John McIntyre: It's John McIntyre here, the auto responder guy. I am here with Gary Young. Now, I met Gary actually at times ... which focus on fire email via Facebook messages before that connected through like a blacksmith camp through some in black and Craig balance on. Anyway so we met at a sponsored parson product, chat about business and marketing like stuff. Gary has been working early to rise with I don't know too much about that, but that's no way to talk about that second. Recently left now is focusing on a software that allows you to attract anyone who signs up to your mail list. Track their lifetime value through the entire life cycle of that customer which is pretty amazing, if I imagine correctly and sure we'll talk about it. It probably integrates with your email auto responder again that integrates with the CRM. So, you going to know the upside down to a tee what one subscribers worth you and if you know that there was 75 bucks, you know ... spends $74 on Facebook and you just make a profit, so I think it's pretty cool that little piece of software does. So, today we're going to talk about that and building a business isn't this random luck feel thing. It's actually the thing that you can engineer the same way a mathematician puts together a formula for something was going somewhere definitely. Gary! How are you doing man?

Gary Young: Good! How are you?

John McIntyre: Fantastic, pretty up right now. Anyway, so let's get into it. Before we get into like exactly what this software is and why this ...portable that, can you give the listener a bit of a background on who you are and what you do?

Gary Young: Yeah, so I got to do direct response and performance marketing about three years ago and I started as a copywriter at a company called early to rise and basically wrote sales letters video scripts all that good stuff and then you know through that kind of came the time where I wanted to get more distribution of the promotions that I wrote, so then I started buying traffic to the copy I was writing and testing and experimenting and slamming my head into the wall and things didn't work and just getting super jacked up when they did and you know I am no longer with early to rise, but like two and a half years there we added 6-7 hundred thousand new leads to the business, ton of sales. We were spending six seven figures a month on paid traffic and I think we could talk a lot about all the different stuff I learned and then towards the you know the less ... there you know we get big enough and had enough new customers coming in that we worked on building out a marketing team. So, at time I left there is about ... driving revenue in that business.

John McIntyre: Nice, ok so what a dividend ... go with this? One thing I'd like to start off with this, people everywhere thinks that and I think this is an attitude we all have because a lot of entrepreneurs have started off life being not necessarily pouring like poverty in the way that people are in a lot of countries and Africa say for example, but a lot of us the reason to become entrepreneurs is to create value both for ourselves, for our family, for the world and to create the set of abundance, but I think along the way we carry these limiting beliefs of things that holds back that I really just a ... our upbringing as a child and how we sort of grow up relating to money and wealth in a certain way and success and we think these believes, is part of this is like money is just about being lucky you know like if business you know maybe it's you going to be smart that you know you going to be talented. This is not like a recipe that followed, but I think that what cool when you stop paying attention to things like the lifetime value is that building a business becomes a lot less about you know logical throwing stuff against the wall and see what sticks, but literally about just

putting numbers on a spreadsheet and just doing different like if you want to increase the conversion rate doing stuff that's going to increase you can ... more traffic doing stuff that's going to increase the traffic, lot more money, you get customer you know creating more products and very consistent strategies that works increase any of those areas, if you just go and increase all those areas. You have a business that makes money and profit. So, I find it fascinating.

Gary Young: Yeah, I mean that's a pretty good summation. I mean I think the biggest thing that I've seen you know and talking to a lot of people in our space that are smaller online first businesses is, they really a lot of them kind of figure out a way, one small way to start growing and sometimes its producing content, sometimes they figure out how to make some paid marketing channel work, sometimes it's a billion different ways right, but what I've seen is most people get stuck. They find one thing that works and then they kind of milk it for a while, but they have no real way to make it into a repeatable predictable consistent process and if you want to build something big then you need that and I think you know ... a way and you know I have spoken about this before you know it comes down to how is your business acquire new customers. That's really kind of the fundamental that can't see that you need to grow a business and anything you can do to make that process more predictable, more repeatable and more profitable is always good for business and the way, I think the way to think about it is basically going through all the different ways or one-way specifically, how someone find your business, so we could take, we can even take your business for example right, so you've got this podcast. People come to the podcast and they listen, they really did your style maybe they think you're cute, I don't know and then they go and like okay I want to subscribe to this, then you have a call to action sends them to... say, they are doing right and then they get to your auto responder and then you know you work on different things, you try to sell them you know some of your coaching stuff or your consulting work or you have done for your products, right. So, the kind of the way to think about it is you look at all the different steps in that customer journeys. So, you are like ok, well I get this many downloads for this episode and then of those downloads this many people came from a podcast to my site and opted it and then this many people clicked on a link to say like the mic-method right and they click on that link and then that many people get to the sales letter and then this many people get to the order page etc. right and the way to do it in the way to engineer stuff that works is just to quantify, ruthlessly quantify all of the steps. So, just ... fake members let's say just for ease, so you get a thousand people download it, say of those thousand people fifty of them come to you say opt-in of those fifty people ten of them click on your sales letter and then one of them ends up buying. So, you look at all those and I just constantly sketched just sketched this stuff out into like a little flow chart and you look at it, ok so I've got this, this, this, I would step in the process. Do I improve? How do I make that better and all that comes down kind of benchmark things. So, you're looking at it ok, talk to some other people who have podcasts like how many people respond to your call to action and then you get that number and then you go okay, so we got a five percent response rate, let's work on the copy, let's talk about, let's make it maybe make the offer a little different and let's see if we can get that 10 percent and then you know that whole process, each step of the way you basically turned dials and play with all the different steps in it and next thing you know you've come out of it like a month later and you double the profitability of your campaign, or you've doubled the amount of new subscribers, you have all that stuff and it's

all that just looking at the different steps in making each one of them better, when they need to be better.

John McIntyre: Right, this sort of this aspect of like your little business like this so much risk it and it's sort of like this takes all the emotion out, so just numbers. If you are like well I am spending money on advertising for example. I love you like have this reluctance to advertise between like you spend a dollar and make through like the business sort of this interplay between whatever you spend to acquire a customers, whenever you make from that customer and the whole game is just bumping up the amount of money that you make per customer's highest possible, while also simultaneously reducing you know you spent to acquire the customer. Just the interplay of those two main key metrics over and over and over and over again. You just keep doing that. You keep trying to make more money per person and then keep trying to reduce the amount of money you spent for acquiring and then as it reduces you are like mad scientist laugh and taken.

Gary Young: Taken away! Yeah taken away exactly and then like what I've seen with people and you know I've got a bunch of friends that are you know sort of and I'm sure you do too like sort of on that crust like they've got a little thing on the side or something kind of working but they're afraid to take that pledge and when I think ruthlessly quantifying each step of the process in a way it's really good for an entrepreneur or someone is trying to make a promotion work, because it like you said it only takes emotion out of it and a lot of times when I've seen people do is you know someone like I'm going to start spending, I am going to start doing call traffic and they spend thousand bucks then make like to hundred bucks back and they just go throw up their hands, oh my God the world, the sky is falling, I'm screwed, we're done this is over and in reality you can engineer that, but you get so emotionally caught up in it instead of just looking at the numbers and seeing where the hole in your funnel is and then you plug that hole and then you see the next hole and you point that, you fix that, and then you're making money and sometimes it takes a long time. Sometimes it takes I mean it took me like three and a half months from the time I first started buying traffic for early rise and time the campaign became profitable.

John McIntyre: And I was look at to spend. I am curious. I want to spend before it started becoming profitable.

Gary Young: I think it was a good chunk of change and I was lucky enough to have you know to be doing it for business right. They could do that, but it was probably like $22,000 or something that is but here's the thing though. That was for someone just starting out you totally don't need to do that, but what I was doing there was I was hunting for scale, like I didn't want to, because I had done some stuff that was like oh! You uploaded like a custom audience to Facebook in it and it works, but I want to do something where I could make like a general displayed campaign work and I want to be able to spend $10,000 a day.

John McIntyre: Yeah!

Gary Young: And that's not something that people should start trying to do. They should start like how can I spend the hundred and make a hundred and twenty.

John McIntyre: Yeah!

Gary Young: And, so yes there is that and that was honestly that made me nervous in the beginning. It's just like every day lost a bunch more money, but it worked out eventually that became a round in error.

John McIntyre: Yeah! Yeah, I mean there's this is the tough … and you will get started with buying advertising a lot or buying advertising anywhere and in the early days because you are testing and tweaking and refining things, you can end up spending 5,000 or 10,000 like you $22,000 before you even start making any money and if you give up too early you never get there.

Gary Young: Yeah and that's why I was telling people like I always and for that one too I should say that we were doing a campaign that was driving people directly to a video sales letter, so that is always like if you're just starting out I always tell people to drive traffic, get op-tins, nurture them over time and make that work, because that is so much easier to make work. The only problem that some people running with that is some of those get the cash flow crunches, where you know if you knew that it only cost you $3 to get an op-tin on Facebook and they're worth $10 to business after 60 days, well I mean if you have the cash flow, you do that all day long and you see how much you can spend, but if you don't then you got to kind of temperate, right.

John McIntyre: Yeah!

Gary Young: So, but the nice thing about starting with like an opt-in campaign is to you can get pretty good data on not a ton of video spend, because you just always have so much higher opt-in rate that you are a conversion rate to sales, to the sales page, right after that.

John McIntyre: Right! Interesting part is so where does just to take it in a bit of different direction, because we are getting very much on the traffic. How do you go from like tell me? How does this life time value, but why is that a number important when it comes to buy traffic?

Gary Young: Yeah, so biggest reason is it's just a fundamental principle that whoever can spend the most money to acquire a new customer will win, because what that means and you could spend more of your lifetime values more and what that means is like let's say you have all … right and you got widget A and I got widget B and your widget is so much better than mine, ok but I'm just a ruthless barbarians and I'm really good at up selling people, so they buy like 10 widgets B at a time instead of just one and I figure out that I can spend $200 to get someone to buy one widget B and you can only spend $20 to get someone to buy your widget. What happens is especially in the kind of the hyper targeted advertising world we're in now is I just spend and spend and spend and your cost per click shoots up. All the stuff that you need to make your widget business work suddenly stops working. You've got a trial different things and then the other part of the two is if you ever re-high lifetime value, so many more channels are open to you, so like if you think about it in like the health and fitness space which is pretty familiar with you know beach party which is the company makes like p90x and all those other things, those products are like a 120 bucks, sometimes I know they're moving to different models, but because their customers are worth so much to them they're doing informer on TV which is generating an enormous amount of sales where you get

your guy with a $27 eBook on Click bank who doesn't have the customer lifetime value to do that and it's just kind of forced to create some content, have a YouTube channel and all that other stuff, so is limited and other part of it the third part in the speed like kind of the last thing I say on this is it also just make sure business less risky, because if you now that someone who comes into your business is worth a ton, you can just keep you know ... abs like online like gone are the days like 2004-2005 when you can get targeted search traffic on Google for like 25 cents a click, right. So, some of these competitive keywords is 10,20, sometimes more per click and if you got the customer lifetime value to back it out then it doesn't matter, but if you don't then you're totally priced out of some of the best advertising opportunities and I think you'll see that more and more with some of these other channels, like Facebook will get more expensive over time, you know and then Twitter and Instagram, all of the places where you could buy a ton of traffic. They start cheap usually. ... and once ever you ... in if you want lifetime value to back it out to make it work, then you're out. It's always free on that channel. I mean got to go figure out how to make something else which work, which is a pain.

John McIntyre: Right, right, they want me to think about this is that like basically Facebook and Google and the advertising sites basically selling customers' inventory is advertising and selling ad space, but a better way to think about what they're selling customers and based on how your business instruction those customers again either seem cheap or they're going to seem expensive and so instead of advertising thing about like going to Facebook or going to Google or going to any sites and you can put in $1000 and get X amount of customers out and the things that can affect how many customers you get out of it again be the conversion rate, but then also the amount of money that you're able to spend per customer is going to affect it and it's a ... thing. There is no shortage of business for people who you know got a business ... can support it, so I can't afford to spend money on advertising pulling in widget business bit.

Gary Young: Yeah, I mean and I think it's you know you always want to have that option, because it's so predictable to like I mean there was months like long stretches of months where I would wake up every morning, look at the stats and LTV tracker and new within maybe ten opt-ins, how many opt-ins for you're going to get that day and new like that. I knew how much they're going to be worth and I knew how long it was going to take us to make our money back on them and knowing that and I think depend on where you're at in the business, soon I was decade seem just like insane pipedream, oh my God I just need to make something work right, but sooner or later with something does work that predictability becomes one of the most emotionally comforting things, because you know like oh I am going to wake up today and I haven't done anything. Maybe I have put up a different ad to see if I can improve the click-through rate and but other than I've done that and I'm going to get a thousand customers today or I am going to get 500 Opt-ins like clockwork and I think that is sort of that's like the dream for a lot of folks, because it's not, you don't have to just constantly grind away and create new content every day and all that kind of other stuff, so if you can do it great.

John McIntyre: Yeah 100%, so let's just talk abot the software that how does it work and what's so cool about it?

Gary Young: So, biggest thing is from what I found in this is I just built this to solve a problem that I was having is basically most payment processors and CRM's isn't set up to tag someone based on where they come from and the biggest thing is all different traffic sources deliver hugely different customers and what the software allows you to do is it allows you one just on a really basic fundamental level. It allows you to see, ok this is how much a new customers work to my business and that's and for people who want to go big that's stable stakes. You need that and there's nothing else out of it really does that in a way that doesn't have kind of big flows and then what it allows you to do as you go deeper is you can see on an individual ad level, on a funnel level, on an initial product level, on an advertising channel level, how much those people are worth and so to speak from experience you'll see different advertising networks and I'm just going to include Facebook, Twitter all that stuff in that general category will deliver customers that are so enormously different in their long-term lifetime value, that you can if you're not tracking it you can be led really easily astray and make big mistakes and soon the way we think about it is, so you've got a campaign running on Facebook and a campaign running on Google and Facebook customers you're getting also a books keep in as an opt-in. So, you're getting an opt-in on Facebook for $25 and you're getting an opt-in on Google for $4 and if you're not tracking lifetime value by traffic source, what do you do? You look at, you go out, well especially if you have limited resources and cash flow potential constrains you got ah! Why I gotta turn off Google and just do Facebook, because it's so much cheaper, but then if you do track and you check three months later, six months later, you might see that those opt-ins from Google that cost you $4 ... to the business, because they're just better customers and those cheap or cheaper leads from Facebook are only worth $3 and by not paying attention to that in longer term view you can lose, I don't say you lose, but you cannot make a lot of money that you should make.

John McIntyre: Right!

Gary Young: And I've seen it like, I mean I've seen it on ... traffic in a ton of different places and I've seen you know two different ad networks for example like ad blade v/s AOL and you'll see and that seems normal like you buy the same banner ads, you get the same follow and everything else, and one of them as a customer that's worth 50% more after 40 days, 50 days and you never know that otherwise.

John McIntyre: It's really interesting. So, it's as simple as just because ... a traffic, lot of paid traffic last year, you know it's basically running these campaigns and just looking at the overall stats for the funnel of the lifetime value of this funnel is this and lifetime value, but that's really interesting how the different, your lifetime values can vary depending on the ads that you show.

Gary Young: Yeah, I mean that's everything, as there is different stuff you know like those ads that are everywhere like the five foods you should never he eat. Right those ads people see, I mean they've corporate bond the internet with those ads. We did something kind of similar re-tested two very different approaches. So, we have one that was more of a direct thing. It was like five exercises you should never do and then another one that was like this workout program rocks. That's not actually worth said, but that's just the idea and we found that they were converting at about the same rate, but the people and nothing else about the funnel is different, except for that first little banner ad they saw and clicked on and we kind of thought there was a significant difference in how much those

people were worth forty days later, just based on that and that's not always true. It's not always that sensitive, but it can be and if you're not looking at those numbers you're leaving a lot of money on the table.

John McIntyre: Yeah, that's interesting, ok so then the software I mean because how does this get so, what it like is to sign up, like what I can integrate this with.

Gary Young: So, right now we integrate with Click Bank, Infusion soft, entre port stripe, Aweber, Barrow posts, couple others too and we're adding more and more integrations every discovery like two weeks and the cool thing about it is there's a lot of other tracking software out there and I used almost all of it and some of them really great for certain purposes, but the biggest thing I found is: one you get certain programs that are just basically a dash for that pulls data from a bunch of different places and puts it all in one spot and the problem with that is a lot of times it'll mirror inaccurate data. It'll be the wrong stuff or you know a lot of these ad networks if you're buying traffic on them and they have pixels that are kind of work, kind of don't. I found that you might lose between 5 and 25 percent of conversions and if you've got ... that just pulls in that number which is flow, you make bad decisions or you should make decisions on incomplete data and then the second part of it is you have other software which is really, really powerful software, but it's so hard to use that you basically need to hire a full-time person to make sure that script is all over the place and properly configured and everything else and then you are some of these other ones that you have to like oh we need to define a value for this page, like if a customer gets to this page, it's worth X amount to the business and that just becomes a total nightmare.

John McIntyre: Cool, okay, well I would like to ... the software, so if people want to get more information about it, maybe they talk to you about this whole lifetime value thing. What is the best place for them to do that?

Gary Young: So, the best place is we to do, ok so we can do Ltdtracker.com, so that's the letter L to Liberty, the letter T, the letter V, tracker dot com and then / Mick method and I've got to free 5 day email course that is, I think it's really good and it basically goes through five different strategies people can use to make their paid traffic efforts 50% more effective. So, if you're on the cusp of something working and you're trying to get over the hump, will be something there for you to get you over that hump and if you have got something that is working and you want to make more money faster from it, or something there that could help you do it and then email back and discuss it.

John McIntyre: Awesome, cool, lot of links to that on the show notes at the micmethod.com. We are right on the time. Let's wrap it up man. Thanks for coming on the show. Gary Young: Oh! Thank you for having me, it's been great.