

Andrew: This section is how to use cash float to fund your business. This session is going to be led by Sam Ovens. He is the founder of Snap Inspect, simple property inspection software. 'Cash float' is a phrase that Sam Ovens is applying to start-ups to explain a process that he's going to teach you here and one that helped him bootstrap his business with no outside funds. Sam, before you built Snap Inspect, how many failed businesses did you have how much money did you lose?

Sam: Three failed businesses, two years of, or maybe two and a half years, of trying really hard and not really getting anywhere. I don't know. I've never totaled it up, but I know it would be in between \$10,000 and \$20,000 lost.

Andrew: So you weren't in a position to just toss money around, because you didn't have it. You didn't have funding. You weren't in a part of the world where funding is passed out like burritos, the way it seems to be in Silicon Valley. So you had to come up with a new process, which is the one that you're going to teach us here, and as a result of it, what's the revenue like now at Snap Inspect, and how many customers do you have?

Sam: Sure, so we've got around 15,000 paying customers, and revenues \$37,000, roughly.

Andrew: Okay.

Sam: Per month.

Andrew: And you created a video to help explain what concept you're bringing into the start-up world. Let me see if i can play it here, and then we're going to go into this big board of specific tactics that people can use. I never liked programs where you learn big idea, but then when it's time to go and apply them, you don't know what to do. You know, you just fell like, whoa, that guy's brilliant, but I don't even know how to get started. So we're going to give people, specific, tactics. Let's play this quick video, that you edited yourself, which I'm really impressed by. I thought this was a professional operation here. Let's take a look.

Sam:[video starts] So what's special about insurance? Well, customers have to pay their premiums up front. That creates a massive cash float that Buffett and his partner, Charlie Munger, can take away and invest.

For us, we believed we had an edge in terms of investment expertise, getting into a business that provided float had a special attraction, so we thought we were playing to our strengths. [video ends]

Andrew: Warren Buffett and Charlie Munger use cash flow from insurance companies they own, such as Geico, to help fund and grow other businesses. that require investment, to help them scale and become profitable. For us, those who don't have the luxury of owning multiple insurance companies, consulting businesses can be used in the same way. That's the main message here, and in order to get started, let's take a look at the big board, and the very first thing we're going to talk about is consulting.

That's the big idea here, that you're going to be talking to us about, right? Warren Buffett got videos. Let me take step back here. You know why I'm hesitating? Because what I should have done was said, cash flowed from consulting and then played the video. Am I right, Sam?

Sam: Yeah.

Andrew: Yes, so I got it out of order.

Sam: That's alright.

Andrew: Why don't you just explain why you're bringing this concept here to start-up since I've got this out of order.

Sam: Sure. So for me, I had an awesome idea with Snap Inspect. I knew it was going to do well, and it was growing, and it was profitable and all good things, but I wanted it to grow faster, and I wanted to build features. I needed money, basically, to buy ads and to use contractors to scale my company faster. Everything was going well. We didn't need funding to start. I needed some sort of cash injection to grow the company faster. I didn't want to go raise capital. I've always followed Warren Buffett, and I've read all of his letters that he wrote to [?] shareholders, and I recognized that the big thing about Buffett is that he doesn't borrow money. He used cash flow instead.

He does not believe in leverage, and so, he owns these companies, such as Geico and a whole bunch of other insurance companies that produce large amounts of cash that he then moves out and invests in companies that need it to grow, and I thought that was genius, and I thought, what could I use to generate cash like that, that I could invest into Snap Inspect. And when I started thinking about it, I realized I had a lot of basic skills and that consulting would probably be a good business to do on the side of Snap Inspect, to make some money, and to stimulate Snap Inspect's growth.

Andrew: I'm looking at the big board, and let me bring it up here. There are a few things here that are unique to the way that you do things, starting with, and this is my favorite one, which we'll get to later on, the 'lumpy mail' package that you send out, the way that you fix people's problems and alert them to them, but for someone who's listening to us, at this point, who's saying, all Sam is saying is, get a consulting job, or do some consulting to make money to fund your business. That's not that unordinary. That's not so different. What do you say to them?

Sam: Yeah, so, I mean, I think every entrepreneur's, kind of, always thought in their head, like, I've got my start-up business which probably isn't going to give me much money now, but it's going to take off, and I need something else to fund money so that I can buy nicer clothes than what I currently have, and live a lifestyle, and also feed the start-up business. I think every entrepreneur, sort of, feels like that. They need another, sort of, source, to generate their living money, and everything, at the beginning, and I always felt that way, and I never quite knew what that was. It was always odd jobs here and there, and I never gave it a turn.

It was just when I watched this Warren Buffet video, and read all his letters, that I saw it used by a real high level dude, and so I decided to use the same word, cash flow, decided to use consulting instead of different little odd jobs or having a part-time job, just use consulting, and I mean, that's the high level idea here. That's, like, the big strategy, and then what we're going to dive into is exactly how to get clients and run a consulting business. So, I mean, that's the high level strategy, and then, I guess, we're going to dive into the specific tactics.

Andrew: And the process that you have, and the organization that you have around it, means that you're not scrambling as much as other people, that you have more structure, so that you know what to do, and that, I'm imagining, tell me if I'm wrong, freed you up to think more about Snap Inspect, instead of waking up every morning and saying, how do I get my customers? Where are those customers? How do I convince them?

Sam: Yeah, I mean, everything changed for me, like, when I started thinking in this cash flow, sort of, way, because I always used to feel guilty about working on other things other than Snap Inspect, because I was like, it's not Snap Inspect, but once I realized that I was doing this for cash flow that would, you know, be leveraged well in Snap Inspect, I no longer felt guilty, and I realized that I had to spend 50/50 time on both of them. At the end of the day, I'd been much more successful if I did that, than just focusing on Snap Inspect.

Andrew: Let's take a look at how you did it. One of the first, and most important, things for you is that the skills that you learn through consulting need to improve your sales skills. You're not just doing work for the money, but you grew as a person. What were you like as a salesman before you started doing the consulting process that you're about to teach us?

Sam: Well...

Andrew: Were you great? Were you natural born?

Sam: I'd read a couple books. I did, actually, know how to sell, and I knew all the skills, but for me it was the emotions, and I think that's what it is for everybody, really. They might think they're a good salesman, but when it comes to the crunch, they're emotions just wreak havoc with them, and I don't think there's really any way other to deal with that than just by doing it, and so by doing consulting, and actually having to sell things and asking for big prices, I was able to really come to those emotions. Now, when it comes to selling [??], it doesn't even touch me emotionally. It just feels natural now.

Andrew: There isn't the same fear of picking up the phone, the same fear of asking people for money. One of the things that I see here from the notes on this session is you had to get the confidence to ask people to pay what you thought you were worth, which isn't just a few bucks but \$10,000 for a project and so on.

Sam: Yes, I mean, it was the third time I even asked the prices [??] my whole life and when I first started [??] I honestly felt like I had just committed a crime.

Andrew: What is this? There it is.

Sam: Yes. So when I started out in consulting, I needed some way to show exactly what it is that I do and how I can help people and this became like one of my little secret weapons. This is when I started to understand marketing and sales, where I was able to draw a funnel like this. So it starts with attracting traffic and capturing leads, nurturing prospects, converting them into sales, then delivering and satisfying the customer.

Andrew: Upselling them.

Sam: Upsell some referrals.

And it looks so basic but if everyone was to apply this to their business, I mean, I still use this for my own business today.

What you do is you map down all the little initiatives that you got under each category and you try and draw a straight line through because you might have a ton of things in the attracting traffic area but you might not have anything in lead capture. And if you can't draw a straight line the whole way through that funnel, it doesn't matter how many you have in any category. It's all about the straight line the whole way through.

Andrew: The straight line meaning that if you have a way of getting customers through content marketing or through the process that you're about to teach us, it needs to somehow connect with the way that you capture those leads from content marketing. You can't just have a whole lot of ways to do content marketing that sends traffic but no way to capture those leads, right?

So if it's content marketing like Blog post, you have to think of ways to capture leads and then you have to think of ways to nurture those prospects that come from content marketing and become leads by giving you their email address and so on and so forth.

The line that you want us to draw is to say that each step needs to be the next one.

Sam: Exactly.

Andrew: In this graph right here.

Sam: Yes. And what I found is if I pull this thing out in any business like if I walk into any business and I started filling it out, I could always spot within 10 minutes the massive gap in their funnel. I call it a leak in the funnel. And what most companies try and do is fix the leaky funnel by pouring more water into it, which they think to get more customers, they're going to need to spend more money in marketing. So they're like we need more [??], we need more magazine ads, whatever, just to get more customers in. And they're right.

They will get more customers but what they really should do is fix the leak first because you fix the leak once and you don't have to pay for it again. And honestly

when I came out with this thing and I showed it to business owners and I showed them that it all made sense, you can't argue with that diagram there.

Andrew: So it all makes sense and still in order to do it right, back to the big board here, you had to create a habit out of doing revenue generating activities.

Why, and we'll your chart in a moment here, is a habit so important for you?

Sam: Because otherwise it's just not natural and you're always fighting it. And I found that when it came to doing revenue generating activities, I always found them a little bit uncomfortable and I met Tim Farris. [??] something like that.

Andrew: It was what? Can you repeat that?

Sam: I put it on a sticky note. It was like you were working on important things or are you simply inventing things to do to avoid doing them.

Andrew: I see.

Sam: It was worded way better than that, but that was the main point, and it struck home so much for me that I wrote it on a sticky note and put it on my monitor, because when I first started out, I'd constantly find myself inventing things to do to avoid being bought. Like, oh, we need a new Word Press theme, or, you know, I need more Twitter followers, or my profile picture isn't good enough. I need a blog, just stuff like that that doesn't generate money.

Andrew: And each one of them becomes a rabbit hole, like a need a new word press theme. Oh, it's so much fun to get lost in finding a theme.

Sam: It can be a weakness, yeah.

Andrew: So, you did this. What is this?

Sam: Sure, so I started printing out monthly calendars, every single month, and I can give the calendar I use away on the download section of this course. It's just this real simple calendar. I really liked looking at the whole month, and what I'd do is, I was just, like, one revenue generating activity, Monday through Friday, every day. and I'd write down the company that I was going to contact, Monday to Friday, and I'd write it down at the beginning of the month, so there was no getting out of it on the day. On the day, I didn't wake up and then get into the office and think which company am I going to take, because that's a rabbit hole in itself. I would know that that was the one I was going for that day.

Andrew: So what we're looking at here is, this date right here, you would write that down at the beginning of the month. You know, exactly, which company you have to call.

Sam: Oh, yeah, I'd fill up the whole calendar.

Andrew: The whole calendar, right there, everything a month a ahead of time.

Sam: Yep.

Andrew: And we're going to see how you knew who you're going to call, but the point is that you didn't want to wait until the morning of and feel like I don't know what to do and then procrastinate by looking for themes. You wanted to know, ahead of time, what you were doing.

Sam: Yeah, and on the habit thing, I still found it hard to do and then I read that book, 'The Power of Habit.' Is that what it's called? Yeah, I read that book.

Andrew: Charles Duhigg.

Sam: So I decided to create, to give it a little test, and create a habit to do revenue generating activities, so first thing in the morning that was my, like, trigger. As soon as I walked in, before email, anything, it was got to send a direct mail piece to this company. That was my trigger to trigger the action.

Andrew: I see.

Sam: My action was put together the piece, and then I'd drive to the post office, send it, and then my reward for doing that was I'd go to the cafe next door, and I would just sit and just get a five dollar coffee that I always used to think was too expensive, and I would just sit there, and I wouldn't care if I took half an hour just to sit there. That was my reward for getting that done.

Andrew: I see.

Sam: And after a while, after about three weeks, if I didn't do that, if I didn't send that piece and get that coffee, I just felt guilty, and it became a habit so quickly that it was, like, the only way I could get satisfaction at that point of the day was to do that. It really was a habit.

Andrew: This is the book you're talking about?

Sam: Yeah.

Andrew: The Power of Habit, Charles Duhigg says, find something that you do already and use it as a trigger for a habit that you'd like to continue to develop. Alright, so, now comes more detailed part of the process, and I love this section. Target local businesses that are already spending money on marketing. What is this thing? What is this book here?

Sam: So, first of all, let me explain.

Andrew: You want to explain the process before I reveal this book?

Sam: Yeah, yeah. So, you can leave that book over there.

Andrew: Oh, I'll leave it out. I'll leave you out for a bit.

Sam: Okay. So, when I first started out trying to get consulting clients, I did a couple things wrong. One was, I would approach companies that just were too small and didn't have enough money anyway. A company that's scraping month to month, even if you're going to solve a big problem for them and you're really going to help them. I mean, expenses is the last thing they need, and I spent a lot of time trying to salvage those guys, and it didn't work. So one thing for me was to target businesses that were, at least, doing a million in sales.

Andrew: At least three million in sales.

Sam: One million.

Andrew: One million. Okay.

Sam: Yeah.

Andrew: I don't even know how you figure out who has one million in sales.

Sam: So I found ways to do that after a while.

Andrew: Okay.

Sam: Like hoovers.com, and then there's in each country, some in New Zealand, but in a lot of different countries there's these different data bases that you can go to, because the creative writing agencies often sell the information.

Andrew: Okay.

Sam: And you can you often get a rough indicator of what these sales or at, or you can't, I mean, employees is a good indicator. I mean, if you just look at the number of employees. If someone's got more than ten employees. I mean, typically, they're pretty close to a million or if they have a big office. There's just different indicators I could get to tell that they weren't, you know, a really small, struggling shop, and that was one breakthrough, targeting businesses that have money, but then I found out that they had money, but they weren't interested on spending it on marketing. And so, I asked myself, how can I find businesses currently spending money on marketing and want to spend money on marketing? And so, the obvious one was, well, they'd be buying ads.

Andrew: Okay.

Sam: So that's how I came across the yellow pages idea. So I'd just go through the yellow pages, which was what our picture was.

Andrew: There it is. In a minute it will be up there.

Sam: And I looked for full page, color ads, or just big ads, and I'll just go through, casually, and just tear them out without looking at who the business was. I'd just go through and just rip them all out, and then when I had a big pile, I would go through

and then I'd put each ad into a different pile based on what industry it was in, and then I'd get a look at, like, you know, how many people, for example, in the roofing industry are spending a lot of money on ads. It's amazing, I could actually see which industries were, you know, currently spending a lot on marketing, just cut and tearing full page ads out of the yellow pages.

Andrew: I didn't even know people were still buying yellow page ads, let alone that there were people reading yellow pages, but Alex, who produced this, said, 'Hey, Sam had a good idea. Alex championed it. I'm going to go and try it.' So he went out and found someone who had a yellow pages somewhere, I forget who, and he said, 'Can I just take your yellow pages?' Because he also, like me, assumed no one cared about the yellow pages, and the guy said, 'No.' Apparently, there are people out there who use the yellow pages on a regular basis and there are companies out there that still buy ads.

Sam: Yeah.

Andrew: So what you realize is, if they're buying a full page ad in the yellow pages, then, first of all, they have money to spend on ads, and second, they probably need to consider moving to the future.

Sam: Yeah, well, that's the other thing, right? I mean, instead of going through Google, and seeing who's spending the most on Google ads, I mean, they're pretty clued up. Like, they probably already have someone that's doing all of that for them, and if you're going to help them get better, you've got to be better than who they're currently using, and that's a hard argument when they're already doing well, and you're telling them you can do better for them, and that's also difficult work to do for somebody. You know the 80, 20, rule.

You're sort of getting into the 20 there, trying to ad those extra results with massive things. But when you target the people in the yellow pages, I mean, there's not much you have to do to make a massive impact to their, business because they're missing such crucial things when it comes to online stuff. Like, the work that you can do for them is quite basic, quite simple, and it has a massive affect.

Andrew: Let's take a look and see how you were doing that. So you go through the yellow pages, and the next thing you're telling us is that you want us to build a targeted list. What goes in the list?

Sam: Sure, so, this kind of ties in with everything now, especially with the monthly marketing calendars, which was that calendar we had up before. At the start of each month, I would put together what I used to call a laser targeted list, and it was, essentially, a hundred businesses that I was going to reach out to that month. So every month, my goal was to reach out to a hundred businesses, because I used to think, well, if just one of them buys I'm fine, and that's 100 percent, so that was my goal, and I'd tear through the yellow pages, rip out a ton of ads.

And then I would open up an excel file and I would build a list of 100 companies that I would reach out to.

Andrew: We're just talking about a basic excel like this?

Sam: Yeah. Nothing fancy at all. I mean, the company name, where you got the ad from, because sometimes you branch out and you just don't pull from the yellow pages anymore. You might get a couple business magazines or some trade journals. This doesn't just apply to the yellow pages. That's one tactic. I encourage people to see the idea behind it and they can probably work out a million and one different ways that they could use the same idea. And also basic company details, like, phone number, website . . .

Andrew: And so you're looking for people who don't just buy ads in the newspaper and still buy yellow pages ads, but they have websites.

Sam: Yeah.

Andrew: Okay.

Sam: So, I mean, I'll give you just a classic, typical plan of mine, which will be a company that's been in business for ten plus years. They're doing two, three million in sales. Profitable and they're doing really well. And they're open to spending money in marketing. But they're very traditional. They will get their customers through yellow pages and referrals and maybe radio. And the online stuff is just out of their mind, that they don't know anything about it. So what I'd typically do for them would be, [rejig] their website to make it actually look a bit better.

But most importantly to have things like a headline and bullet points of the benefits their product or service has to the customer. So I'd make it customer-oriented. And I'd always put some lead generation on there. So, you know, an opt-in form where people could get some information, or whatever. And I'd build them a list, basically, build them an email list. You know, very basic stuff. Stuff that anyone that's been an entrepreneur or tried to be an entrepreneur for at least a year probably knows how to do that. But that's what people don't get . . .

Andrew: Wait. Would you build the websites for them yourself?

Sam: No. I would . . .

Andrew: No. Oh. Well, actually you know what, don't even get into what you do. I see that it's one of the points on the board. The reason I ask is, I said, wait, I didn't know Sam knew how to build these websites. Even though we're talking about basic things, like a website with better headings and bullet points and email collections, I know that you're not the most technical person out there. And I said, wait, how does he do it? And then I realized, wait, that's coming up. So let me just ask you one final question about this section, and then I want to move on to the next one because that lumpy mail I think is really important for people to hear. How do you get all this data? How do you know their phone number? How do you know their address? How do you know the person's, the owner's name, etc.?

Sam: Let's say you start from the yellow pages. You can Google them. They might list their website. Try and find on their website, about us, contact us. You're sort of

looking for a page like that. Or in the footer they might put their details. You can grab a lot of information like that. And just through Google. And then, I mean, if all else fails, you can . . . I used to just sometimes call up the business and say that I was going to drop in, what was the address. And ask who is in charge. You know, just ask the questions on the phone. And the receptionists just let it all out. And just write it all down and fill in the blanks. Most of the time you can get it from Google.

Andrew: Okay. And so, actually, before we get to the lumpy mail, you want us to target this person. Who is this person that you want us to target? In this case it's Ron. Who's Ron? Why do you want us to get him?

Sam: Always target the person at the top. So let's say, a typical company like this, I mean, you've probably got IT support, and you've got systems [???]. You've got a whole bunch of sales and marketing. You've got a whole bunch of different people. And a lot of the time, people get paralyzed. I've found this a lot. Because they get paralyzed. They're like, who do I talk to in the company? And I always just go right in at the top, regardless of whether it's a CEO of a massive company, or anything, I just go, bang, straight to the top. We use this for Snap Inspect too. We go in at the top, and it's awesome, because a couple things can happen.

One is they might be the decision maker themselves and, bang, you've got them, and now you're talking, or, two, is they will just refer you to the person inside their business that you should be talking to, and this is really powerful, especially with hunting big deals, like Fortune 500 deals, things like that. You go in at the top, and they'll 'cc' you to the person you're supposed to talk to. Now you're referred to the person you're supposed to talk to by the boss, and now they're, like, obliged to talk to you. I call it an internal referral.

You know how referrals are the most powerful way to get introduced to people. I call it an internal referral, because the CEO is copied you on an email to the person. You could have gone straight to that person in charge of sales and marketing, and you would have been below them, because they would have been thinking, well, I don't have to let them in. But when you come from the CEO, you've kind of got a little bit more power.

Andrew: Yeah.

Sam: And that's the power of targeting the guy at the top, which is that guy we had the arrow pointing at.

Andrew: Alright, so now we get to the 'lumpy mail'. What is this 'lumpy mail'? Why does it shock potential customers and get their attention? And I got a visual here. Let me know when you want to show it, but what is it?

Sam: Sure. Like everything I've been talking about, a lot of the stuff I do is pretty basic, and offline, and that's exactly how I get my customers too, because I don't use Google ad words. I don't blog. I don't use ECO, or LinkedIn, or anything that most people would think that you'd have to use to get customers. I just build a list and then I want to contact them, and the best way to contact them, I've found, is through signature required 'lumpy mail,' because it's guaranteed to get to them, and

when it gets to them you get notified by an email or a text, and you know they've got it. Why I say, 'lump email' is because you probably know when you get delivered something by courier, if it's in the bubble-wrap pack and it's lumpy, you're like, what? It's probably something you've bought from Amazon. It gets you excited and you want to open it. Whereas, if you get a letter, it could be a bill. It could be anything. You just toss it into the pile.

Andrew: A lumpy mail means there's some kind of product in there, something feels like...

Sam: Something exciting.

Andrew: Yeah, like a free prize inside.

Sam: And also, it can't sit at the bottom of the pile. Like a lot of people have mailing piles, especially when their receptionists collect mail for them, and if they have a pile, something lumpy can't sit at the bottom, everything else just falls off it. The lumpy stuff has to sit at the top, so it's right at the top of the pile, and the receptionist will never open it. A lot of times you've got to get through gate keepers with mail in bigger companies. They'll open it, and if it's marketing stuff, people see brochures and stuff, bin, bin, bin. A signature required lumpy thing, the secretary, the gate keeper's, going to think, well this is something he's probably bought, personally, on the internet. I'll let him open it himself and put it right on his desk. That's the beauty of 'lumpy mail'.

Andrew: You tell me, what is this?

Sam: Sure, so this is the 'lump mail' piece that I'd seen, so, essentially, that Yellow Pages there that I tore out, I've just stuck it right in the front page.

Andrew: Let me crop it a little bit and see if I can zoom in while you talk.

Sam: Yeah.

Andrew: On that piece of paper is the Yellow Page ad that you ripped out?

Sam: Yep.

Andrew: And then, it's on a letter.

Sam: And then I'd write a headline, and I'd write a headline that would say something like, 'Andrew, what do people do after they see this ad in the yellow pages?' And then I took it one step further as I got better at this. I'd call up the Yellow Pages, and I'd ask them, hey, I've got a business and I'm thinking of buying an ad the same size as this guy's ad, how much did they pay for their ad? And they'd tell me. [inaudible]. And they'd tell me the exact number. And then below, you can't see it there but, I'd sometimes write like, Andrew, what do you think people do after they've viewed the same yellow pages? And at the bottom I'd put, you spent \$10,386 on this ad. Now, don't you want to know you're getting the most out of it? You know what I mean?

So when people first call, they get a signature-required lumpy package on their desk. They open it up, they pull this out and they're like, it's their ad, torn out, put on their name, like some question, and then they know the exact amount of money they've spent on their ad. They're like, you've got their attention.

Andrew: All right. So, when I'm looking at this, what I'm seeing is a few things here. First, this is the part right here, the letter. Craig, what do you think people do after they read this ad in the yellow pages? I get that. Here is the yellow page ad that you rip right out. I get that. What is on this disk?

Sam: Sure, so the front page is just to get their attention. Then if they turn the page, there'd be a brief letter that would just describe what I'm talking about. And then I'd say, I did a quick five-minute critique of your website. It's on the CD. And take a look and let me know what you think.

Andrew: I see.

Sam: And so what I'd do is I'd just use a basic screen recording software like screenflow, go to their website and record myself just talking and using my mouse as a pointer to go over everything that was wrong with their website, in terms of,

Andrew: I see. You give them a critique of their own website just using screenflow, where you're just riffing and talking about their site. And that's what's on the DVD. And you're saying, I can help you fix this. And you also have your phone number in there so that they can call you up if they say who is this guy who's now going to fix my website?

Sam: Yes. And a free 30-minute consultation to tell them. It's a risk-free way I can tell them exactly what's wrong and how to fix it. They can hire someone else to fix it after the consultation.

Andrew: Are these actual letters that you've sent out.

Sam: Yeah.

Andrew: All right. Let's go onto the next step, because some people are going to see this and they're not going to call you up. Your next step is, let me bring it up, there it is, you follow up by phone three days after the lumpy mail piece arrives and you have their phone number because you put it into that original excel spreadsheet. And now we have this. This is how you keep track of it?

Sam: Mm-hm. With this business, I keep it as simple as possible. So, instead of signing up for a CRM, I just use . . . You know, instead of having a digital calendar I just print that thing out. Because this isn't my main business, it's just here for one purpose only: it's just to provide cash. So, I don't try to make anything fancy. It's just the bare basics. And this is how I would know who to call when. So the reason why I say follow up three days after the direct mail piece is, I like to call it long- range bombing. So in like war times, they'd seen the planes and they'd drop bombs on the enemy. And that would soften them up.

And then they would send in the ground troops to finish off the job. After, you know, they had already softened them up with the bombs. And so, I like to call it that with direct mail. You know, you send in the lumpy mail piece, and that's like your bomb. It shocks them. They see your name. You've shocked them then. If they don't call you, then three days after, you come in on the phone and you use the package that you sent in as reference.

And it's a whole different conversation than a cold call. It is honestly like, you have awesome conversations with people when you've already sent something in like that. It's not a cold call at all. That's the beauty of doing it. I mean, because most people would cold call, this is something you can do to make all of your phone calls not called.

Andrew: Let's take a look here. I want to show this in more detail.

Sam: Sure.

Andrew: And then ask you an important question about it. Let's see. Where is it? there. First off all, what I'm seeing here is... Let's bring up the telestrator again. I can actually see, this column here is the names of all the people who you're going to call, and I see, right there, it actually says, 'LM' for 'lumpy mail.' Three days later, this is phone call number one, phone call number two, phone call number three, all scheduled out, so every day you know exactly what you need to do.

Sam: Yeah.

Andrew: Because you're coming down here and you're realizing, alright, for this person, lumpy mail. For that person, I'm on phone call number two, ect. And after three phone calls, if you can't get it, what you're saying is, forget it. It's not going to work out. I'm just going to move on to the next one.

Sam: Yeah.

Andrew: Is that right? Let's bring up your video. There it is. So, three times. Here's the thing that I notice when I look at this. It's a very expensive, very time consuming product, process, because you have them, which takes some time. You have to create the lumpy mail which takes some time. You have to mail it out, which is expensive. You have to make phone calls, which take some time. Isn't this too expensive?

Sam: For you to do?

Andrew: Yeah.

Sam: So, I mean, a lumpy mail piece used to cost me around 16, 17, dollars.

Andrew: Wow.

Sam: All out for the week. I mean, you're looking at about 100, 100 bucks for the

week. Alright? And for a lot of people that is expensive, but, I mean, it's relative to what you make. Right? I mean, you know, every month I was able to pick up one or two clients at least.

Andrew: I see, and that's why you want people who have a lot of money, that they're already spending a lot of money, that they already have a lot of money to spend, that means that, yes, it's going to cost you more to get them, but once you get them, you're going to be generating a lot of revenue from that.

Sam: Yeah, well, 400 dollars a month, you know, it's not that big on the whole marketing budget side. You know what I mean? One rule I got after struggling to do, you know, 1500 dollar websites [?], when I was looking for odd jobs to get cash to, you know, help start Snapscrip, is I just never touched anything below \$5,000 anymore.

Andrew: Nothing below \$5,000?

Sam: It was my rule. I just wouldn't touch a job or anything below \$5,000.

Andrew: Gotcha.

Sam: Just because it's too hard to make any decent money. When you're in a service business, when you're actually providing a service, and you're having to go to this level to get a customer. It's just too hard. And when you deal with bigger numbers like, 5, 10, 15, 20, I mean, if you only get one or two of them, you're still fine.

Andrew: Okay. Let's go on to the big board again. Now comes the answer to the question which I asked you earlier, which is how does a guy who's not a developer, who doesn't sit and enjoy being caught up in code, how do you do it? And is that the answer right there, outsource the actual work to contractors?

Sam: Yeah, So, I would get deals. That would be my job. I'd win a deal with a company, and then I would spend, maybe, one or two days to scope out, exactly, everything that I was going to do right, and I'd write the copy, just in Microsoft Word or Google Doc, and I would just use Keynote to mark up, exactly, where each thing would be, like Opt-In Form, or just put, like, a read box on Opt-In Form. I'd just create, like, a brief, and then either take [?] of contractors through Elance that I would give the work to, and they would do all of it for me, and they would do the implementation of, you know, actually writing the code, actually installing the Opt-In forms.

Andrew: I see. There it is. You're just talking about this site right here, Elance, straight up.

Sam: Yeah. So there's a couple of contractors I've got working at the moment.

Andrew: These are people who have actually worked on your project?

Sam: They're working right now, those people.

Andrew: Oh, wow.

Sam: So sometimes doing a zen disk customer support order. Well, actually, that person's doing accounting operation for a lot of different companies. So, one thing I did after a while is instead of selling like a 5K or a 10K deal one off. I would try to build a retainer into it to get some sort of recurring element into my business, so I decided to bundle together a retainer that would contain basic metrics and would also be there to make any changes they needed to their website, and, also, we'd get them a blog. We'd give them an ECO package, and this might sound like a ton of stuff, but I wasn't doing any of it. These were all filed out to other people, so there would be ECO done too, and a blog where someone would, actually, write them articles.

A lot of small businesses are like, we want to blog. We don't have time to write the posts. Well, I would even find someone to do that, and I'd bundle all this stuff together, which was like their dream thing on a recurring basis, after I won the big deal up front. Then I'd sell them this as a retainer and then just pay it monthly, and they had everything they needed covered, and then after I'd got enough clients on retainer, I didn't, actually, need to take on any new clients, and that's where I'm at right now. I've got enough clients.

Andrew: What kind of revenue are you earning from this consulting business today?

Sam: \$35,000 in revenue per month.

Andrew: \$35,000 a month.

Sam: And my expenses run about \$5,000, \$6,000.

Andrew: Really?

Sam: This is what I see, like, I've had this money from this consulting business to invest into Snap Inspect.

Andrew: Now that is floating you and allowing you to continue to do it.

Sam: I was able to hire a sales rep. I was able to spend decent money on marketing to compete with my competitors, and most of them are publicly funded. They're funded by VC firms, and they're based in Silicon Valley. I mean, I've got to compete with these guys, and having this, this cash flow from that, it allowed me to play the game properly.

Andrew: Sorry, I'm really eager to get onto the next point here. Sorry, I'm hearing the audience's voice in my head now. They're saying, 'Don't interrupt. Don't interrupt.' Let me let you finish that thought, before I get to the next part, which I think answers a question that they were going to ask.

Sam: Sure. So, Snap Inspect was growing like his.

Andrew: Right.

Sam: Everything was going well. So Snap Inspect was growing like this, and the minute I realized this whole cash flow thing and put time into growing this consulting business, and started moving that revenue into Snap Inspect, it started growing like this.

Andrew: I don't think we can see what you're doing.

Sam: Well, it started growing steep.

Andrew: Crazy, it started growing a lot faster.

Sam: Yeah, like, way faster. One month, now, we had the same new monthly recurring revenue than we used to have in six months.

Andrew: Wow.

Sam: Because I spent the money from the consulting business in this business, I've put over \$100,000 of my own money into Snap Inspect since [?] one.

Andrew: So, that means \$100, 000 has come to Snap Inspect from consulting?

Sam: Yeah.

Andrew: Wow. Alright, let's go onto the big board here. The next big point is, price on value, not on cost, so you can charge high. You once created a site for someone with, I'm looking here at the notes, Sam's recent project was, literally, redesigning a basic website and adding Opt-In forms and one auto responder. Do you remember what you charged for that?

Sam: It would have been. I'm just trying to think, did I give you the, exact, name of the company?

Andrew: Yeah, I've got the research here, Alex Champagne, who put this course together with you, said that cost was \$10,000 for the project, so even though you were just putting a website, Opt-In form, auto responder, to that customer, that was worth \$10,000, and that's what you charged.

Sam: Yep. I mean, I, basically, had two packages that I sell to people. There's one that's \$5,000 and there's one that's \$10,000. Another thing I learned, is when you give a proposal, to always give two options, because people love options, and always have one that you want people to choose, and then just add one that's way higher. It will make the one you want them to choose look better, and there's a chance that they'll choose the high one, and if they choose that, then you're well off anyway.

So, I invented the \$10,000 package just to position the \$5,000 one better, but then a lot of people started choosing the \$10,000 one, and then, you know, eventually, I

was like, well, I wonder if I put a \$10,000 one and then put like a \$15,000 dollar one as the up sale one. Once you learn that you don't have to price on cost, you can do a lot of things. Price is a very funny thing. I've learned this with Savingsbid, especially with Savingsbid, that, you know, price is a very weird thing to play with, but you should always anchor on value, and that's why I choose companies that are doing big revenue, because I try to target a company that has a high value customer, so one new customer to them might be worth 20, 30, 40, 50 thousand, so, like a roofing company, or a fencing company, or something like that, One new customer to them might be worth 50 grand.

Now if you improve all of their marketing, you can tell them, look, what's one new customer worth you, and they'll tell you, and then you say, alright, well, with this, I honestly think, we're going to be able to get, at least, one new customer a month. Regardless of what number you put next to that, it's a good decision, even if you put \$10,000 next to a \$150,000 customer a month. It's a done deal. You know what I mean? Whereas a lot of people, I've noticed, they price on, like the hours. So they might go, I'm worth \$20 an hour. I'm going to spend 10 hours on this, that's \$200.

That's how they'd price, or they'd look at the market, like they'd go on Elance and they'd see how much to do a Wordpress website, might be a 100, 200 dollars. They'd go, OK. That's what I'll charge. Try some value. How much value are you going to give to your customer? And then, you know, a good way to work it out is, you know, ten percent of that value, so if you're going to help make them an extra 100 thousand, \$10,000 is a good trade, 10 percent of value.

Andrew: Alright, let's go onto the big board here, and the final point, which I didn't highlight yet, is this. There it is. Find client problems and fix them. Tell me about that.

Sam: The best way I've found, with consulting, is to find a painful problem in the business owner's mind, something that, you know, keeps them up at night, and, essentially, be the guy that can solve that, and there's lots of ways to find out what that is. It's always through conversation and just asking the right questions. When you're the guy that can solve that problem for them, I mean, like, they're just going to hire you, because there's an emotional element in that now, to where it's not just logical.

You're not just going to help plug the hole in the leaky funnel. You're going to get rid of that pain that they've got. I always am, like, looking for problems that I can solve, and how I usually find those problems is through that first thing that we covered, that funnel. I highlight the problem, and I go over it with the business owner, and I really, I like to say, 'Kick their bruised knee.'

Andrew: You said, 'Tap their bruised knee?'

Sam: Kick it.

Andrew: Kick it, oh, so if there's a pain there that they forgot about or they've gotten used to, you want to kick it so that they remember the pain.

Sam: Yeah, like, really, you know, when you visualize it, you go over it, how does this make you feel? You know, ask questions. You've heard of spin selling.

Andrew: Yeah.

Sam: That's where I learned all of my sales skills from by the way, and in essence, there's, honestly still the best sales book I've ever read.

Andrew: Spin Selling, a fantastic book. Let me ask you this, around this point, I'm looking at the notes, and I see that you included this, and I don't know what this is, so I got to ask you.

Sam: Sure. I saw this. One thing I use to sell is, a lot of the time, is analogies. I sell the same way every time. It's, like systematic. So I get someone interested. We have a conversation. I work out the leak in their funnel. They're always trying to solve the leak in the funnel by pouring more water into it. I use this analogy. It says, 'Don't put traffic before conversion.' So the Wright Brother's, the first guys that got an airplane to fly, they focused on the airplane before they focused on the engine. So they worked on a plane that could fly without an engine, and then added an engine to it.

Andrew: I see.

Sam: And then the guys that were focusing on the engines were building the biggest most insane engines ever, forgetting about the plane, and then they never flew, and so that's the same analogy I tied back to these guys. I'm, like, their airplane is the funnel, and the traffic is the engine. Focus on the funnel first. Focus on the airplane, and then focus on the engine, and that's how the Wright brothers got their plane in the air, and that's how real businesses are going to run properly.

I find it really powerful to use analogies like that when talking to business owners. A lot of people go, We're going to get you on page one of Google. We're going to use HTML or Java script. You know, they talk in this language, and business owners are just, like, what the hell is this guy talking about? But if you just use a basic analogy like that about the Wright brothers... [tape is silent] ...You know, it's very powerful.

Andrew: Sorry, the connection just froze there for a moment. Alright, so, you keep it simple. Keep the analogies in a way that they understand them, and throughout you're speaking to people who aren't technically savvy, and if you keep that in mind, it seems like it means, yes, you can send them DVDs instead of asking them to go online and looking at videos. Yes, they're more likely to look at their mail, and of course, if we send them a lump email, they're much more likely to spot it.

You make a phone call to them, which is surprising in a world where most people are emailing in. You're the guy, who owns the company, that's going to solve your problem, calling you up. You follow up, and you, yourself, keep everything really simple, no heavy SRMs, no heavy programming to develop their sites. You want to keep it simple so that you can create enough cash to float your business idea, and as a result of all this, you're able to build a phenomenal company with Snap Inspect.

Sam: An entrepreneur's lifestyle is pretty average to be honest, and when I had this consulting business creating money, it didn't all need to go into Snap Inspect. I was also able to do some lifestyle things that I was never able to do.

Andrew: I know it. We were scheduled to record this last week. You were in Mexico at the time.

Sam: Yeah.

Andrew: I said, how is this guy, he's building a start-up. He's not running an established business that's been around for years. It's a start-up. How is he still growing his company, running a start-up and doing it while traveling, and I can see why the process is there. The customers get satisfied by the our sources, and you just keep on working your system, and we have it right here for you guys. I'll just quickly show the outline that we talked about up on the big board, and there it is. Thank you so much, Sam, for walking us through this. If people want to follow up with you. Of course, they can check out snap inspect. They can check out samovens.com. Is there anything else?

Sam: Or they can just fire me an email, sam@samovens.com. All I ask is to have one clear question.

Andrew: You want them to do what?

Sam: Just to have one clear question in the email.

Andrew: One clear question.

Sam: Yeah, because sometimes I read a lot of emails every day. I'm always unsure what they're asking. If it's a clear question, I will reply to it. I will reply to it if it's a clear question.

Andrew: One final question, there's someone here, on the Mixergy team, who on the side is using your process. He's making those phone calls. You ask him to record his calls and send them to you so you can give them feedback.

Is this something that you do for other people?

Sam: Well, I thought about it and I've taught 5 people now in detail, like every detail that I have and I'm sort of starting to because I want to get out of this business now to focus more on [??]. And the way I've thought about getting out of this business is to systemize it and turn it into a course or something to show people how to do it. And that's sort of what I working at at the moment. And I'm working with the guy from Mixergy to sort to iron out the bugs and, they're not bugs but, you know, iron out the places I might have not been clear, the places that might not work and make sure it works very, very well.

Andrew: I see. So you're not ready to fully announce it here and ask people to sign up.

But can I say this? You've given out your email address. If someone is really eager to be part of it and they understand that it's not ready to launch, can they email you and see if there's something that they can do with you?

Sam: Yes, absolutely.

Andrew: I kind of expected at the end of this that you'd say 'All right, everyone if you really how to learn how to do this, I would work with you. I've got this whole program where you can sign up. Go give me your email address.' You're not at that stage but you are at the stage where you want to say This has worked, people, even if you don't pay me, even if you don't ever contact Sam, you still want them to know this works, wake up, there are other options. And I think we've done that in this session.

Sam Ovens, thank you so much for doing this. Everyone out there, thank you so much for being a part of it. Let us know how well you do with this program.

Bye, guys.