

Andrew: This session is about how to accelerate your success. It is led by Shane Snow, founder of Contently, which helps brands build high value audiences, and helps journalists build a career doing what they love. This session is based partially on his experiences at that company, and partially on this book, which I highly recommend, *Smart Cuts: How Hackers, Innovators, and Icons Accelerate Success*. The reason I love it is because it's so well written. It really sucks you in.

My name is Andrew Warner. I'll help facilitate. I'm the founder Mixergy, where proven founders like Shane teach. Shane, thanks for being here.

Shane: Hey, it's my pleasure. It's great to be back.

Andrew: You're killing it with Contently, but a few years ago you ran this. What is this site right here? (??)

Shane: Yes. This is site that I worked on for a couple of years. It's called Scored It, and it's essentially a proto Pinterest. It's like a very crude rudimentary Pinterest before Pinterest. This was my project for a couple of years. It feels like, looking at the success of Pinterest, it feels like I missed a huge opportunity, but it was an incredible learning experience for me as an entrepreneur in what not to do when you're trying to build a company.

I learned a lot of lessons with it. Primarily, that you need to get over yourself, and show people your ideas early on, and be willing to launch something. I spent so much time putting everything that I had into this, and being so nervous about what would happen if people saw it. It wasn't quite perfect. That by the time I was finished with it, well sort of finished with it. By the time I launched it, it wasn't what the market wanted, and there were other things like Pinterest that were coming out that were actually what the market wanted.

This was kind of my missed opportunity, but that taught me a bunch of valuable lessons. I'm glad for it. Although, I spent a lot of time on it. I think a lot of people probably feel similarly about their projects.

Andrew: What's one mistake that you made that anyone who reads *Smart Cuts* will be able to avoid?

Shane: I think a big one is, kind of a (??), almost a skip to the end of *Smart Cuts*. One of the (??) of the book is that if you want to build really big things you can't do it alone. It can be easier to build big, incredible things, and do incredible things then to do sort of smaller things, but it takes the help of other people. One of the big things I learned from

this is I was working on this by myself, kind of refusing to show it to people for fear of (inaudible)

People would take my ideas, or that I wouldn't be good enough, and I'd be judged. Building my current business, Contently, I have two co-founders that I split the mental work load with, but that together we've been able to rally the kind of support that you need to build anything. I think at Scored It I was too married to my own ego, and I own precious ideas, and wanting to do it myself. Then realized that it was foolish if you want to build something that actually impacts people's lives.

Andrew: We have a lot that we're going to be covering here. I just realized that one thing that we probably left out is the section of your book about mentors. There are a lot of people who do believe that they need help, but they don't know how to get it. You say that when they try to get it they do it in a foolish way. Let's add that to the session later on.

Shane: Okay.

Andrew: First, just so people realize that you did get past that stage. That you have done extremely well. Contently now has these clients. How many Fortune 500 clients do you guys have?

Shane: We have, last count, we have over 54 Fortune 500 clients. Probably we're at something more like 70 now. These are the logos of the different places where we have writers from. We have about half of the journalists in America have profiles on our platform as freelancers.

Andrew: Oh, really.

Shane: Yeah. It's kind of incredible. It started out as my friends in journalism who are looking for work. It ended up building a platform where anyone who's a journalist can create a profile, and showcase their work, and use that to get work, but we collect the data on what you write about, and how successful your work is so, that we can then match you smartly in sort of a match.com way with very smart publishers. For us most of those are brands like Coca Cola, and American Express that to hire writers, reporters for really good rates to tell stories for them. We've built a huge business off of this. It's huge for me. We have about 78 employees that are . . .

Andrew: What's the evaluation of the business now?

Shane: We're a private company so, the valuation is kind of one of those things our

investors don't want out there too much. We've raised over \$11 million, and we're making eight figures in revenue, and growing very quickly, tripling every year. I think if we keep tripling every year we'll eclipse the world economy in a couple of years.

Andrew: Over 10 million on revenue.

Shane: Yes. All right.

Andrew: How old's your company?

Shane: Not quite four years.

Andrew: Wow. All right. Let's go on to the big board, and see how everyone else can do what you've done, or grow based on what you've learned as you built up. Here's the big board right there. The first thing you say is that we should apply the Frank Sinatra principle, right. You did that. How did you guys do it?

Shane: The, Frank Sinatra, principle comes from the song New York, New York. In the song he says if I can make it here I'll make it anywhere. It's this great classical line. There's something about this song that captures the essence of being an entrepreneur, but also something like human psychology where we look at for judging people that we want to work with, or companies that we want to work with we can look at their kind of years of paying dues.

This is one of the concepts I explore in my book about how the paradigm of pain (inaudible) how much time you've spent doing something doesn't necessarily correlate to how good you are, or much you merit a job. This is true from who becomes Fortune 500 CEOs to who becomes president of the United States. That the correlation between time spent, and dues paid it's almost not correlated to how successful you are, or how good of a leader you are.

But what is, or what is a much better proxy to how good someone is this Frank Sinatra principle. Have you made it somewhere else that's similar, or slightly lower down on the ladder? I'll illustrate this with quickly with my journalism career, and then with what we did at Contently. When I first went out as a journalist I wanted to write for Wired magazine, which is my favorite magazine. Very first thing I did is I overreached. I pitched the features editor at the magazine.

I said I have a great story. He said, hey, I appreciate the enthusiasm. Come back in a few years kids when you have some experience. We just don't print people that are without many years of experience. What I did is I went to the very lowest on the totem

pole publication that was sort of in Wired (??) that I could find blogs in the same category. I pitched them, and I wrote for them.

As soon as I'd written a few stories I went one level up. Just a shade higher, a shade more creditable than these low level blogs. I wrote a few stories for them, and then went one level up. I went from the Next Web, to Gizmodo, to Mashable, to Fast Company, and within six months' time I went back to Wired, I said, hey, editor at Wired, remember me. Six months ago we talked. I've since written for a Fast Company, and Mashable, and Gizmodo, and Next Web, and all these other places, basically, if I can make it here I can make it here.

Here's my story idea. They ended up printing my first story for them. We applied this same idea that people are willing to take a bet on someone that's coming from one rung lower on the ladder if they've proven kind of by association that they've made it in New York. For our company what this was is we were three guys that had, we were entrepreneurs, but we didn't have any big successes under our belt. We wanted to get clients that could pay our journalists really well.

We wanted to work with New York Times. We wanted to with the Coca Colas, but you can't show up to Coca Cola, or the New York Times, and say, hey, we're no one. Please work with us. That's totally overreaching. We did what I think a lot of very smart startups do is we started small, very low on the ladder, and we borrowed the creditability like Frank Sinatra from the people we worked with. The very first thing we did is we sold some clients that no one had ever heard of on our services based on, sort of, the merit of our services.

We stuck their logos on our website. These were not anyone you would know, or respect necessarily, but then as soon as we had some clients in our office who were rather than just owning the niche of these kind of crappy, small not ideal clients, and just going for that, and expanding broader there. We went to one level up. We said who's slightly bigger, or better than these clients, and let's pitch them.

We showed the logos of the clients we'd worked with before. We pitched that next level client. Then as soon as we landed those clients we put their logos on the website. We replaced the old ones. Then we went to the next level, and then we went to the next level. Until after about nine months we were pitching American Express, which became our first Fortune 500 client. The pitch for them was not hey, we've been in business for nine months, but we're really great guys, and we have a good product. Please trust us. Because that doesn't work with someone at that level.

The pitch was look at this huge roster of clients that we have worked with that we've

built up to. In fact in a very short amount of time we have such momentum in the market people are talking about how fast our star is rising, and don't you want to be on that train too. That's the idea of the Frank Sinatra principle. You move from New York if you're a lawyer. You go to Kentucky even if you're the worse lawyer in New York in Kentucky they say, well, she was a lawyer in New York. She must be good. That's kind of the idea of the Frank Sinatra principle. Again, back to this idea of ego. We all think that we can work with American Express, or we can write for the New York Times, or Wired magazine, but it's proving the creditability that you have what it takes. It's difficult in this way of borrowing from a brand that's similar a little bit, a step away, is a very effective way to do that.

Andrew: How is that different from just paying your dues? From saying to someone who's listening to us, "Go out there, spend some time before you get to American Express, sell to a lot of smaller companies."

Shane: The idea is you reverse engineer your own series of steps to get to the big goal and you make them steps that can be accomplished very quickly. To work with American Express, they might want to see normally that you have five, ten years of business experience. You're not spending five or ten years of business experience if you go this sort of non-traditional ladder climbing route. You want to break things down into steps that you can complete immediately.

So, again, back to my journalism example, most people start out as journalists as an intern at Wired. This is conventional dues paying advice. You get an internship. You work really hard. Then you get a job as an entry level fact checker and you work for a year or two, and then you get upgraded to a junior reporter. You work for a few years and you get upgraded to a mid-level or senior reporter. Then you wait for someone to die of liver failure and you finally get your shot at being a columnist or a feature writer. Suddenly ten years have gone by. If instead, you jump from ladder to ladder. You jump from different places.

Andrew: Rapidly trading up.

Shane: Exactly, rapidly trading up.

Andrew: The example you give in your book are Brigham Young University students who don't drink at night, but instead they play this game called Bigger and Better. They start out with one little thing. They knock on a door and say "Do you have something bigger and better than this?" And they go from a paper clip to a stapler. They go to the next place with the stapler and say "Do you have something bigger and better than this?" That's what you want us to do, rapidly ask "What's bigger and better" on our way

towards this goal that we have, and for you it was companies like American Express.

Shane: Exactly.

Andrew: Ok. Alright, and as we can see right on your home page this is actually... I was looking to see 'How do I describe what Contently is?' And right on the home page is your client. It does speak volumes. You don't have to tell me so much what you do when you say here are the people who trust us. Then, I pay attention to what you do.

Shane: Right. If you see Google and GE, you say "Oh wow, these guys have made it in New York" so to speak, and maybe it's worth talking to them.

Andrew: All right. On to the next big one. Which is, you say "break the rules." You guys use to work with clients that you now call, or publishers that you now call "crappy clients." They pay low rates, right?

Shane: Yes. So, the break the rules thing is really interesting. Essentially the premise of the book Smart Cuts is that when, throughout history in any industry from business to science to art, to government. Whenever you see breakthrough change or step function improvement rather than incremental improvement, it's when someone has broken the rules that aren't rules. They have gone against the common convention, or the common assumptions of their industry or field. Picasso was great because he broke all the rules of art that was contemporary at his time. You don't always succeed, sometimes you break rules and you fall flat, but you don't change the world by playing the same game that everyone else is playing.

Andrew: What's the rule that you may not even have realized you were following in your industry at Contently?

Shane: The rule was... For us, we assumed that we were working with journalists and that the clients for our journalists as freelancers would be media companies. That they would be working for journalistic organizations. And so we went out trying to sell to The New York Times, and CBS, and NBC, and Esquire and these kinds of companies that journalists weren't right for. They do journalism. What happened to us was... First of all that industry is a very tough industry. They are going through a lot of changes and the reason we have so many freelancers is because they were being laid off from these places. We are trying to broker work for them as independent workers but it is very hard.

These are business that are very resistant to change and technology because they are worried about more jobs being lost if they get more efficient. So, it was a slog until we realized that... One day our first big epiphany client was a company called Mint.com,

that I'd worked with as a designer years before. In the same week, or couple of weeks, we went to CBS and they said "Hey, we love what you're doing. We have a big project for you. We want to pay ten cents a word." Which is like sweat shop rates. Then in the same week or two weeks, fortnight if you will, Mint.com which is owned by Intuit, a gigantic financial services brand. They said "We pay a dollar a word."

So the light bulb went off for us that maybe there is a market for the talent that we're brokering that is completely outside of the realm of what we thought was possible. Maybe there's an unexpected source of work for these guys that the skillset that you have as a reporter and a story teller, and as a journalist could be in demand elsewhere. And we found that that's the case and since then in the last three years the word content marketing the term contentment marketing has blown up and everyone is doing brand and content and native advertising. These are all euphemism for commercial company's doing what journalist do best which is finding great stories and tell them, building relationships with people through story telling.

So this was in the early days very scary to us and to our users who said, you know, journalism is this pure crash, you know this is something we're keeping the government honest we can't do journalism for a company that has a marketing mission you know where the ethics. And so we struggled with all of these things about how do we address the ethic of this industry? And how do, it's clearly a source of income for us and for our journalist how do we make this work.

And over the last couple of years what we've seen is that not only have people congealed around a source of code of ethics and that largely driven by the work that we've put on there, but also this is a market that no one saw coming on as fast as it did. And because we were willing to sort of say, sort of defy the faces of the old school media people from where I come from about what a journalist can do, we were able to build a dramatically bigger business then we thought.

I mean this idea of breaking rules, we do this all the time when we think about, you know, what are the products that we're building things like deleting features, are going against kind of what is expected. I mean you see talked about.

Andrew: One delete more of the features is we're going to get to in a moment, is do you delete something that's pretty shocking. By the way why the company... why do you pronounce it contently instead of contently.

Shane: So the story is that we originally were calling ourselves contently, because it's a content based business. But people kept saying, contently. And so we eventually we decided to go with that, what the users are saying, we'll adopt that. But it's kind of

become part of our brand that we work with huge company's, we're a B2B company.

Typically that's a very stuffy business to be in. But we're known as being very update and I think that's what keeps us positive internally.

Andrew: You're just contempt, you're fine.

Shane: Exactly. We're happy, we're upbeat, you see this with our design and with the way our office is, and the people that we hire. And I think that... I mean that makes me happy. So we own that contently is more than just content. It's about happiness and value and love at some point.

Andrew: All right, fair enough. Next big point is you want to build from the tallest platform and you guys had a problem where writers would apply to write and what would they do?

Shane: So writers would apply to write and part of our challenge is we wanted to broker work between real professionals who could command high rates because that's good for our business, it's good for them because they could survive. But you have a lot people... there are lot of people who are willing to write for very low rates not journalist or sometimes journalist. But there's this thing going on called the content farms were you search for something on Google and all ten results would be crappy sites like eHow and YSpeak these SEO sites they're paying writers five bucks to write this content for the robots, for the search engines.

And we really didn't want to be that kind of company so we wanted broker work for people who were really good that could command high writes, that could create content that people loved, and that people shared. And to do that we had to screen basically the good writers, the professionals with real journalism expertise from amateurs or you know people who hadn't gotten there yet or people who were just trying to make a quick buck on the internet.

And so initially what we said, we had people self-identify meaning we had them sign up we said, what are expertise in writing about? Turns out people who are desperate for work, desperate for money will say they are great at everything. And so it's very hard for us to... we'll wanted to build a scalable business, we didn't want to fact check everyone by hand, it's very hard to get this business rolling with that problem.

And so what we realized is that the best... we tried all these things we had people write essays and it turns out that the people are most motivated were the people who were most desperate for money. And that real journalist were skeptical of like why do I have



to write an essay like I have other options. So we even realized it's almost like an oh da moment that you're past work is the best indicated that we can see how good your writing is. If you've written for the New York Times, then that's a good indicator that you're a pretty good writer. Especially if you've written for them multiple times like if they had you back.

And at the same time we realized that writers aren't necessarily Web designers and they want to promote themselves, they want to build a Website so we build this system that basically lets you build your own Website, put in all of our work, your clips so that we could see you past work as representation of you best selves and then screen writers based on that. You could actually do it through data now, which is really great and automated. But, the problem was. . .

Andrew: There used to be a search when I first interviewed you, it was self-reported right? You're supposed to link to your articles.

Shane: Exactly, you're supposed to link to your articles. You're supposed to find all of your stuff around the internet.

Andrew: Mm-hmm.

Shane: And we're supposed to trust that it's you, and you're not masquerading as Malcom Gladwell. So it was a big task, and what we wanted to do is to help them to say, "Type in your name and we'll slurp in your work from around the internet," which is itself, a standalone product. That is actually a very hard thing to build. You're building a search engine, essentially.

Andrew: Mm-hmm.

Shane: There's all this work that either our users had to do or that we had to do. One day we figured out that we could actually leverage other people's technology to do this, and we could leverage Google to find all of the articles that someone had written online.

So, we talk about these platforms. A lot of people start with, "Well, we're going to build the thing," you default to let's build it. What we started looking for was, "Who's built something similar that we can basically co-opt?" We can stand on top of the mountain that they've constructed.

Andrew: Mm-hmm.

Shane: We ended up hooking into the Google and Bing API and making it so that we

basically used their APIs to search for, so I type in Shane Snow, and. . .

Andrew: Is that how you built this? This comes up because of Google and Bing APIs?

Shane: Yes, so this gets built now in 20 seconds. So I type in Shane Snow, and we hit Google and we hit Bing automatically, and we find all of Shane Snow's work at all of his publications, pull in all of the logos, pull in all the pictures and all the information in 20 seconds, or less. Then I can drag and drop and make it look nice.

It turned out that this was the killer feature that got us thousands of writers, that people who were slow to sign up when it was this arduous process, and they'd add five clips, but when we did it automatically for them, suddenly people loved this experience. They built these websites they were very proud of, and they told their friends, and we had this viral growth start to happen.

It could have been. . . It could have taken us two years to build this feature had we done it kind of the stupid way, which is how I built my old public interest site.

Andrew: Wouldn't it have been better if you built it yourself, instead of using Google?

Shane: Totally. It would have been. . . Well, so, what we built in, like, five days, is 90% as good as it would have been if we'd spent two years on it. So it would be better. There still are false positives. There's still bugs and there's still problems, but done is better than perfect, especially when you're in the early days of [??].

Andrew: So, you're two years faster, and as a result, yes, you lose 10% more. . . I don't know. It would have been 10% better, but it's faster, and it works, and you're doing it by leveraging someone else's network, someone else's platform. And that's the way you want us to keep thinking?

Shane: Exactly. We do this all the time and anything. . . I mean, especially with stuff that we're building, but even with our learning. I talk about, in the book, how kids who are given calculators earlier actually learn the underlying fundamentals of math faster than kids who are given a pen and paper first. So there's something about this idea of giving yourself the best technology and a leg up first. Even if you think it's going to hamstring you a little bit, what it does is that it gives you the jumpstart that gets you the accelerated learning in the beginning, and then that gives you much more time to go into, refine and optimizing, get that extra 10% much quicker than it would take otherwise.

Andrew: All right. Let's go onto the next big idea, which is, the way I wrote it anyway, it's

steal. You want us to steal, not just steal, but steal from the masters. And you did it. How did you steal using this spreadsheet?

Shane: Yes. So, this is one of my favorite things that my friends call "Shane's neurotic spreadsheeting." One of my heroes is. . . Speaking of stealing from the masters, one of my heroes is Ben Franklin.

Andrew: Mm-hmm.

Shane: The autobiography of Ben Franklin, if you get nothing else out of this conversation, is go buy that book. Actually, it's free, I think, on the Gutenberg Project. Read the autobiography of Ben Franklin. This guy was incredibly inventive, and I identify with him because he was a journalist and an entrepreneur.

He's this incredible thinker who kind of bucked the common convention, which is what I'm all about. What Ben Franklin did, I have stolen from him, and consequently been able to learn a lot of things quickly. What he did was he decided he wanted to be not just a good writer, but an amazing writer. Most of us, when we want to learn a skill, either at a meta level, as a business, or as an individual, we, if we're. . . If we go the conventional way, we'll go to school, right?

Andrew: I'll tell you, I went the conventional way. I said, "You know, I'm going to start writing on Mixergy. I need to learn how to be a writer," because I never really cared about writing class in school. I went to Gotham Writing Workshop when I lived in D.C., and boy, this was horrible. First of all, they were really out of date. They believed that the newspaper industry was going to come right back and people were going to come right back, and people were going to buy newspapers. Which just was maddening! The way that they-

Shane: Wow.

Andrew: ...they learn. The way that they forced me to wait to get to the next thing was just crazy making. So that's a conventional method, and it clearly was a pain in the butt. Out of touch.

Shane: Yea! So what, what Ben Franklin did ...

Andrew: Mm-hmm...

Shane: ...when he wanted to become a good writer, the other thing that people do is they go for higher a coach or something and, you know, this gets at the mentorship

idea. What Ben Franklin did, he said, I don't want to learn from my peers, or sort of the local expert, I want to learn from the very best writers in the world, and I want to get as good or better than these people. So he took the prevailing magazine of the day, which I believe is called The Spectator, it was sort of The New Yorker of the 1700s.

Andrew: Mm-hmm.

Shane: It's this great magazine from England with the best writing ever. So what he did was, he'd sit down with this magazine, he would take these very detailed neurotic notes, on a sentence level. Like here's what a sentence essentially says, here's what this paragraph essentially says. And he'd do this for a full article, and then he'd put the article away, and he'd come back in a few days, when he had kind of forgotten the story, and then he'd look at his notes and he'd try to write the story, write the magazine story from his notes.

So he was kind of doing this steal and copy, and then recreate, this deconstruct and then reconstruct process. And he'd write, you know, his article as best he thought like this is how the spectator would right this based on his notes, and then he'd compare his story to the spectator's story. And then he'd look at what they did that he didn't do, and in this process he learned about his, the things that he did by habit, that he wouldn't have necessarily have picked up on. You know, the way he used vocabulary, the way he used sentences, the things he did wrong. And he'd do this over and over and over again, until eventually he'd brag that he was producing better versions of these stories than the original versions.

And so this is a concept that I've sort of stolen from him, and this spreadsheet that you've pulled up, is me when I decided I wanted to start writing longer stuff. I wanted to look at, and when I was working on my book, wanted to look at my favorite, the best writers in the world who were good at long form narrative feature writing. So this story was one of the, probably the, one of the best feature stories out there. It's called the Great Zucchini by Gene Weingarten. Hilarious story. It's hilarious and so well done.

And so what I did was at a sentence level, at a paragraph level, at a word count level, I mapped out exactly how this guy constructed this story, in a neurotic way. And you'll see on the side, you know, number of words of this length, even, and this many syllables, and at a level of detail that it's, probably, like why would this matter. When you go through this, and you map out stories over and over again like this, you start to pick up the tiny details the patterns of what make the difference between good writing and exceptional writing.

And so, I'd do this with all sorts of things, with writing, I wanted to write a non-fiction

book, I went and I looked at writers like, this, and then I went and looked at great fantastic fiction writers or people from other industries. And I did the same neurotic sort of spread-sheeting process, so I could not just absorb other great art and try to emulate it, but that I could figure out why, what are the mechanics for what makes for great writing, and of course infuse my own style.

Andrew: All right so here's what I see when I look at it. You broke it up by sections, so section one The Cox Family Party. Break it up further, each section in paragraphs. Paragraph one, lead GW jumps into the scene but doesn't spell out what the occasion is, it's almost a cinematic beginning focusing on the character while unveiling the setting. And then you break it down, sentence by sentence, you put each sentence in it's own cell, and then each sentence gets a word count on it so that you can see it's 20 words in the first sentence, 10 words in the second sentence, two words in the next one. Then you have your notes and then you out how many one syllable words, how many two syllable words, and this just gives you a deeper understanding of what he did with that article?

Shane: Yes, exactly! I learned how he built suspense, how he sets up characters, how he describes things and actually what I learned from Gene Weingarten, whose a great writer, what he doesn't say is actually more important than what he does say. He's very brilliant at this, and you only pick this up when you really dissect it. Also he uses a lot of one syllable words. Like his writing is so punchy-

Andrew: Right.

Shane: ... cause he uses so many one syllable words and then punctuates it, once and awhile with a really big word, especially as you get further down the spreadsheet. And I found that you know, in my own writing I'm too robust and I'm too, I use too many big long syllables, words that actually slow the reader down. You can read one of his stories twice as fast as a story of mine at the same length. And so these are the kinds of things that you learn, and that, and so when I would write, I would say, how would Gene write this sentence or this paragraph? How would Gene open this story, and some of my other favorite writers you know? How would Oscar Wild do this? How would John Robson do this? And that's what I mean by stealing from masters is when you get to the point where in your practice or in your career you're having these sorts of heroes of yours guide not just your discipline, but kind of your journey as well. Asking that like what would so and so do.

Andrew: What did you learn in your book? In Smart Cuts you have a chapter open up with a story, that creates a sense of mystery. Then you go to another story, and then another story. They each build on an understanding that we need to have in order to

unravel the first mystery that you just, put in front of us. Where did you learn that format?

Shane: So there... I mean there's a couple great writers that do this very well. Charles Duhigg, if you read his book *The Power of Habit*, has a couple chapters that are built this way. But really where this came from, is the TV show *Alias*. So J.J. Abrams is one of my favorite story tellers, and he is fantastic and you see this thing that he does actually does in many of his movies too. Like the *Mission Impossible 3* movie has this great opener where *Mission Impossible 3* opens with this scene of Tom Cruise and he's tied to a chair and there's his girlfriend and she's got the gun to her head and it's this cliffhanger moment halfway through the movie, and then it goes back to the beginning.

And so the whole movie, when you want to get up to use the bathroom, you're like "No but what if it gets to this part?" And so I studied how he does his story telling, to try and create this cinematic effect, and I don't think I nearly capture the essence of how great a story teller J.J. Abrams is, but I love... For me it was about getting people to reach the end of a chapter and then end the chapter on a note where they say "Well, gosh I got to start the next chapter. It's not that late I want to start the next chapter". And so basically I looked at people that...

Andrew: I get that. And the other thing it does...

Shane: Thank you.

Andrew: ...is because you started out with 1 mystery and then another story and another. And all these stories come from real life, real experiences. By the time we're done with the chapter, we understand the first mystery and we have a conclusive understanding of why it happened. But we also have this layer of understanding that goes along with having multiple supporting stories. Speaking of the book, and here's something I didn't have in the outline, but I think it's important. You say that to accelerate success, you need mentors, but you can't just walk up to someone and say, "Be my mentor". So...

Shane: Right.

Andrew: ...what's the better approach? And not just you, but Charles Sandburg said it in her book *Lean In*. What is the better approach then if we want a mentor?

Shane: So, the question I wanted to ask when I started this, was you see throughout history from Socrates to Star Wars to Steve Jobs, this mentor relationship that accelerates the student's growth and success, right? Mr. Miyagi helps...

...[??]...

Andrew: ...Steve Jobs had a mentor in the founder of- What's his name? Cook into it, and a couple of other people that you mentioned.

Shane: Exactly. And, you know, Obi Wan Kenobi trained Luke Skywalker, right? And that's how he got good with a light saber so quickly. And, so you see this is part of our culture. We understand that this mentorship relationship can be powerful, but when you look at the research you see that, actually on balance most mentorship relationships yield nothing. No better salaries, no better outcomes. Not even better likelihood of not ending up in jail. And so what I dug into is what is the difference between mentorship relationships that work and that don't. And the big thing. And I don't want to spoil too much, but the big takeaway has to do with the organicness and vulnerability inherent to the relationship. And the mentor guiding not just your practice, but guiding your journey. The thing that bothered me, is, you know in Plato was mentored by Socrates, right? There was some kid on the other side of the world that was just as brilliant as Plato, who had no access to Socrates. And like that sucks and many of us are like this, and we grow up in places where we don't have access to whoever it is that we want to be our mentor.

And what were told, is to do this sort of weird networky thing where we find their email address and we ask them to mentor us. Or we show up to an event with a business card and we say "Hey will you please mentor me?" while your hands are shaking giving them your card. And this doesn't work very well. It's not an informal, organic, vulnerable relationship that gets built out of that. And usually the answer is "I'm sorry I'm busy".

So what I looked at is through this story of Jimmy Fallon, who is one of the youngest success stories in comedy and now he's the youngest night show host in 50 years. How he got on Saturday Night Live so quickly, as this kid who knew no one, who came from nowhere. And part of it is... Has to do with finding mentors that can guide your journey, that aren't necessarily alive, and aren't necessarily people you have access to.

What you see is this pattern of credible people from, you know Jimmy Fallon on to others that they profile in the book, like Elon Musk, that they become obsessed. Like I'm obsessed with Ben and Franklin. Obsessed with incredible people and they learn their biographies, they study their autobiographies, they study the tiny details of their eating habits and their spiritual habits and their work habits. And part of what Jimmy Fallon did was he obsessed with Adam Sandler to the point that he asked himself the question what would Adam do? And he memorized his manager and like his own history and every line from every one of his movies.

And what Jimmy found is his mentor, who didn't have any idea about who he was, who guided him through his journey as a comedian from that far. And this steep obsession that relationship that you have that the other person doesn't even know. And through the book I talk about how this is something Jay Z talks about it; this is something that Lewis [??] talks about; this is something that this amazing shoe designer that I found talk about using Jackie Robinson as this focal point to help him to not only get through the hard things he was doing but also practices discipline. You don't have to access to a great mentor if you have the right strategy for finding for I guess studying and obsessing over one person in the world, who can be your guiding star.

Andrew: And this spreadsheet that you have created isn't just about anerosis [SP]. It actually worked. Here is your article in "The New Yorker", which is not an easy place to get featured. we are not just talking about some blog. We are talking about a magazine, a publication now online too, with incredible history

Shane: And it was definitely an honor and I have some other stories coming out in the New Yorker pretty soon. As a twenty something, you know, who has just come in to journalism a few years before it's incredible. I am kind of crazy to me. And I owe it to these people whose writing taught me how to write and like that. But its I mean it's a small case study in how you can accelerate beyond the time that people lay off for this how long should it take to get in to New Yorker or to build a business or two or to learn a discipline.

Andrew: All right. On to the big board, Let me see what's the next big idea is. It's to build built to throw away as soon as possible. This is one of the things that you throw away. That's shocking. Sorry we are deleting your account. who do you do this to?

Shane: [Laughs] So, in the early days, we had this problem of all these writers who were not good or who didn't know they were good and all these kind of desperate scam me make money on the Internet types. And we had to reiterate on what we are doing with content, how we are screening people, the platform itself? and the common advice we get even from the forward thinking start up circle is to fail fast fail often test test test, you know Iterate, Iterate Iterate. But there is one tiny thing, I mean there are a couple of things that are wrong with it.

But there is one tiny thing that's wrong with it is when you don't or not willing to let go of what you have done before., it's very hard to iterate completely in to again sort of break the convention that is holding you back from breakthrough success. So we had all of these users in the very first version of content [??] that we knew that there were some diamonds in it. But there were a lot of bad users. So we agonized over what shall we



know do to agree to screen these writers s and get and sift them and all of that. And we realized that actually the easiest thing to do would be to delete everyone and make them re-sign up rather than take the thing that was not working and try to mold them in to something that was, Let's just start over.

Andrew: Because when you are first looking for writers to participate, you were looking anywhere. You guys were operating out of a sense of desperation, so you went to forums, you went all over the place try to get people and when you do that indiscriminate search you end up with not very discriminating list of people and instead of adjusting you are saying we just deleted him.

Shane: Just deleted him. And we actually ended up. It was this terrifying kind of liberating experience, Wow, we just deleted a lot of users. Anyway we sent an E-mail that said beta was closed, sign up again later sort of thing or however we did it. We ended doing this two times where the next version we built it to throw away. We said we are going to learn in this one month period. We are going to learn more even more and we are going to figure out what's wrong and what's not. And then at the end of that we are going to delete that beta and do it those users we are going to throw it away.

Andrew: Until then at that point we are deleting you. if you sign up, there is a temporary relationship

Shane: Exactly. This is Beta version 2. You know, thanks for joining.

Andrew: What else did you delete so deliberately? I know the first version of the site, the first version of the software you deleted and started over

Shane: We deleted the software. We deleted the users. We deleted. we essentially deleted the software twice I believe how many times the software got deleted. And we restarted with users I think it was three times. The only think that we delete though often is features. so we track everything that often in the site down to the mouse movements and a lot of it is synonymous tracking. But there are also such things that people will tell you they want or they need as, your user, your customer. And then so what we do is we track these and the things that people aren't using, or that 20% of our users are using we end up deleting. And it's a little bit scary but it's surprisingly liberating that what happens when you kind of like clean out our closet, you throw out the trash or you move to a new house and you don't take your stuff with you. That you become suddenly unencumbered and you don't have to make excuses for the stuff you old had.

So you know when you have this old novelty t-shirt that you love and it has sentimental value and you make excuses for why you're keeping it. And it loads your luggage down.

But once you throw it away you don't think about it. And it actually helps you to move on and maybe dress a little better next time. That's kind of the idea.

Andrew: David Cohen, actually who reintroduced us he's an investor in our company. He said to me that you should delete features just to see if people complain. Because if they're not screaming about it they probably didn't care about it, and weren't passionate about it. And so you should get rid of it as a way of staying lean. That's what you going, did you ever delete anything and have people scream at you?

Shane: We deleted... we've had people scream at a couple things we've deleted. I don't know if we've brought anything back, because we... I'm sure we have I can't think of an example though. I mean people have complained about we deleted green button and they want it to be green again or whatever things like that, and you ignore that.

But there's not been anything that we've deleted that everyone has flipped out about and it's because we're very deliberate about it, but we know that people aren't using it. Sometimes we've deleted stuff that people are using, but we message to them that this is gone because X is taking its place and then they understand.

Andrew: All right, on the board, speaking of David Cohen, the founder of TechStars. Next point is to focus on small wins and harness momentum. There was a period where you guys weren't doing as well as you're doing today. Were you guys were close to running out of money and you decided to raise how much money?

Shane: We wanted to raise a million dollars.

Andrew: Okay, and it's when you did it, I'm assuming people saw how big the business was going to be and they said sure because that's the way things work sometimes.

Shane: We had a whole line of people outside of our office offering us, you know million dollar increments. Some were saying two how about ten, no.

Andrew: You know we get a little bit jaded because it seems like everyone's raising not just a few thousand bucks, but millions of dollars here and there and it seems so frickin easy. But as you say, it wasn't so easy for you. What happened?

Shane: It's not, and so many... you only hear the Cinderella story's and actually a lot of time those stories they've been tolling for years before they get their magical break. But most of the time you're spending a lot time and effort and you're not getting the deal you want. And entrepreneurs say, we're optimistic, and we believe in ourselves and we have this great vision. We often do over reach.

And so what we did, we tried to raise a million dollars and we didn't have that much revenue, we didn't have that much traction. And we were banking on well we have great team but people said, well what is your team. You haven't sold a business before, you know you've built stuff but you haven't sold anything.

And so we realized that it's harder to, you know again back to that analogy that you started talking about, that I talked about in the book of the students that they'll trade the toothpick for the pen, for the sticky notes, for the flowers, and eventually they get a television set.

If you go door to door and you ask people to give you a television set they're going to call the police or they're going to say no. But if you go door to door and you break the task down in to a series of tasks, when you show up with a bike and say would you trade me this bike for a television set it's a much easier ask.

And so that's what there's this, in psychology they call this the psychology of small wins. Small wins are small tasks that you can complete very quickly and easily and they have a low chance of failure. But that to us that sense of progress even a very tiny win is very motivating but it's also very motivating for people who are watching you for outside supporters.

And it's interesting when you look at statistics around companies that can raise money and how much money they raise. And you know get big grants and customers and all of these that momentum appears to be more important than sort of the raw numbers of success. So a company that's smaller but this is growing faster or appears to be moving faster, having lots of wins over and over again will get better deals from investors than a company that is bigger than that company.

And so what we realized is we were reaching to big but if we could go a little smaller a lot smaller then we could take that and take the success that we could get from a smaller round and parlay that for something bigger.

Andrew: How small what was the amount that you guys went for?

Shane: We ended up raising \$300,000.

Andrew: Three hundred, that's what you went for?

Shane: Yes and it was a third of what we wanted, which it's kind of disappointing right. And you feel like a little bit less of a person, right.

Andrew: And you clearly said, by the way this is from, this is from the deck where you guys were trying to raise money right, you have clearly said, this is what we are going for.

Shane: [laughs] To be on the honest side Yeah, we were raising \$1 million both the...

Andrew: And when you didn't get, frankly it wasn't easy even to get \$3000. In order to get it, you said, "Look if we get in to Tech stars" and looking at my notes here "we will raise money and after that you are going to do better". Right Give us three hundred thousand. we will use that to get in to tech stars. And as a result of getting in to Tech stars, what happened? what else did you tell them?

Shane: Yeah, we said. we are going to do; we are trying to get into TechStars. TechStars, it isn't a solitary program, there is some brand cache, there is this Frank Sinatra thing. With that if you make it in to TechStars. We are going to go through TechStars and then we are going to raise a \$1 million or \$2 million and over that three months, you are going to triple your investments. Basically it's like, you are going to take a small win, we going to do this TechStar thing, and then we are going to go for the bigger win and that was the pitch essentially to the investors and we took a little more delusional than we would have had, we would have been able to raise million dollars in the beginning. But it actually made it much easier much faster to deal. And actually the things that happened is we when we were talking to TechStars people, they were pretty interested. But they are on the [??] they all have good companies. And when they heard that we were talking to these investors found a collective who were these great investors.

Andrew: And they were a collective great group of people

Shane: Yeah. They were moderately interested. They were intrigued by the TechStars thing. When the TechStars started a way to talk to them they said well a friend of collectives is interested in you. Then we ought to get you to the tech stars. And then we went to back to the friend of collectives and then we said TechStars is interested in us and TechStars are letting us in. They said well, if you are going into TechStars and we going to give this money. This is going to be a great deal for us.

And that's what happened. It kind of played off of each other. And then we did the three month TechStars program. And then immediately after the three month program, we were able to raise \$2 million. It took us six weeks when normally it would take three to six months. And that was because we broke it down into a series of smaller wins rather than trying to eat the whole elephant at once. And of course there was a lot of other

dominos that have to fall in place, but that was the idea. Rather than being supplied for. No it had to be a million but then we fail that don't get this because we said and everyone heard us say it. That didn't matter. What mattered was building a business and getting out of our one way.

Andrew: And you are in and you are actually read about. they were starting to tell your story on their site, Right. There you are. You were one of the companies that they were proudest of having had you in the program. Right on to the big board again. Next big thing is to kill complexity. And you guys decided that even though Google Analytics exists, Clique exists, chart beat exists. You are going to create your own analytics package. Why?

Shane: So our customers. So, why create our own? Again back to this, we should leverage this platform. someone else had built something. You know, we wanted our customers to be able to see that the content they are creating were turning into a return on their investments. So that they can continue being customers and also they could create content that's good for their business. Good for the world. Interesting for the journalists.

Andrew: Look we have these great writers they might they have signed up and they have. We have these great writers and look at how they impact your business. And they see statistics that show it, they are much more likely to buy it. Makes sense. Okay, that was your idea. Why create your own then?

Shane: Well there is a different between Google Analytics or Chart beat will provide for you and what we want toe. We wanted to show them that People spend so much time with your content and that eventually turns in to conversions and brand lifts. So there was, there were features that we couldn't find on the market. So we wanted to build those features. But when we started building analytics platform the common thing and the very first thing that we started mapping out before we realized that it was a bad idea was there is all the data you can collect. You can put a JavaScript on page and you can get all the page views, you can get the referrer and you can get where they went next and you know all of these things.

We decided when we start analytics platform that we didn't want to have any of the features that these other platforms had. So we probably had Google Analytics installed already. so we decided to and people gave us a lot of hard times at this. But actually we got a lot of buzz out of it that we realized an analytics platform that did not tell you page attributes. And didn't tell you the most common attributes that kind of default you know, we didn't tell you the shares. You have no idea how many shares are happening even though you cut on the page. We could collect that. We could show you that information.

And because we wanted to make it as simple as possible for the one goal that our clients have these content marketers they wanted to know how we are building our relationship with future customers. How people should be coming customers. Page views might correlate to that. But often it doesn't, also you might be measuring page view shares certainly don't correlate to that. There is also all sorts of data that allow people to share before they read the stuff.

And so we basically showed them a couple of metrics and it was how much time in aggregate are people spending with you across their visit so if I come back to Mixergy five times, there's a running counter of how much time I've spent with you so how that relationship's being built then how far down the page they get. Percentage of the story they complete. So those are the two things that we showed initially and people freaked out at first. They said, where are the page views, where are the shares? Shares are important and we said no. That's too much to think about. One of my favorite analogies is Sherlock Holmes in Studying Scarlett, Dr. Watson tells Sherlock, he mentions that the earth revolves around the sun and not the other way around and Sherlock gets mad at him and he says, why would you tell me that? And he says, but how do you not know that? And he says, "Why would this matter to me?" I hope that I shall forget this so that I have more room in my brain to think about other things.

So that's what we wanted to do for our customers is cut out all of the extra buttons and extra features and just tell them this is what's working. In effect, we simplified it even more so that you don't even have to look at these counts of how much time people have spent with you. We just tell you this is the content that's working the best by X percentage and here's what it was about this content that was better. This author, this topic, this timing. So it doesn't matter. If a marketer looks at this they don't need to know these charts and graphs and statistics. They just need to know what should I do next? So we took everything away except for that.

Andrew: So how did this article help you think through that issue? I love the way this article is written. How do I tell this story? Actually can you tell the story really quickly about, because you're right. It does make me like Ryan Gosling more. I had no idea who the guy was except I'd seen him in movies. And I'd always turn to my wife and say we know him. What was he in and she might tell me. Now I remember Ryan Gosling and I actually do like him which why would I ever care about an actor?

Shane: That makes me happy. I'm a big Ryan Gosling fan now but I didn't use to be. I used to think he was all right or whatever. He was this pretty boy actor that was in these movies I didn't watch so one day I was bored at like an event or something and I read his Wikipedia entry and learned that his story according to Wikipedia and after reading

the story I suddenly liked him.

The story is, briefly, that when he was a kid he grew up in Canada and his dad left the family when he was really young and he grew up with this mom who was stressed out and single and working all the time and so he just stayed home and watched movies. And he didn't learn to read until he was like 12 years old or something like that. And he was diagnosed with ADHD. He was the trouble student and a troubled kid and he showed up to school with knives and he threw them at other kids because he watched Rambo when he was five years old and somehow his mom let him do that when she was at work. So it was this kid that he did not have a lot going for him other than he was a cute kid. But he didn't know how to read and it's so sad and crappy but he loved movies.

Andrew: And then...

Shane: And then, Mickey Mouse Club came to town and he decided to audition because he loved movies and he was cute so he got in the Mickey Mouse Club. His mom couldn't move to Florida with him because she was too poor so he moves to Florida by himself and he gets adopted by Justin Timberlake's mom which is true. She became his legal guardian. That's like mind-blowing, first of all. This happened to this kid. Justin Timberlake's mom.

And then he does the Mickey Mouse Club and he finds his passion and he learns to read and he memorizes lines and he becomes this very successful and actually terrific dramatic actor and so after learning that story of what he'd been through in his past and to where he got now, it didn't matter that he was this pretty boy actor. I suddenly wanted to support him. I wanted to watch his movies. His movies come out and I'm like, yeah, Ryan Goslings in this and I'm going to support this guy.

Andrew: It makes me like Justin Timberlake more also because of that story, because of his mom did. So what is your point with that? Your point, actually, I don't want to make your point for you. I know it, but

Shane: I think the point is.

Andrew: I feel like a know-it-all when I read a lot in preparation for [??].

Shane: The point is that, the more you can understand someone's story, the more you can build, stories build relationships and they make people care.

Andrew: And that's what you say throughout. I wish all of my guests understood that.

Nobody cares about your facts. People care about your stories and through your stories they understand your facts and they believe them, right?

Shane: Right.

Andrew: And so here you say right at the top of your site, so that was your point of your article that you were trying to show people instead of telling them, show them, that stories work. How did that inform your thinking about what analytics to provide people?

Shane: Okay, so this story was the most popular story we had for some period of time.

Andrew: This article here.

Shane: Yeah, this article here. It had an incredible amount of sharing, it had an insane amount of traffic and page views. A lot of the social stuff going on. And it was the story that kept on giving. We just kept getting traffic, kept getting traffic until we installed our new analytics platform which looks at the relationship factor with us because of this story? And it's considered [??] the story itself...

Andrew: Did you just change something in your audio?

Shane: I think I just stepped on the plug. Can you hear me now?

Andrew: Yeah, that's more consistent.

Shane: Sorry.

Andrew: We could have done without the headset, now that I hear how it sounds. But since we started with the headset, let's keep it consistent.

Shane: Okay. So, I'll go back to this.

Andrew: You were getting this traffic, which sounds fantastic. Except...?

Shane: Except when we looked at our Contently Insights Analytics Platform which shows you, are you building relationships with readers that are coming as traffic, we saw that most of the traffic for this article was not turning into anything. These people were not sticking around. They weren't reading the whole story. They weren't coming back, ever. They were never going to be interested in Contently's products.

What we realized is that because it was about Ryan Gosling, we got this huge social



media -- people who love Ryan Gosling checking it out, and then bouncing; that people didn't actually even make it through the story. They didn't even get to learn the story, that I find very inspiring.

Andrew: Their whole point is gone. They just wanted to hear about Justin Timberlake, and Ryan Gosling, I see. So, that's an example of how the stats that most people think are important, like [??] kits are completely insignificant when you start to look at the bigger picture you have a better understanding, I see. And that's why keeping it simple helped you guys?

Shane: Right. Getting distracted by the page sheets.

Andrew: This is the way your analyst looks now?

Shane: Let's see.

Andrew: I'm just going to take as much base as I can, here.

Shane: This is a previous version of it. It's gotten even simpler, but yeah. We even eschewed charge. We were like, "What's the point of having these impressive looking charts. All you want to know is, people are spending three and a half minutes with you, on average. And there's 40,000 of them a week."

Andrew: And average finish is 81%, which is really strong.

Shane: It's good, right?

Andrew: Yeah.

Shane: Then I think this one...like reading four to C, yeah. So here's the Ryan Gosling story, and the average finish is not as much as the average story. But the average number of readers is much higher.

Andrew: The average finish is 26%. 26, no the average finish 73%. That's not too bad.

Shane: That's not too bad. Actually, I want to set the screen shot that's real [laughs]. Yeah, so what we learned is that this story, it was under performing our other stories, and that these people went over time when you look at do these people come back? And the running total -- so the average reader of this story -- how do they compare down the road to the average reader that we have that's a repeat visitor, that ends up being in the category of a person that's likely to move our business? But this story

actually was not a great story.

Andrew: If we were to keep scrolling through, we can see actually...I don't know if this makes sense to get too deep into it, but the more I look through it, the more I can see the value of this simple approach. Now I see all the articles right below, if I move over and scroll down to them there. It's like moving a slide on an old projector on the screen.

Shane: Yeah [laughs].

Andrew: But you can see, 99 years of content marketing, how American Express became a major American publisher. That one did well. Let me see if it's bought the data on that. That one got time on site three minutes; average finish 87%, et cetera. All right, so that's your point. Keep it really simple. Remove the things that you think are important, and focus on the things that really are important. And you guys did that with your data.

On to the next big point -- yeah, let's do it. Here's the final one. Oh, go 10 times bigger rather than 10% bigger. You know, I had a guest on here, [SP] Juan Mata Teki who said, "Forget 10 times bigger. Go 10% bigger every week. And if you could do 10% bigger every week through compound interest, you'll do a lot better."

You've an opposite approach. You say, "No, look for 10 times bigger." In fact, you guys get together in meetings and you say -- what do you call the meetings -- periodically they do, here's what I see in my notes, a 10 time meeting. So, it's as simple as that. What happens in these 10 time meetings?

Shane: Yeah, the 10X meeting is, what we'll do is we'll sit down and we'll pick a topic, like a theme in our business or a slice of our business and say, "For the sake of argument and debate, what if we had to make this 10 times better?" We'll say, "Our writer network, we have 50,000 writers. They are this engaged. What if we had to make the writer network 10 times better? What would that mean?"

Then first we talk about well, would 10 times better mean 10 times more writers, 10 times more engaged, 10 times happier, 10 times better net promoter score, what is it? So, we have that debate. And then we say, "Okay, so we want 10 times better net promoter score for our writers. Not 10%, but 10 times. What do you have to do? What do we have to do for the sake of debate, to reach that goal? Who would we have to fire? What would we have to break? What product will we have to get rid of? Who do we have to hire? How much money would we need to spend? What assumptions about our core business would we have to throw away if we were to make this happen?"

And so, what this exercise does is it gets you to use what psychologists call lateral thinking. Sort of, the MacGyver idea of using a tool for not its intended purpose, or attacking a problem sideways rather than straightforward. If you have to break something in order to make an improvement then you can start to get to what is actually important, and come up with much more creative solutions to problems.

If we had these meetings, and we said how do we make our writer network 10% better? Basically, what it'd amount to is doing more of the same thing. Would you have to say, well, this has to be 10 times better. You have to think of things that are different, that are dramatic, and that can yield some really interesting results.

The quote, actually, that I quote in book comes from the philosophy that they have at Google X, which is that 10 times better can be easier than 10% better. For a couple of reasons. One is that if you make a product that's 10% better you better be good at marketing because it's hard to get people to switch. It's harder to get people to change their habits. If you make something that's 10 times better people are going to fall over themselves to it. The product markets itself.

If you try to build something 10% better you have to work within the old paradigm. You have to use all your old machines, and your old tools, and your old technologies. If you have to make something 10 times better you have to find better platforms. You have to fire people, and you have to break things, but you end up being able to do it in many cases cheaper, and more effectively. This is how you avoid being disrupted by the people who are unencumbered by your past.

Andrew: Let's see how you guys did it practically. You guys wanted to sell to bigger companies, bigger Fortune 500 companies, more big companies. In order to do that you needed a sales person.

Shane: Right.

Andrew: But that's not enough.

Shane: Right. Well, we had this problem with our model where we were initially we were making 15% on transactions. You hire a journalist for 500 bucks. Contently gets 15% of that, but we were working with Coke, and Pepsi, and JP Morgan, and GE, and Google, and in order to get those kinds of companies to buy into our solution you have to have a sales person. That sales person has to have a commission. Suddenly, with the commission we're making very, very tiny margins.

When you look at the math suddenly we need millions of stories being written in order to

make a business that an investor's possibly interested in, or that we're possibly interested in. We realized that we're not going to change our industry. We're not going to change our writer's lives if we go out of business because we can't make a profit. We sat down, and we had this meeting where, I don't know that we articulated it, this was before our official 10X meetings, but we said, how do we make our net profit, or our net margin, net revenue better? 10x better essentially than the 1% that we're making, or 5%.

Andrew: Couldn't you just increase prices, or take a bigger cut?

Shane: That's one of the things we floated. The problem is we weren't providing necessarily enough value. If we increased the rate to 30% journalists would just go around us. We had to keep the rates low enough that it made sense for us to be in the middle. Then we have this existential question of do we belong in the middle? Is this a business at all? The other thing too is we cared so much about the journalists we came at this from place of we want to help these creative people do what they love, and make more money.

Make a real income. If we take more money from them it's going to squeeze the little guy, which maybe that's an assumption that we would rethink, but we felt deep down that we didn't want to. That was the one thing that was holy for us. What we realized in the course of this exercise of we have to figure out a way to make our net profit greater is we were selling to these really big companies. We had to build some software features to help them project manage these journalists.

To get them paid. To them through procurement. To get assignments, story ideas, and all of that. We built these tools to make the process easier. My two co-founders floated the idea of well, software business make 100% margin. What if we sold our tools for subscription? I actually said no. I said softwares supposed to be free. There's no way. We can't do that. Let's think of another idea.

Andrew: Because software in your situation is just supposed to facilitate the interaction between the two people that you get paid to connect.

Shane: Exactly. The rule for us was that the money came from the transaction between the journalists. It was coming from the content. What my co-founders prevailed on me that we should at least test it. We said let's do what we always do. Let's do a one month test. We have some new features coming out. We'll tell people that those features cost 1300 dollars a month. In one month we'll see do people buy it, and if that will throw away this pricing. In the first month we sold a dozen of these to new clients. The light bulb went off. We said, wow.

People are willing to pay, and in fact they expect to pay for project management software for a subscription, or a license of some sort in addition to the content that they're doing. And so that epiphany led us to saying 'Well, there's... people are willing to pay 1300 dollars a month. What's the 10000 dollar a month plan? What's the 20000 dollars a month plan? And so we started this escalating pricing, and we actually ended up building out a kind of diagram that I think you might have. Of...

Shane: Let's bring it up.

Andrew: ...how can we capture the most value from our customers? How do we price, you know, what's the...

Shane: Yeah.

Andrew: ...what's the \$20,000 plan? So what we did was we mapped out, you can see on this chart, there's one axis is willingness to pay. How much money you have in your pocket, that you would be willing to part with. And number of companies in that boat. Now there's this curve that's probably somewhat regular like this. And then we said let's make 3 pricing tiers, let's draw boxes underneath this curve.

So we have three tiers of pricing we can do, and then we looked at each of these boxes and said these companies that fit into this racket of willingness to pay; what are their unique needs that the companies in the next two categories don't have. And what are the things that are common to all of them? And so we went through this exercise and basically found that the companies that are the most willing to pay the most money, have needs like compliance and lawyers need to be looped in on stuff and they want special reports that the smaller guys don't need. And some of those features actually counter-intuitively are easier to build. They don't cost us as much technologically. But they're in common with this willingness to pay factor.

And so this...basically we built this counter-intuitive to us, based on our knowledge of technology pricing paradigm that dramatically accelerated our business. Suddenly we had people... I mean I think our pricing now after many experiments, something around 3500 dollars a month for the lowest, sort of basic set of features, gives you access to our journalists. And then, you know, 6000 a month for a little bit more. And 10-50000 a month for kind of the enterprise you want, the kitchen sink and all of the compliance stuff. And this took our company to more than 10x. Our profit suddenly, our net profit or our net revenue, you know was suddenly dramatically higher than before.

And this changed the game for our company. And we wouldn't have had this huge

growth that we've experienced now and more investment and employees and happy customers. And be able to, you know, not coincidentally, help more journalists make more money, if we hadn't decided that it was okay to go from being, you know, the... [??]...first idea to a software company.

Andrew: So the ten percent more thinking would have said, "Well we're getting 15% commission, maybe we can take it up to this 16 and a half, or 20%.

Shane: [whispering] Exactly.

Andrew: The 10x is, what else can we do? And that's what led you to software. With software you get to keep a 100% of the revenue versus 15% of the revenue that you do with the magic. It seems like now the fifteen percent commission of the commission that you get on connecting writers and publishers is small compared to the revenue that you get in from this new software.

Shane: Oh yeah. Yeah, in fact, we have you know account services and yeah we hardly make any profit after... at the end of the day that fifteen percent you know essentially helps us to fulfill this hunt and really the only money we're making from our profit sampling is coming from the software, which is totally different than we expected.

Andrew: Well, the book is Shortcuts, there it is up on the screen, How Hackers, Innovators, and Icons accelerate success. What I like about the book is it's so well written it just keeps hooking you in and it's incredibly well researched. And there's no ulterior motive. A lot of times when entrepreneurs write books, let's be honest, they write the book that will get them the clients that they need.

And in this case it's, here's what works. And not what works for me today, what works for many people that you respect over time. Everyone from Jimmy Fallon, to President Lincoln, and entrepreneurs that we know. And it's just really well told and the other thing that I like about it, is a lot of time when people say here's shortcuts to success, they haven't hit success yet. They're basically writing a book report about people who they're studying and it's great for them, but I don't want to read your book report. I want to know from someone who's done it.

What does it really take? And that's what this book has. I don't want to keep railing on other people I want to say this is a really well written book and I think people who get it are going to love it. In fact, I think people that even get it as a sample from Amazon Kindle are going to be very happy with it...and then they're going to want...

Shane: Thank you.

Andrew: to finish the rest of the book.

Shane: It's very flattering of you to say, for me it's been an exercise in. I mean, it's been an intellectual adventure I'd call it. In helping me to accelerate my business using these things, but telling stories that hopefully will inspire a lot of people, so I'm...

Andrew: Do you wind up doing any interviews for this book?

Shane: Yeah. Oh yeah...

Andrew: Right, I remember I was talking about it and you said I'm interested in doing interviews. And you were talking to me about what it takes or something like that.

Shane: Well, I ended up interviewing probably over a 100 interviews. I spent my weekends, so I'd work at [??] during the week and nights and the mornings, and then every weekend I'd to LA or London or to Chicago to interview people and get their stories.

And so the book is a mixture of narrative and sort of academic research. And a lot of it is ...

Andrew: Why did you work on this book all that time when you're running a successful business, one that's fast growing and needs your attention? Why are sitting and writing books on the weekend?

Shane: Yeah, a good question. Part of it is what I love. It's why I got into the content business in the first place. But the other part is that I had been before content like writing about fast growing companies, people who did incredible things very quickly. And I wanted to do the same for our business.

I didn't want to be a run of the mill business, and so the best way to me with the only skills that I have as an entrepreneur comes from my curiosity as a journalist, my reporting skills. I figured if I can find these people and then maybe find out their secrets, maybe we can apply them to Contently.

So at the same time I was writing the book, you were able to use those to help accelerate our business. So it kind of fed together. And at the end of the day the book's not about Contently at all. I think it says Contently once in the introduction.

Andrew: I know. I'd like it to be more about Contently. That's why we did a pre-interview

with you even though you wrote a book. All right. Show us how you used it because you really were trying to come at it from a very academic point of view, well researched. I want to hear more about your story that's why we did that here.

Shane: Well, thank you. I'm glad that we could get this story here too because it's a good supplement. But, yeah, the book itself was ... at the end of the day even though it's not about Contently it's great content marketing. We're in the content marketing business. People who read this book learn about content marketing. It helps me build my brand as an entrepreneur which then helps me get the guest stories and add [??] and get attention for speaking gigs that will help our business.

But at the end of the day too for me this ... I believe in providing value for other people before you ask for value, and if I can contribute to other people doing great things for their careers or for their business or work or society, that's going to come back. That's why I'm building a business that helps journalists make money versus a business that gets rid of jobs, I guess, for robotics [??]

I care about that at the end of the day, like I'll be fine. I'm an entrepreneur. I can make money, you know. But it's for me what makes me happiest is seeing can I pay forward what people have done for me and teach me how to do what I do.

Andrew: Well, thanks so much for coming here and teaching the Mixergy community. As I say, always if you get any value out of this or any other interview, any other content online find a way to thank the person who you learned from.

I found it's a great way to get to know someone, starting off with thank you as opposed to starting off with, "Hey, you know what? Would you be my mentor?"

So Shane, thank you so much for doing this session with me. And thank you all for being a part of it.

Shane: Andrew, it's my pleasure. Thank you.

Andrew: Thank you.