



INFORMATION MARKETING

A S S O C I A T I O N

**The “New”
Accelerated
A-Z Blueprint
Seminar**

*for The Information
Marketing Business*

**Module 6:
Overview of the Greatest Business on
Earth**

Presentation Transcript

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Let's talk about issues. This is the dirty stuff that nobody ever wants to talk about including me. There's four stages to the information marketing business. Front end as I mentioned is very profitable. This is page 282 of your book. Front end is very profitable. Stage two – the front end begins to slow down and continuity kicks in. Stage three back end produces maximum profits. Stage four is front end, very costly. Business might begin to lose profitability on the front end of the business. Many of us are very happy to break even or even lose a little bit money on our front end.

This chart is very interesting by the way. Front-end cost of sale. If it cost you up to 60 percent to get your front end cost of sale that's good. It's bad if it cost you 150 percent or more for front end. The back end cost of sale, if it cost you 10 percent or less, that's good and that's probably complacent. So what you have to sell something on the back end. It's usually about 10 percent of what it would cost you to sell them on the front end. And if it's 40 percent or more your back end cost of sale it's suggested you have a relationship problem with your customer and you ought to fix that because it means that they are just not pleased with you at all.



Cost of product – 10 to 15 percent. Should be a product cost and fixed expenses should be somewhere in the neighborhood of about 20 percent. That's some business economics for you.

Most common mistakes made – number one is putting product first as opposed to your marketing first. Of course, that's a common mistake made in every business that I consulted, not putting their marketing first. Number two is becoming obsessed with your product. We talked about that, that you've got this product that you're just in love with. Number three is insufficient research. Again some of you come up to me on the breaks and ask me some questions about your products and I can guarantee you you folks have not done enough research on your products. Number four is copying something that is not working or is not profitable; that happens, doesn't happen a lot but I've seen happen where somebody looks at somebody else that's losing money and they copy them because they think they're making money.

Bad economics, forgetting economics – again that whole issue of at least 10 to one. Bad projections. Being a pioneer is usually a common mistake. My deal is S&D – what already works. Steal the sugar. It already works. Sell to a market that you do not understand – again that is relevant to the research issue. And also number nine is not

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realizing, this is a biggie, not realizing that good is good enough. I see this a lot where people create a product and they just won't let it go. They've got to get it perfect. Good is good enough. They write a lead generation piece and they just can't get it off to the magazine because they've got to work with every other, every 16th word. Good is good enough. Yes you can go back later and tweak it a little bit but you've got to be prolific. You got to get this stuff out. Good is good enough and don't forget that. That's very important that good is good enough.

Economic considerations. This is page 284. Your lead cost, you need to know that. You need to know your cost of order. You need to know the maximum you can spend to get a sale. So you need to know what your cost of sale is. You need to know your refund rate and you also need to know your average back end value.

Just a personal comment – when I bought Dan Kennedy's business the thing that was most interesting to me was the back end value of the business. So you need to know what that backend value is because again that usually becomes a major business.

Chief ways to lose money – number one is not paying attention to cost. I guarantee you cost is always more than you think it is. So you look at your product. You say, "My product cost me \$113 dollars." I guarantee you it cost you more than that. So not looking at cost. Poor monitoring of vendors. This is easy. What happens is eventually we get lazy with our vendors that we use and they start raising their prices and we don't even keep tabs on them because we were just complacent. You need to continually keep an eye on your vendors and you need to get periodic competitive bids from whatever you do.

Over spending on packaging, neglecting the core business is really a cheap way to lose money. So once you've got a customer, not properly treating that customer so that you've earned the right to continue to sell them is a very, very big mistake. So you really need to treat your customers nicely, especially if you want to continue to sell them continuity and what's next.

Not testing is a mistake, a good way to lose money. A high refund rate obviously is an easy way to lose money. There are a lot of ways, I think we're actually going to be dealing with them in just a few minutes, a lot of ways to cut those back. And you're going to see some of the presenters tomorrow also going to be sharing that as well.

Unrealistic expectations. This is another one. When you do your projections I wouldn't necessarily look at the market and say, "Gee I've got a 100,000 people in this market. I'm going to use the Bill Glazer ferry. I'm going to sell 10,000 of them. Don't do that. Use a very, very conservative expectation to do your economics when you do it. And if they can work conservatively all the better but having these unrealistic

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expectations often time...I see people they come to me and they think they're going to do so much better than they're going to do.

Improper funding – not having enough money to get started. Bill I have no money. How can I run a magazine ad? Well don't go in the business. You got to have something. You can get in this business for about \$20,000 dollars but you've got to have something to get into this business. Thinking that it's a superior product gives you a competitive advantage – it doesn't. It's all in the marketing, not in the product. Abuse your toll position with your customers. We talked about it. That's a good way to lose money. And internal theft. I know some information marketers that are great at selling stuff but they're great and not watching their money and they've trusted people in their businesses and that has come back and really bit them in the you know what.

Minimizing refunds – page 286. Number one thing to do if you want to minimize refunds is when they buy get out to them fast. Speed of delivery. When they buy they're in heat. They want it right then and there. Got to get it out to them fast. If it's two weeks later you're going to have a higher refund rate. If it's one week versus one day you're going to have a higher refund rate. You got to get it to them when they're in heat.

Immediate gratification when they receive the information will reduce refunds. So if you can think of something to give them that'll make them happy as soon as they get it. Even Ron Ipach's little coffee mug that's personalized. That's some immediate gratification. Immediate action taken when they receive, when receiving the information. Some action that they have to take when they first get [inaudible] that you provide them. That will reduce refunds, even if it's signing up for a fast start teleseminar, some action that they have to take. Or in the case of the person that I gave the advice to before to raise your price to \$997 and then giving back \$200 dollars when they call for the consultation. Making them do some action will reduce refunds.

Minimizing Refunds

- Speed of delivery
- Immediate gratification when receive the info.
- Immediate 'action' to take when receiving the info.
- Bulk
- Membership
- Address... "It's not for me because" syndrome
- Resell when receive the product (congratulations letter, fast-start tape)
- Immediate up-sell
- Intimidation (testimonials)
- Guilt (unexpected gifts, bonuses, etc.)
- Loss of future benefits
- Ugly typically has a lower refund rate
- Provide a lot of strategies to do what it is the product does
- Difficulty to refund (don't do this a dumb way)
 - Packaging that is difficult to return
 - Deliver in multiple pieces
 - Make them call

Bulk, bigger bulk. The more you send them the less likely you will have to get a refund. Membership – the continuity thing actually reduces refunds believe it or not because they're members of something and you need to refer to them as members. And members behave much better than non-members when you're a member of something because people take pride in membership. So making them a member will reduce refunds.

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You need to address ‘it’s not for me syndrome’, ‘it’s not for me because syndrome’ – that will also minimize refunds and that should be addressed in like the fast start guide thing that we talked about. You need to address that right up front. You need to resell when they receive the product. This is also in the fast start thing. You need resell your product as soon as you deliver to them. Again I find it’s in the fast start or read this first section of whatever your sending to them. If you resell it to them at that time and you put in there some testimonials, etc. And I have here a congratulations letter, “You made a wonderful decision.” This will also reduce your refunds.

Immediate up sell – as soon as they buy the primary item you can get them to buy a second item, they will never return their first item. So that will also minimize refunds. Intimidation – and you can intimidate them. If you can put a bunch of testimonials in there when they get the product of other people that are using the product very successfully they’ll read that and say, “Gee I can’t send this back because these other people obviously are doing well with it.” So again using that often, testimonials is very smart. The whole unexpected gift thing. T.J. Rohleder, very, very brilliant marketer. He likes to send out food when people buy his products. So he sends out boxes of popcorn and chocolate and all that other stuff. The people that buy his expensive products he uses these types of things to reduce his refunds.

Loss of future benefits – this is a biggie. A guy like Craig Proctor who also markets to the real estate industry; he signs them up early on like on websites and 800 numbers and those types of services. So if they sent back his core product they can’t have the websites and other stuff. So he ties that all in together. He puts an iron cage around them. So if they lose some other benefit later on by sending this back they can’t continue to do business with him.

Ugly typically has a lower refund rate. Go figure. Identify spike points and fix it with an action. This is a biggie. So when you start getting refunds back what you want to do is you want to start tracking when they’re coming back. Are they coming back on the 30th day? Are they coming back on the 37th day? Are they coming back on the 28th day? As soon as you can identify certain times that refunds happen you want to fix that with some kind of a gift letter that you send out to them. So about five days before that send them some unexpected gift that you can send to them and now it will fix that refund spike in the process. Make them use it dollars back when they complete something. I had mentioned that before. Make them actually use it. If you can make them use it that will reduce refunds dramatically.

Provide a lot of strategies to do what it is that the product does. This is a biggie. Don’t just teach one way to do one thing. If you saw my marketing system, my 34 of this, my 31 of this, my 30 something of this, teach them a lot of different strategies to do

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something will reduce refunds. If there's just one thing they can immediately dismiss. It's not working for them. Make it difficult to refund. Now I say here don't do this dumb a way. So don't make it like they've got to jump through 18 different hoops but one of the things that we find that if you make packaging that is difficult to send back is a very smart way to reduce refunds. Another is to deliver it multiple pieces. I don't do this but some marketers I know do do it. They'll send in a third now and then a week later another third and a week later another third. So then your getting over the [inaudible] of time in multiple pieces. It's more difficult to return, especially if you have to return it to various locations. That was actually a million dollar idea that somebody should write down.

Make them call. So make them call to get the refund. So now they've got to take action to get the refund. That will reduce your refunds as well.

A way to generate more dollars – test higher prices. Somebody came up to me on the break and they want to sell a \$30 dollar whatever it was and I want to get them up to \$300 dollars real quick. Test higher prices – way to generate more dollars. Improve percentage from basic to better to best. So if you have higher levels and prove the percentage that you do sell at the higher level you will generate more dollars. Add another product option to the order form, like the Barry Shamis thing that I showed you on mine. More steps in the marketing funnel. When I showed you my three-step funnel I went to nine steps. By adding more steps I was able to generate more dollars.

Sell leads to someone else. I mentioned that earlier. You have these leads. You certainly can sell them to somebody else. Money from others – sponsors and vendors. Once you start putting together something where your putting together a herd you can actually get other folks to include things in your packaging and you can generate dollars from them. Add outbound telemarketing.

We'll be talking a lot about that tomorrow and the day after but mainly tomorrow on telemarketing. Go back to old leads. There's a lot of money in those old dead leads. They're not dead as you think they are.

Joint ventures – license your stuff. Update and recycle old stuff. That's basically what I did with the Best of the Best Dan Kennedy, that \$299 dollar product we put together we updated and the old stuff recycled it. And then compete with yourself is actually a very smart way to generate more money. I know some people that have done this. They come up with a product that they actually compete with themselves in the trade

Joint Ventures

- **Need To Give STRONG consideration to whom you expose your customers to (If you are offering a JV to your list)**
- **Get the deal in writing**
- **You should provide all the marketing materials**
- **Must have tested marketing materials that convert**
- **Pay or receive high commissions (typically around 50%)**
- **See who else is selling to people who could buy your product(s)**

magazines and so they don't buy from his core product. They buy from his other similar product under a different name. These are a couple of my personal business management strategies. I hate teaching business management. But I thought it was important to maybe go over a couple of points here. First of all you want key people, not key person in your office. You don't want just the one key person that you are vulnerable to.

No one person can be the only person that knows how to do anything in your business other than maybe you. So if people in your business know how to do certain things you need to make sure at least two people know how to do that. You need to develop a detailed task and job description. I've lived off of these throughout my entire career with my retail stores and now my marketing company. We have very detailed job descriptions for everybody. It's often very helpful to identify taking away certain responsibilities from certain people that we can replace with a much lower priced person to give our higher priced employees an opportunity to be more productive for us. A lot of times higher priced employees get bogged down in the B.S.

Individual meetings that create a deadline, to do list. I don't know how many of you have heard the Gold Plus call with Vince [Inaudible] but this is his whole management strategy to have individual meetings through a deadline, to do list and then go back every week and to go over that to hold your people accountable for what you expect from them.

Group meetings – in certain settings I don't like it. In the information marketing business I actually like the group meeting where you get your core people together once a week and you sort of keep everybody in the loop. Usually these information marketing businesses as they begin to take off they take on a life of their own and you start doing all kinds of deals all over the place. It's amazing. You forget to tell your office half the time the deals that your doing. All of a sudden orders show up, they say, "What's this?" So that kind of thing.

Don't get bogged down in the time vampires. If you read Dan's No B.S. Time Management book you know what I'm talking about there. Prioritize the big dollar opportunities. The joint ventures that were now doing with people I'm immediately evaluating two things – 'A' I told you before is this a product or service that I want to expose our members to? But number two is is this something that would be an affiliate big dollar opportunity for us? If it's not, unless it's just so good that our members need to know about it we will probably dismiss it right off the bat.

Inspect what you expect and then inspect again. And you will be amazed if you inspect what you expect what you will find. And we had a situation where we moved our offices and one of the steps in our BGS Marketing funnel, I suspected wasn't being done and checked with somebody that said, "Oh it's still be done." And I said to that person,

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“Please just check with the person that’s doing it and just report back to me next week that’s it’s being done.” It wasn’t being done. One of the whole steps of our marketing funnel was being eliminated. By inspecting that is the way that we were able to determine that.

A characteristic of the key person, and actually it should be key people. But if you get good at this you’re going to need one or two of these people quickly. Ability to accept responsibility. They have a low need for recognition. They need to be results oriented people. Usually information marketers, successful ones, aren’t very recognition giving people anyway. So they need to be able to work in an office where they don’t get a lot of recognition. Then you have the ability to cooperate, obtain the cooperation of the others in the office and the entrepreneur often moves fast and is not sensitive to others. So the entrepreneur in this particular case, information marketing business, usually is moving real fast and again he’s not real sensitive to other folks.

The ability to confront problems with mature...by the way all my staff in the back they’re saying, “Yeah that’s Bill.” Ability to confront problems with maturity because you will have problems and most of the problems that you will have, this key person will have to deal with is sort of logistic problems – this mailing piece didn’t go out, this software thing is not working right – that’s the kind of problems they will have.

Some interesting light characteristics that Dan and I have discovered over the years. Number one is that this key person, if they grew up in a small family business environment that’s a plus. So you find people that grew up in a small family business

environment and also if they had any successful direct sales experience. That’s a plus also. So when you’re looking to hire them you can find those characteristics that’s usually very good.

Issues

- Merchant Account(s)
- Regulatory
- Software
- Knockoffs
- eBay

Issues – working accounts. That’s an issue. You can get turned off. They don’t understand what we do. I have five merchant accounts for Glazer-Kennedy Inner Circle, five different merchant accounts for Glazer-Kennedy Inner Circle because I don’t want to be prey to any one company. So we have five

different ones. So a merchant account is particularly an issue, especially the more online business that you do the more this will become an issue.

Regulatory – is there anything regulatory in industry that you need to be aware of? Software - that’s an issue. That’s a biggie. We have a company that were actually

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exposing the folks on selling surety that we think is amongst the best out there right now but it's an issue to make sure that these things work right because if they're not working right you can be doing everything right in your business and the software can totally handcuff you and cripple you from being able to execute.

Knockoffs – people that are knocking off. If they see what it is that you do and they come along and they try to knock it off because they think it's real simple and easy, that becomes an issue. Usually they don't stay for long. Usually they leave after a period of time but from the time they start to the time that they leave they can cause some havoc, especially some problems with your sales.

Ebay is a big issue. People are taking products all over the place and knocking them off and selling on Ebay. Ebay is pretty much, should be outlawed. It really is allowing illegal selling of stuff on Ebay and it's really a very big problem.

Dan Kennedy's five keys to multiplying cash flow. Reduce and control expenses. Entrepreneurs tend to focus 100 percent of their energy on growing, not controlling the business. Financing leverage, if you can get any kind of extra financing, get some kind of discount for speedy pay, anything like that is a way that you can multiply your cash flow. Getting paid – never put yourself in a position where you can't get paid. So be careful of sending these products out. Your going to have some where people take you up if you do the 90-day free trials, some of the \$19.97s will go through and then when you get time to put through the real charge, your not going to have it go through and that's going to be part of the cost of doing business but make sure that at least you've got the credit cards on file that it's going to be a very small percentage of those. Never send out a product.

I sent out one product one time for my retail marketing system to a very, very expensive department store that everybody, if I mention their name everybody would know it here, it's the one that touts all the service. We'll take anything back at any time. Does anybody know who I'm talking about? And sent them our marketing system. They refused to give us a credit card and they never paid us. So don't put yourself in that position that you cannot get paid.

Sales increases – that's certainly a way to multiply your cash flow but sales decreases. Sometimes you need to actually reduce the amount of business that you do. Just stick to the profitable business you do. And find an [inaudible] slack adjustor a big payday such as an event – a boot camp, a seminar – is certainly a good way to increase your cash flow.

Equity in the information marketing business – this is probably my very favorite slide on the entire day and because the reason why it is is because I believe that not only can you make a seven figure income in the information marketing business but I believe

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that you can sell these businesses. I think there's a lot of people out there just like you that are looking to buy these businesses today. And I think in order to do that you need to go at it strategically as building a business that is positioned for a sale. First of all the number one biggest asset you have in your business is your customer list. So even your list of people that have bought and no longer are members, stop the continuity, are still a customer. You want to keep that list. People that bought and returned it you want to keep that list as well. Refund list – you want to keep that list as well because they add value to the business. But your customer list certainly is an equity in your business.

Renewable income – continuity. If you've got 3,000 people paying you \$50 dollars a month and you go to sell this business that's a big, big asset to sell is 3,000 people paying you \$50 dollars a month. Reliable marketing system – if you have a system to sell your product or service that's equity. So my nine step system, for example, that has real value because that's a proven successful system to sell my product.

Intellectual property – your products. That also builds up equity in your business. And last thing is your brand. If you create a brand, again, when I was looking to buy Dan Kennedy's business or actually Dan Kennedy approached me to buy his business; his brand was very valuable to me. You don't get much better name than that in the world of marketing today. So that is big.

Page 293 – I want to show you this. This is a cute little thing. This is a letter that we got and now a lot of people are knocking this off. When they deliver their products they're sending this letter. I just want to read it to you:

Your CD has been gently taken from our CD baby shelves with sterilized contamination free gloves and placed onto a satin pillow. A team of 15 employees inspected your CD and polished it to make sure it was in the best possible condition before mailing. Our package specialist from Japan lit a candle and a hush fell over the crowd as he put your CD into the finest gold lined box that money can buy. We all had a wonderful celebration afterwards and the whole party marched down the street to the post office where the entire town of Portland waved bon voyage to your package on the way to you in our private CD Baby jet on this day, Wednesday, August the 7th. I hope you have a wonderful time shopping at CD Baby. We sure did. Your picture is on the wall as our customer of the year. Were all exhausted but can't wait for you to come back to CDBaby.com.

Now this is a letter that they send out, which many people have taken this letter now and reworked this letter for their own products when it goes out. It's a cute little thing that just minimizes refunds and it builds extra value into the product that we have sent out.

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Page 294 through 301 is my six-page letter that I send out with my product. Read this first letter. It basically congratulates them from making such a wonderful decision and it resells the product for them. So I thought I'd give you a sample of that.

Page 302 and 303 are two different gift letters that we have sent out. These are called stick letters. So when you identify certain points when refunds start happening these are two different examples of letters that we've sent out over the years in order to stop the hemorrhaging of refunds at certain times.

Page 304 is Brian Sacks' gift letter that he sends out with his product and you'll see one of the things that he gifts them on page 306 and 307 is he gifts them three months of Dan Kennedy's Gold membership as a gift. And we get these into our office every week. We get a couple coming to our office. He's actually gifting them something and he's building up a back end business because he's getting continuity. He's getting his percentage of affiliate partnership on this as he goes along. This is a very smart little gift idea that I would recommend to anybody that if they want to use the Dan Kennedy membership as a gift we certainly would be happy to talk to you about that as well.