you've got to go to ILoveMarketing.com, because I actually shot a little video right before we started, of me, Dean, and Ryan in the hotel...

Ryan: In the studio.

Joe: Yes, you can see the setup of this podcast being recorded with a towel on top of a piece of luggage, so it props up my Apple Air computer, and we're recording this. And we'll show you the little mic that we're using to record these studio-quality I Love Marketing things.

A phone rang on the episode we were doing with Craig Ballantyne, so now, room service was knocking on the door. And I think it's just hysterical because this is such an interruptive environment. It's all great.

Dean: I'm going to get a massage while we're doing this.

Ryan: Yeah, I'm getting a massage right now.

Joe: Okay, so how do you use marketing in order to drive and build Idea Incubator? It's what you teach people marketing, you use marketing like you said. Our listeners here want to learn how to be effective marketers. So, how do you do it?

Ryan: Yeah, for me, it's the structure, it's the message that gets created. So, there's a lot of tactical things that come around marketing, that gets lumped into marketing. So, traffic generation gets lumped into marketing. And it is. Marketing gets implemented there.

Dean: It's part of the marketing puzzle but it's not, per se, marketing.

Ryan: Yeah, but it's the message that gets applied to a given media, that I believe really that message is more what gets tied into the marketing. And more, again, it's sequence and proportion. That, to me, is the biggest thing about marketing. And it was Perry, actually, that really helped to crystallize this in my brain: the importance of sequence in marketing.

So, understanding, in old-school direct response, it would be, "What's the list?" Is it a buyers list or a subscribers list or a compiled list? Well, depending on that quality, that's going to affect the sequence with which you deliver your marketing, and the proportion with which you deliver your marketing.

So, if you've got more time with somebody, you're going to more subtly kind of try to woo them. A lot of it, it's dating. You're not going to walk up to a girl at the bar and be like, "Hey, you want to go back to my hotel room?"

Dean: I think you're my soul mate.

Ryan: Yeah, you're probably going to get slapped. But that's what a lot of people do in their marketing.

Joe: You know what? The thing to use that analogy, because I think selling is like seduction, if you go immediately up to some woman and you just say, "Hey, I'd like to sleep with you," like you just said, you're probably going to get slapped unless you're Brad Pitt or she's really desperate or something, or vice versa.

Ryan: If she says, "Yes," you've really got to kind of wonder.

Joe: Especially if either one of those people is you guys. But, anyway. Sorry for that diss. That just sounded low, but it's really how I bond with you.

It's a positioning thing, though. But if you build rapport, if you go out, like you take joint ventures or endorsed relationships, my friend says, "Hey, You're really into yoga and I have a friend who's really into yoga, and I think you guys should meet each other because you're also into German Shepherds and you like skydiving," whatever, and you get together and you get to know each other, and you find you like each other's personality, and then you go out on dates and then you go through the courting stage, and then comes that time where you decide, "Yeah, this is the person I want to marry," your chances of then getting a yes, versus doing it right from the get-go, it's like Dan Kennedy's language, "Annoying pest versus a welcomed guest."

And within that sort of analogy is how I define marketing. It's literally positioning. People that are pre-interested, pre-motivated, pre-qualified and pre-disposed to give you money because of some things that have been done in advance, so that selling becomes – how do you say the word?

Ryan: Superfluous.

Joe: Yes. That's the whole thing, though. It's a great analogy, thought. So, all of the things that you do in your business, through your videos, through your emails, through your writing, is accomplishing that. You're seducing. It's the foreplay that allows the sale to exist.

Ryan: And one of the clearest ways that I've ever heard that illustrated was the cheese and whiskers thing. I don't know what episode it was of I Love Marketing. But if people listening to this and they haven't listened to that, that's one of the greatest summations of that whole concept of timing, sequence and proportion. That gets it, sequence and proportion. The other big element of it is marketing maturation.

Joe: Explain that.

Ryan: Where is the market, right now, in the context of what you're trying to sell them? So, if I'm in the desert and I happen to have a water stand, and there's other people wandering around who are dying of thirst, I don't need to yell at them and scream at

them and be like, “Ladies and gentlemen, who else wants to not die of thirst today?” You just need a sign that says “Water.”

But if somebody comes next to you and they open up a water stand too, now your water needs to be ice cold and refreshing. It might need to be organic water, if that even exists. That’s when you start taking it up to the different levels. It might be, “You know what? I need to change the medium or the mechanism a little bit. I’m not going to sell water, I’m going to sell snow cones. I’m going to sell flavored snow cones.”

So, understanding the maturation process of your market is also an important part of marketing.

So, take the fitness industry, the weight loss industry. A few years ago, you could sell weight loss pills and people were like, “Cool, I can take a pill and lose weight. Done.” And everybody’s like, “Well, that doesn’t work.” The market matures.

So then, people, “Oh, no, you need to drink this smoothie or this shake or this thing.” “Okay, let me try that.” “No, you need to drink this shot.” Okay.

And now, what’s working today? What’s working today is P90X, Insanity, “This is going to be the hardest thing you’ve ever done in your life. You’re going to do this workout, you’re going to vomit all over yourself, you probably will die. But if you don’t die, guess what? You’ll lose weight.” Right? That’s what’s working today, because of market maturation cycles.

Now, in a couple of years, people are going to go, “Well, that seems hard,” and everybody will have forgotten that you can’t actually take a pill and lose weight.

So then, some people are going to come along and start selling. and I’m not suggesting that everybody do that. You’ve got to reconcile what is working in the marketplace with what’s actually good and right.

Joe: It’s kind of like sell people what they want, give them what they need.

Ryan: Yeah, it will come full circle again. And understanding where people are in that space is another thing.

So, if you first identify where are people right now, what's the maturation cycle that folks are in, and then you say, "What's the appropriate sequence and proportion?" What's the appropriate cheese-and-whiskers kind of thing?" then that is sort of how a marketing campaign, a marketing message gets orchestrated.

Dean: We were talking about the diet pills and how you're right, that everybody's tried diet pills and they know that they don't work, and they're all in the \$39 range. So, how do you differentiate in something like that is when Lactoprin came out with...

Ryan: Yeah, what is a diet pill worth?

Dean: \$153. And then people sit up and notice, "Oh, well this must be the stuff."

Ryan: And then they go out and come out with a generic of their own offer.

Dean: Yeah, it's perfect.

Ryan: If you did nothing but study market maturation cycles, you would instantly become a better marketer. Because a lot of people want to take these proven headline formats, these proven headline templates, "They laughed when I took a diet pill that cost this much, but when I lost weight..." Everybody wants to take these, which are great, they're a great place to start, but you want to make sure if I'm going to utilize and model from a proven marketing message in the past, does it match the maturation cycle that the market is in right now?

Joe: So, are you just a wizard that has this ability to understand it? Or what is your process for looking at it, understanding it, predicting it, knowing where to put attention, how to identify it? How do you do this?

Dean: Look at how he glows when you called him a wizard.

Ryan: Yeah, I appreciate it. No, the economy's going to drive a lot of market maturation cycles. So, one of the things that you can do is you can go back and you can get these online. Libraries probably don't have it back this far. But, so right now, we're in kind

of a recessionary, post-recessionary environment. So, I would look at what types of things and what types of messages were resonating back in a post-recessionary environment.

Certainly, if I had anything related to do with business, making money, general success, what types of messages resonate? You can also just look at what's been around for a while and what's starting to get old.

I gave the example if you're in the market and you're selling weight lose pills, and you're starting to see a decline, then guess what? You know the market is maturing. You know that it's time.

If you're just on the outside, looking in, when something starts to go to retail, that's kind of a signal that, "Okay, now everybody knows about it. Everybody's zigging, it's time to zag." That's a pretty good indicator.

I think a lot of it, I guess I don't have a really good process, but I think a lot of it's just understanding people and where they are. *The Lazy Man's Way To Riches*, is one of the best books in, but think about the time in which it ran.

Joe: Right.

Ryan: That's not so much the time now. Right now, people don't expect to be lazy and get rich.

Now, a few years ago, when a book called *The 4-Hour Workweek* came out, that was essentially a modern day *Lazy Man's Way To Riches*. If, *The 4-Hour Workweek*, had come out this year or last year, at the absolute pit of the recession, I'm not confident it would have done as well.

Joe: You're so right, yeah.

Ryan: And that's not taking anything away from Tim, because I think it's a great book.

Joe: If you were to get into a fight with Tim, do you think you could take him?

Ryan: No, I think he would absolutely destroy me. Yeah, I can't fight at all; it's just embarrassing. I've never really been in fights.

Dean: What about a break dance fight?

Ryan: Oh, like a walk-off?

Joe: Do you think you dress better than Tim, thought?

Dean: Yeah, like a walk-off.

Joe: I went to Vietnam with Tim, and he dresses very weird.

Ryan: Yeah.

Joe: Do you think you dress better than Tim?

Ryan: It depends on where the judging happens. So, if the judging is occurring in San Francisco...

Joe: Tango dancing.

Ryan: ...he would win. But if the judging were in Austin, Texas, I think I might be able to take him.

Joe: You've got a great point, thought. So, this ability to identify what's going on in the marketplace, different from your ability to write, do videos, knowing multi-sequence marketing campaigns, how important is the success of your company to do that first identification? Because it goes back to the first profit activator is select a single target market. It's select a single target market where you actually can make an impact, and understand the mindset of that market and what's going on.

So, how important in the success of someone with their marketing is that?

Ryan: It's everything. It's the hook, right? That's where the hook comes from. And if you miss on that, you can do everything else right, you can have the best product, you can have the best upsell path, you can have the best follow-up.

Look, if nobody gets into your funnel because you swung and missed on the hook, then you're done. And we've had this experience, because we're not right all the time, we just test a lot. We try a lot of things. We had this experience with one of our currency trading offers, where we were really kind of pushing hard and selling against the stock market, because this had worked and we were like, "Look, the stock market's for suckers, there's all these crashes, blah, blah," and we went out there. We thought, "Okay, we've got this message."

And, I'll tell you, we had one of the best copywriters, paid him a fortune to write this piece for us. If somebody were to look at it, they would say, "That is a great letter." You could see, going through it, the different threads that were flowing through it. It was beautiful. But when we released it, the stock market was soaring back up.

Joe: Yeah, everybody's back in.

Ryan: So, everybody's back in on it. You missed. You missed on the hook. And that's where market maturation and all that is so important. And if you fail to identify that, I've seen a lot of people with great products and good general concepts that just missed on that hook. And the funny thing is, a lot of times, it's just a little bit further down in the copy.

Joe: It's kind of interesting. I think one of tangential benefits of...

Dean: I Love Market Maturation Tanential... I mean Superflu... I mean I like these \$10 words you guys use.

Ryan: Yeah, well there you go.

Dean.: They're more like \$12 words.

Ryan: I think it's very anaphylactic. That doesn't even mean what it means, it just sounded big.

Dean: Yeah, that doesn't apply, but yeah.

Joe: We should have Jay Abraham here right now. We'll talk about engineer reciprocity.

Dean: No, but one of the extra benefits of having a model where you're not the face of the model is that you can go that way 100%, get on that track, and know that that doesn't work; but then come with another face, another somebody else with the opposing, that maybe hit the right notes, and that harmonizes with the market.

Ryan: And rarely do you actually have to change a face. A lot of times, it's just changing up the message of that particular product and tweaking it just a little bit. But no, it is nice to know that...

Dean: No, but I mean like you come out...

Ryan: ...the experts are so interchangeable.

Joe: Well, it's like you just said, hitting the right note. I love that line, "The only thing worse than sing the wrong note is singing it louder." And the whole "Selling is not yelling." There's a lot of people that have lost it, that were doing really well, because the tune that they were singing a few years ago worked really well. But Dan even was talking about people thought they were geniuses when they were making money when the economy was just killing it. And Warren Buffet has that thing, "It's not till the tide goes down, when you find out who was swimming naked and who wasn't."

Is your business doing better in the middle of what people would consider, right now, a horrible economy? Is it doing better than it every has been?

Ryan: Yeah, I've never gone through a year were I made less money than the year before. Actually, that's not true. I've never gone through a year were we grossed less money, I've gone through years were we netted less money, because either we were going in a heavy growth phase or because I did something real dumb. That was called 2009, which we don't need to go into.

Last year, the same. Last year, we did better, but '09 was worse than '08; not because of the economy, though, just because we were really scaling up and adding a bunch of new things and expenses went up.

People who say, I don't like the expression, "I'm choosing not to participate in the recession," because I get what people mean when they say that, but saying "I'm going to ignore it," like I'm going to stick my head in the sand like an ostrich in the sand kind of thing, it's not right. I'm going to participate in the fact that the recession's going on, I'm just going to change my message to account for it.

People still have money, people are still buying stuff. It's cliché, but tons of millionaires were created during the Great Depression. A lot of the great publishing empires were launched during the last big, big recession, in the '80's.

So, we're using this as a time to grow and to just gobble up as much market shares as possible.

And we're watching, God, man it's weird. I know you guys see it, you've got to see it, Dean, in the real estate space. I'm betting your competition's gone down substantially.

Dean: Oh, absolutely.

Ryan: So I've seen it in the marketing space, we're seeing it in the financial space, we're seeing it in every industry that we're in. They're gone. They're nowhere to be found.

Dean: Along with that comes new opportunities, like you said. What are you seeing as the future, the way things are evolving? Anything?

Ryan: Do you mean from like a market...

Joe: Future trends of the industries is perhaps what Dean meant. What do you see? You're the wizard. We're asking the wizard.

Ryan: The better person to ask this question to is Ed Dale, who we referenced earlier, because he's good. I'm actually very slow to jump onto new things. I don't know is this another bright, shiny object, or is this one actually going to stick? Clearly, I think the internet's going to stick. I think we're cool there. I think Facebook's going to stick.

But the other thing that we've been watching with bated breath for the last year or so, and wondering, "Is this going to happen?" is kind of mobile and home mobile

commerce. And that's the thing that, right now, if I'm being honest, has me the most freaked out, because that's going to change a lot. You're going to see, right now, depending on the market, 10% to 15% of our total traffic comes to our web page from a mobile device – 10% to 15%. And the conversion rate from that traffic is approximately 0%. We get almost no sales.

People, they're typically not buying in a mobile environment, unless it's a one-click iTunes thing or really low micro-purchasing. And this whole micro-purchasing concept, in mobile, and that being so identified with it, I think that's going to be one of Steve Job's greatest legacies, really is that whole concept.

Dean: Well that's what Ed would talk about. He always says to us, that's that whole thing.

Ryan: But that changes everything. That totally changes the economics of everything that I do and everything that we do. So, we're watching that very closely.

I still don't know what the answer is. And I hope when it happens, it happens very quickly. Because it's when it goes from 15% to 20% to 25%, that now you're have to sort of adjust, and it's very, very awkward.

But I do think that mobile and mobile purchasing and mobile commerce is going to be the future, and I think that that's going to dramatically affect that types of things that we sell, certainly from an information publishing standpoint. And I think it's going to affect the way that we market, as well.

Joe: That's awesome. Well, we've just got a few minutes left in the time that we have. If you would just kind of rattle off, knowing what you know now, fundamentals to know, to learn to do, and things not to do, if you were just sitting down and only had a couple of minutes with an entrepreneur and say, "From what I know about marketing, from what I know about business, here's some of my top elegant ideas," and they could be what to do or they could be what not to do. What would you say?

Ryan: If you're new and you're going in and you're evaluating. You want to work from that thing? Somebody's just getting started?

Joe: Yeah.

Ryan: So if you're just getting started, I will tell you, it's a crowded landscape out there. It's harder today than it was when I first got started. I'll freely admit that.

So, there are sort of 3 things that I'm looking at when evaluating, "Okay, do I really want to take this idea and run with it?" And the first one is, is there an actual want, need, or void in the marketplace? Again, it's said a lot, it sounds very, very cliché, but I think a lot of people are very willing to go out with a "me too" product. They're willing to take some private label content and cobble it together into something that is sort of like a book, and sell that. You can't do that. You cannot do that.

You have to have a reason to exist. That is the big thing that I look at. Today, it's not about who's the best marketer; the whole thing, "Oh, this guy's so smart, he could sell ice to Eskimos." Screw that! Why would they want to buy ice? It's everywhere! I don't care if you can sell it to them, you shouldn't. And just because you can doesn't mean you should.

So, what are you selling people that they would actually want? Because we're getting a lot of market consolidation and also everybody talks – there's review things, there's commenting. You cannot afford to be another "me too" product; you will get found out.

So, that's the first thing, is there a real live want, need, or void. And then, be honest with yourself. Does your product have a real, live reason to exist there? And if it doesn't, keep working at it.

And probably the answer, by the way, is to shrink your idea just a little bit and try to serve a smaller segment of that market better than to try to make it bigger and bigger and bigger. So, that's that big thing.

The other deal that I look at, is this thing that's being sold, is it currently being offered through traditional distribution channels? If it is, so I've got an idea, I've got the best dish soap in the world, it's such good dish soap, well guess what? Dish soap is sold at Walmart, it's sold at the grocery store. If somebody really has dirty dishes and

they want to fix this problem, they are not going to think about finding, “You know what? I don’t just need dish soap, I need the best dish soap possible,”

And yet this is what people do, right? They’ve got incrementally better products where there are products that are established, that are out there. And we’re talking specifically about online selling.

What you want to make sure is that there’s a want, need, or void that isn’t currently being met through traditional distribution channels. So, we sell retractable belt stanchions, which are those poles that have little bands that come out of the side that you see in banks, right, to keep you in line. Those are called retractable belt stanchion. Now you know that.

If you wanted to buy retractable belt stanchion, where would you go and buy it?

Dean: The same place you get a turnstile.

Ryan: Yeah. You don’t know.

Dean: “Joe’s belt stanchions and turnstiles emporium. Come on down.”

Ryan: No, if the answer is, if the answer that your market would say is, “Gosh, I don’t know,” then where are they going to go? They’re going to that whole internet thing.

Dean: Google.

Ryan: They’re going to the Googles, and they’re going to look for it and now you’ve got something.

Is the answer is, “Oh, I just go to the grocery store, or I’ll just go to Walmart, or I’ll just go to the bookstore,” that’s not your deal, that’s not your jam. Don’t do that. That’s not it.

So, that’s kind of the second thing.

The 3rd is are there any clearly-recognized brands in that space? If there is, can I partner with or associate with them? If there is not, can I become it?

So, that one's not a make-or-break, but you've got to be honest with yourself there and acknowledge, "Hey, again, what's the number one stanchion brand, retractable belt stanchion brand in the country? People don't know. So now, that's good for me; because now, it could be me, as far as they're concerned, if I do a better job marketing and positioning and all that stuff.

If there's an obvious go-to place, then be concerned. Be very, very concerned. So, between those 3 criteria, making sure that you have a legitimate reason to exist, making sure that what you're selling is not being met through a traditional retail channel, and making sure that there's not a dominant brand, if you can go with those, then I'd say you got a great shot, a really, really great shot.

If you've got some issues there, then you better go raise a whole bunch of money. It's going to be a tough road.

Joe: Well, that's fantastic. So Dean, do you have any final thing you want to ask Ryan? Because we're going to wrap this up, and we'll give out his website so people can seek him out.

Dean: That's what I'm thinking, is let's really do something focused, because we're exposing him to probably 200 or 300 people here. So, where can those people go to really get more information about you?

Ryan: DigitalMarketer.com.

Dean: DigitalMarketer.com?

Ryan: Yeah, DigitalMarketer.com is kind of my main stuff where I talk about all these kooky things like marketing stuff that we're talking about right now. And part of the reason, by the way is...

Dean: Is there somewhere where they can put their name and email in?

Ryan: There is on that page. I'm sure there's something. But we do have a newsletter, a \$50-a-year newsletter. So, DigitalMarketer.com/join, if you want to check that out. You get some stuff. And I'm sure there's an opportunity on that website. I'll be honest, I

haven't looked at it in a while. But I'd almost guarantee you we do ask for a name and email address, as some point.

Joe: You would hope.

Dean: I would hope.

Joe: Well, Ryan, it's been real, and that was very valuable, and you've accomplished some great things. So, thank you for sharing, as much as I can fake sincerity here.

Ryan: It was good.

Dean: Revive it? I mean, really.

Ryan: I mean I can see his face, so I know it was total. But for the people listening, I'm sure they know, in all seriousness, whoa, as I tear stuff up, as I tear up the studio, thanks guys. Thanks for doing this whole thing.

Joe: Yeah. And for all of our listeners, again, if you listen to this on iTunes, go it ILoveMarketing.com and you'll see a fancy video and even a clip of Ryan's socks, which is a must-see. And please give us your comments at ILoveMarketing.com, and share this with every human being that you know that has even an inkling of entrepreneurial intelligence, because it will be very valuable. So, thank you sir. And to all of our listeners, be cool.

Dean: There you go.