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SPI Podcast Session #120 -
How to Create the Ultimate Flagship Product –
From Research to Launch and Beyond
with Ramit Sethi

This is the Smart Passive Income podcast with Pat Flynn, session #120

Announcer: Welcome to the Smart Passive Income podcast, where it's all about working hard now so you can sit back and reap the benefits later. And now your host, who cannot wait for football season to start again, Pat Flynn.

Pat Flynn: Hey what's up everybody, Pat Flynn here and welcome to session 120 of the Smart Passive Income podcast. Thank you so much for taking time out of your day and spending it with me and my special guest. Today's special guest is Ramit Sethi from iwillteachyoutoberich.com, one of the first personal finance blogs I have ever read. This is the second time he's been on the show. The first time he was on was in session 92, which you can listen to at smartpassiveincome.com/session92.

In that episode we talked about pricing strategies and the psychology of selling so it's a very important episode. Actually a lot of people have emailed me saying that it was one of their favorite episodes, they've listened to it multiple times. I wouldn't be surprised if that was the case for this episode as well. In this episode we sort of rewind and go back into the history of Ramit's flagship product called Earn 1K on the Side. That product has done extremely well and I wanted to get into his brain for exactly how it all happened.

He goes deep into conducting proper research with your target audience, into product development, his launch sequence and his philosophies with producing products for your audience. This is a big one so get ready because we're going to dive right into the interview with Ramit Sethi from iwillteachyoutoberich.com. If you want more information from him, you can actually get some free giveaways at iwillteachyoutoberich.com/pat.

Alright, here's Ramit.

Pat Flynn: What's up everybody? I'm super stoked to welcome back Ramit from iwillteachyoutoberich.com. Ramit was with us in episode 92 of the podcast, one of the top most talked about podcasts that we've had. We talked about the psychology of selling and pricing. Now Ramit is back. What's up dude? Welcome back to the show.

Ramit Sethi: Thank you. Great to be here.

Pat Flynn: Last time we talked about pricing and the psychology of selling, like I said. You gave some great tips for people to think about what they could do with promoting

their products. I would like to take a product that you've had for a while and talk specifically about it and the strategies you used. What you did right, what you did wrong, what would you do if you did it over again. So we can all learn from what you did and what you wish you had done.

Let's talk about your flagship product for iwillteachyoutoberich.com which is a product called Earn 1k. Can you give us the history of that product?

Ramit Sethi: Sure. Earn 1k is a product to help people start earning money on the side and specifically through freelancing. This is very unusual in the online internet space. Very unusual. I want to spend some time talking about why we chose this specific area and how we did all the research. If you look around at freelancing products, there's not a lot. Any idea why? What do you think Pat?

Pat Flynn: Well, freelancing requires people to have to do work. I think just the trends are to create a product or an e-book or stuff like that. Nobody really talks about actually creating a service for other people.

Ramit Sethi: Exactly. Years ago when we created Earn 1k, even back then, that was the number 1 thing. I wanted to know how to create an online business and generate passive income. The history behind Earn 1k is when I went on book tour in 2009, every single city I went to, my readers asked me "Hey, this personal finance stuff is great, but I want to know how to earn more money", so I came back and I got together with my team and I said "Let's start researching this".

We did something we call Cloud Research. We just tried to map out the different types of ways to earn more money. There's negotiate your salary, there's passive income, there's freelancing, all kinds of stuff. We crossed off some of them because we weren't very good at them or we didn't believe in them. We started looking at some others because we thought we had something to add. When we chose freelancing, it's a very un-sexy topic but we knew that the market was huge and we knew that no-one was serving them and those that were serving them were giving them really bad advice.

They were talking about "You need business cards", "You need to have a website, that's the first thing and then set up an S-corp". We were like "None of that is true". At this point, we haven't created any product at all, we're still doing initial research. This is something I want to emphasize, we're going to talk about some of the sales numbers and we'll talk about conversion rates and all of that, but 80% of your success - at least in our experience is determined in your research. That means which product you create, what market are you serving and how are you going to be better, or in our case we want to be 10 to 100 times better than anyone else out on the market.

Pat Flynn: You spend more time, effort and money on research than anybody else I know. There's a quote by George Washington, "Give me 6 hours to cut down a tree, I'll spend the first 4 sharpening my axe", that's what research is right?

Ramit Sethi: I 100% agree with that and we have found it to be totally true. I'll give you a couple of examples of when it's worked and when it hasn't.

We've had courses that we rushed to the market. In fact, one of the courses that we rushed to market, on the day we launched it, which was on a live web cast, I could tell something was wrong. We knew the product was great but people weren't even scrolling down to the 'Buy Now' button. They weren't even concerned about a price. They didn't buy into the concept at all. That was when I knew we had a problem.

When a few people did join it, they actually asked for a refund within 1 to 5 hours. That was when I knew we had a big problem. We shut the product down, we went back and created a tiger team, went back and did a bunch more research and we discovered some subtle things we had missed. We went back, fixed them and re-launched. That course has been worth hundreds and hundreds of thousands of dollars and will continue to get the benefits of that and so will our students, because we took the time.

Earn 1k is an example of a course where we actually spent a lot of time doing research. I want to be really clear, when you start of and you're creating your first or second product, we didn't know how to do this. My first product was a $4.95 e-book. I didn't know what research was. Over time, we started to build that capability and say "Who are these people that we're trying to serve? Are they men or women? Are they 25 to 35 or 35 to 45? Are they single mothers? Married? Are they looking for love? Looking for money?"

Also to understand all the competition out there. We can go into detail about how to do this, but my main thing is so many people pay lip service to research but if you actually do it, the benefit is you know your students better than they know themselves and at that point that you can show people you understand them and you can give them a solution to their problems, price is a mere triviality.

Pat Flynn: Yeah. Pricing is something a lot of people struggle with but if you can determine what the right product is, people will pay money to solve their problems for sure. How are you going about doing this research? What are some tips you can give to everybody out there? Are you keeping track in Excel? Are you actually having conversations and recording them with your target audience? What does the research look like?

Ramit Sethi: First of all it's really simple. You don't need any fancy, expensive tools at all. You don't need to buy $5000 a month survey solution. It's really simple. We start off with SurveyMonkey and because we have a good relationship with our list, we say "Hey guys, I'm thinking about doing something in the area of earning more money, I'm curious if you'd take 5 minutes and fill out this form". We'll do 5 questions on this survey. We start off really broadly. We'll ask people, "Tell us about what earning money means to you", "Have you tried to earn money before?", "Did it work? Why or why

not?", "What happened?". Notice that I'm asking for qualitative. Stories. I'm not doing any radio buttons or anything.

A lot of technical people get hung up on the idea, they're like "Where is the statistical significance?" That's irrelevant. You need qualitative data, especially at this stage. We want to know what does earning money mean to them? How much do they want to earn?

I have this delusional reader, he wrote:

"Ramit, I would like to earn $200,000 a year, but currently I work part-time Target".

It's like "Dude, it's not going to happen tomorrow", he wanted to earn it within 6 months. That's delusional. It's not realistic.

Those kinds of people we know to ignore and not listen to. But someone who says "I'm earning $65,000 a year, I have 2 kids, I'm doing OK, I'm saving a couple of hundred bucks a month, but if I could just earn an extra $1000 a month, it would really make things easy. It would allow me to save some money, pay off my student loan debt, maybe let my wife stay at home with the kids. That would just make me feel safe".

That is someone that I want to dig into. I might email him. I would email that person and say "Hey John, I read your response. I would love to know a little bit more. You mentioned that you've tried X but it didn't work. Tell me about that". People will be very open with you if you're very candid with them.

Pat Flynn: That's awesome. You have people you reach out to like that, you talk to them. Where do you go from there? Do you notice what the patterns are? I love this conversation you're having with John, because he's also giving you the exact language you should use for your sales pitch. You said "safe", that's a key word right there I think.

Ramit Sethi: That's exactly right. Using your market's language and better yet, understanding their psychology is critical. I'll give you an example. When we were about 70% of the way through the research, we had an idea of why people wanted to earn money. So the biggest reason I thought was, earn some money, go to Vegas, buy bottle service and be a baller. That's what I would have done. Then we actually did the research and discovered that's not true at all. A lot of people wanted to earn money so that they had the option to eventually quit their jobs.

If I hadn't created the product under the auspices of be a baller, not only the marketing but the actual product would have been really different than what Earn 1k ended up being. You have to go deep and understand why they really want to earn it. Why do they say Earn 1k on the Side? On the Side is a direct result of research. We discovered

that a lot of people think that if they want to earn money, they have to quit their job and start the next Google.

Let me get tactical, here's what we do. We created a simple Google Doc and we write down our theories. We say it's going to be 75% guys, they're going to be between this age, this is why they're going to want to get to earn more and get this product. We talk about the competition, this product is this, this product is this, but none of them do X, we're going to do X.

So we just created a Google Doc, when you first start off it's a couple of pages, it's very simple and then we started getting the survey responses. So what we did was create headers. One of them might say "Safety and Security" and we paste in 3 or 4 survey responses so we can stay close to the actual language. Another one might be 'I want to be a baller' and we'll paste in those thing. Another one might be 'I just want excellence, I want to be the best and I want to earn more that shows that I'm the best', we'll paste those in. Notice we've still got a simple Google Doc or a Word document. We're just pasting in responses and at this point we're just trying to categorize, which of these is most important.

I'd say if you're doing a fitness product for men and they tell you three different things, they tell you 'I want to get fit so that I can be attractive t women', 'I want to get fit so that I can lose weight because I'm tired every morning' and 'I want to get fit so that my father will respect me'. Which of those do you think is the most important?

Pat Flynn: It all depends on what age.

Ramit Sethi: Good question! Let's say they're 25 to 32.

Pat Flynn: Women.

Ramit Sethi: Totally. How do you know this? We again come up with theories. We're really comfortable stereotyping because we're always going to go back and test it. We're going to go back to these guys and say "Hey, tell us a little bit more. What would it mean if you were ultra fit?" and they'd say "I'd walk into a party and girls would look at me." We're going to say "Why is that important to you?"

"Because my whole life, I've never been attractive to women and I'm ready to put the time in to doing it."

All of a sudden you realize - wow! This is important and the father respecting you was this off-handed comment from one guy so we're not going to take that as a high priority.

Pat Flynn: So you've done the research and you've got these patterns and you want to validate them, that's kind of what you're doing at this point, right?

Ramit Sethi: Exactly right. Another common mistake we see is people get this tunnel vision about what other people want and then they ask super leading questions. I'll give you an example, I was speaking at a conference and in the Q&A session, this young woman came up to the mic and she said "You know Ramit, I've been thinking about this area" - she had this certain area, let's just say it's cosmetics and she said - "Wouldn't it be great if you could do XYZ and isn't it true that ABC..." and I stopped her right there, I said "Let me stop you. You're making a classic mistake and I want to point you out on it and I want to challenge you.

When you're in your early research phases, you're not asking leading questions." Too many of us try to confirm our biases. We're actually trying to dis-confirm. We're super skeptical, which is ironic. Most people would not accuse me of being humble but I'm humble enough and skeptical of myself enough to know that at least half of our ideas are probably wrong the first time around.

So we'll say to people "You told us that you want to get girls. Are you sure? What else have you tried?"

"So you say you've tried that, why hasn't it worked?", "You didn't follow through?", "What makes you think this will be different?"

We're not trying to be antagonistic, we're trying to understand where we might have gone wrong. At every stage you want to put a reality check in. You want to stop and say "Is this really what people want or are they just telling us?" because if you go and ask anyone "Hey, would you be interested in buying a course that teaches you how to differentiate between a duck-billed platypus and an armadillo?", they'll say "Yeah! That's amazing! I'll definitely buy that!" Then you stop and do a reality check. Does anyone really care about this? That's when you find out you went on the wrong track.

Pat Flynn: That's the worst thing you could do is get on that wrong track, spend all this time, money and effort putting into a product or a book or whatever the case may be and then you sell it and then you don't get any sales. Again, the research is incredibly important. Any final words on research before we move on?

Ramit Sethi: My belief is that it's worth spending 2 to 5 times the amount of time and money as other people on research because if you do it right, you can often make back 50, 100 or even 1000 times the ROI. We call that disproportionate results. It might take you twice as long to write that email but you will get 50 times the response rate. As I always say, 80% of the work is done before you ever set foot in the room. Same thing with products. 80% of our work is done before we ever create the first PowerPoint deck.

Pat Flynn: Wow.

Ramit Sethi: That's something to think about. Spending a lot of time is worth it. It's a playful process. It's not a formulated process. You want to talk to the people. You want them to smile, to laugh. You want to ask them "Hey am I crazy? Or is this something that you actually really care about?" You're going to learn and listen to people when you do that. Your product will be better, your copy will be amazing and price will be a mere triviality.

Pat Flynn: It's so hard though because all that work you're putting in upfront, you're not getting paid at that time. I think that's where a lot of people struggle, especially because we're sort of conditioned to work X hours and get paid for X hours.

Ramit Sethi: Exactly. Let's talk about this for a second. This is the classic conundrum and I think it's a huge weakness of people in the online space. They want to click a button, send an email and get sales. Guess what? You can do that. You can make $1000 or $2000 but the real business, the real revenue and most importantly really helping people comes from delivering something of superlative value. For example in Dream Job, one of my courses on finding your dream job, we talk about how most people when they go to look for a job, the first thing they do is send out resume after resume.

So if you were just looking at this person, you say "Wow, this person is way ahead of me, they sent out 50 resumes this week" but my students are doing deep research, they're learning what their actual dream job, dream title is. They're talking to people. Let's say for the first 3 weeks, even 8 weeks, they haven't actually sent any resumes out, while the other person may have sent out 200. If you imagine the curve, suddenly the person who is sending out 50 resumes a week indiscriminately, they plateau. No one is responding and they don't know what to do. But the person who has put the hard work in, they've passed them by and gone on to success.

For everyone listening, we've been sold a bill of goods that says "Quick" Quick! MVP! Put your product online! Make money! Just set up an ad-words account and it's done!"

That's fine, you can make a couple of hundred bucks, maybe even $10,000 but if you want to be seriously successful, then what we've found in our experience is spend the time. The other guy may have put up a product but most people who put up these products and brag about it, they actually shut down in a couple of years.

One thing we know in a recent research study we did internally is, people who buy one of our products re-purchase other products at a rate 2500% higher than non-buyers. What does that tell you? That tells you that once they buy one thing, they love it. They've got the results, they're hooked, they're going to buy again and again. That is what you want to do to get students for life.

Pat Flynn: Awesome. OK, so let's move on from the research phase. You have this base offer that you have on your product Earn 1k, and it's Earn 1k on the Side,

specifically because people - talk about the name real quick, I think we brushed on this during the last podcast, to name your product Earn 1k, why not Earn 10k?

Ramit Sethi: Haha! Listen Pat, I wanted to call it Earn 10k. In our research, we found that a lot of people could earn tens of thousands of dollars. I've got a caricature student, her name is Julia. She draws caricatures at county fairs and stuff. She used to make $8.50 an hour. Since she joined Earn 1k about three years ago, she's generated $180,000. We know that this works and for the best of the best they can earn a huge amount of revenue. The problem is nobody believe it.

In this case, we actually had to do a different type of marketing. A lot of marketing you find is people puffing themselves up. "Abs in 1 week!" and all this stuff that's totally unrealistic. We actually had to tone it down because people didn't believe the results that we could get them. Here's the psychology.

People would say "I'm not the type of guy who can earn $10,000. $1,000 is approachable, that's do-able". We'd ask them what would it mean to earn $1000? What would it mean to earn $10k. They literally said "I don't think I can earn $10k". Imagine if you're making $50k a year and someone says "You can earn $10,000 extra", what's the first reaction that person has?

Pat Flynn: "Maybe not".

Ramit Sethi: Yeah. Or "I'm not the kind of person who can do that". So in this case, we had to tone it down and make it Earn 1k. By the way, how do you counter-balance that for people who are like "1k isn't really going to move the needle for me". What we do is on the sales page and in the marketing, we add a couple of case studies of people who are advanced students, like Julia, our caricaturist. We say "Look, this isn't common at all, this is not typical but she was advanced and she knew she could do it" and we tell the whole story about how she went and advanced.

That's one thing, Earn 1k on the Side because we knew that we wanted to inform people you don't have to quit your job and start the next Google.

Then we talk about how it's authentic and legitimate. That's in our sub-headline, "The First Legitimate Program" and that's because a lot of people believe that earning money is super scammy and we wanted to instantly separate ourselves from that.

Pat Flynn: It's cool that the name of it has the results that people will get. Can you talk about that really quick? I think the naming is huge. It's what people talk about, it's what people share. That name alone is a huge marketing device.

Ramit Sethi: We learned this and we weren't as sophisticated about it in the beginning, I'll tell you a couple of examples. Scrooge strategy was one of our products that was designed to help people save money, it was a reoccurring product. Honestly it

wasn't one of our most successful ones and there's a variety of reasons. I can certainly talk about my failures, there have been many! I don't know how much tape you have over there but I can talk about failures for 25,000 hours. In this case, Scrooge strategy doesn't really tell you anything. In fact it's almost a negative thing, it's like "Scrooge", he's going to take away things that I can do, it's all very constrictive.

Earn 1k is very clear. You're going to earn 1k. Then we told people, because we meant it, "It's not just $1000. First we're going to help you earn $1k, then we're going to help you earn $1000 a month, then $2000, $5000". Notice that we put that in the marketing, which means that you also have to deliver in the product.

So in the product we showed people how to earn their first $1000. Then we showed them how to increase that, by increasing their rates, getting more clients, then finally we showed them how to systematize that. Once you've got 2 or 3 thousand dollars, maybe 2 months, 3 months, how do you systematize it so it's happening all the time?

The key is you can make outcome based promises like "Double Your Dating". That's an amazing device. But you have to follow up with the product delivery. By the way, let's just spend a second on this. Double Your Dating is for men, guess what it is for women. Do you know the answer?

Pat Flynn: No, I don't.

Ramit Sethi: Perfect. If Double Your Dating is for men, guess what it would be for women.

Pat Flynn: I don't know. Double Your Dating for men because they want to date more women.

Ramit Sethi: Yes.

Pat Flynn: For women maybe, find the guy of your dreams...?

Ramit Sethi: OK, good. Something along that line, right? Because women don't have a problem getting more dates, that's not the problem in general.

Pat Flynn: Right.

Ramit Sethi: The problem as they describe it is "Catch Him and Keep Him".

Pat Flynn: OK.

Ramit Sethi: Incredibly sophisticated. Because as we know, for women the problem is not getting to times the number of dates, that's a problem for men. In general that's not a problem for women but they want to get him, they use the word "catch", it's very

pro-active. And "keep him". So here, they're responding to a market that is focused on women who perhaps have had no problem getting a man or getting into a relationship, but then all of a sudden he disappears, he stops responding, he stops texting. This is designed to answer that. You can tell the level of sophistication is very deep on those names.

Pat Flynn: Yeah and again, results based for sure.

OK, awesome. You've got the name, you've got the product in your head. I'm not going to go over the creation of the product. Maybe you have one or two tips for making sure that the product you're creating - because obviously if you're marketing is good but your product is bad, you'll fail twice as fast, so...

Ramit Sethi: I'm so glad you emphasized that. So many people spend all their time doing all this fancy copywriting, design, etc, and their product sucks. The simple way to look at it is, just invite 10 to 20 people to go though the product with you. Spend 2 weeks or 8 weeks, if that's what the product is, every week go through a module. How many people would be willing to do that? Very few people are willing to take the time to do it. Your readers would love to go through it with you. Very few course creators or online entrepreneurs spend that time. Why? "That's a lot of work".

Well then you deserve what you get. If you don't have the time to go through 8 weeks of your course with 20 people who love you, then why should anyone else go through it as well? We know, we do this with all of our flagship courses, we walk through it with a group of people. I get on the call every week, free for our private group and we do final beta testing.

We discover crazy things. I've had people cry to me. I don't necessarily love when people cry around me, I act really awkward, I'm kind of looking at my watch, I'm like "When are these tears going to stop? Please don't cry around me."

But we actually learned a lot. People are like "This is too complicated" or they get stuck or we forgot a foundational piece and we learn that because they got stuck. It's not their fault, it's our fault. We want to take responsibility. The biggest thing I can recommend is make sure that the course is compelling enough. The way you know that it is is to take 20/30 people, put them through the course for the duration of it and monitor what they do.

Pat Flynn: Authors do that, right? They don't just write the book, finish it and put it to market. They have their friends read it, they have their people in their target audience read it, they have editors that go in there and make sure that it is what it should be.

Ramit Sethi: Totally.

Pat Flynn: People don't do that with their courses.

Ramit Sethi: I used to do it with my jokes. I used to write a comedy column in college and I would have these jokes, which I thought were hilarious. I'm laughing as I'm writing them. I would show it to my friends and ask them to look at it. I would watch them as they were reading. This is really the most low-budget user-testing you can do. If they started laughing, I was like "Got ya!" If one person didn't laugh, I would be like "This person is not funny. They have no sense of humor", but if 3 or 4 or 5 people didn't laugh then it was my fault. I knew I had to fix that joke.

I think at the core of this, it's about being humble enough to know that you're good but you may not be as good as you think. You may have written your very best, but sometimes you have to change the way you write something or change the way you structure your course to be able to really connect with people. The classic example is people who go into a room, they brain-dump all this data about something they're really good at, whether it's personal finance or style or online entrepreneurship and then they shove it out into the market in some PDF or course and they never took the time to listen.

It's really important to find out, "If I put people through this, are they successful?" because once they're successful, you have a powerful combination. You have incredible marketing, you have proof points - you have testimonials before you've even launched. At this point, like I said, this is the 3rd time I'm saying it, Price is a mere triviality.

Pat Flynn: I think it's the greatest segue into the launch sequence. When you launched Earn 1k, how did you launch it? How did you create buzz for it? What were the emails like? What do you wish you did differently?

Ramit Sethi: We did a lot of things that we've since changed because we've wised up, we're a little bit more sophisticated now. It's fun to go back in time. We did a few things. At this point we had about 50,000 people on our email list. Remember, I had been writing my site for 5 years when Earn 1k launched. That really shows you how slow I grew because I didn't even have an email opt-in for years. I just didn't know. I wasn't that sophisticated.

So, 50,000 people on the list and what we did was, we sent an email telling people "We're going to create something about earning money on the side. Opt-in here if you're interested." I sent several emails and all of these were value added. I believe that almost every email you send should leave the reader with something insightful, something that they didn't expect. The rare exceptions for that are emails where you say something like "Hey, the course is closing tonight" but aside from that, 99% of my emails, I try to have them incredibly valuable even if you don't buy something.

Pat Flynn: I learn something from every single email. I subscribed to you to learn from you but I'm also blown away by how - for 1, they're quite long...

Ramit Sethi: Wait, Pat, you're telling me that emails are supposed to be straight to the point, just give them the facts?

Pat Flynn: That's where I was going with that. Most people would recommend doing that and here you are creating these long emails that people spend more time reading but by the end I'm very compelled.

Ramit Sethi: Thank you for saying that. I want to highlight something for everyone listening. There's these common true-isms in your industry, which is "Quick, people don't have time, make it quick, snappy, to the point, just the facts". None of those are true. They are true if your emails are un-engaging. If they're un-engaging you have a larger problem anyway. One thing I've learned is if people have a pain point or if they are interested in what you have to say, there's no limit to what they'll read.

Think of it like this. If you had back pain and someone came to you, someone you trusted and they sent you a page and it was 50 pages long and they had examples, exercises, diagnosis, you would read every word of that. We know, we tested, we have a recent sales page we launched, I believe it was 72 pages long. People read every word. We know this for a variety of reasons, we test it, we monitor it. Also there is one tiny link on that page. It's a tiny link, its a size 14 font and a huge amount of people click that link.

If your material is compelling, you don't have to worry about being short. Being compelling is hard. Can you tell a story? Can you be honest? Can you make them laugh? Can you sell? All of these things are really hard.

Back to the Earn 1k stuff.

Here's something we did that we ended up switching later. We ended up converting 9,949 people from a list of 50,000. I was like "God, can we please get 10,000 just for pride's sake?" but we couldn't get the last 56 or whatever it was. At this point I took those people and I launched Earn 1k to them. This Earn 1k launch was quite extensive. It was a 5 week launch sequence.

Pat Flynn: 5 weeks?

Ramit Sethi: 5 weeks.

Pat Flynn: Wow. I would imaging by the end of that they'd be "Come on, just give me the product already". Is that what you wanted people to feel?

Ramit Sethi: Not at all. By the time we opened the course - here's the thing, it's very interesting you say that. What you're thinking about is people who are on 5 or 10 different email lists of internet marketers and they're like "I know this is a product launch, just give me the course so I can see how much it costs".

Pat Flynn: Right, I'm in this space so I know that.

Ramit Sethi: We don't play that game. We're playing an entirely different game. First of all I'm not even going to start by talking about a course. I'm going to start by talking about their pain points and what success would look like to them. Then I want to give them RIA, Results In Advance. By the time we even mention there's a course, hopefully many of them have come up with an idea and some of them have earned $100. We're not even talking about the course. Again, you could compare to dating. You don't walk in and say "Hey, let's go back to my place" and that is what too many online entrepreneurs do. We want to start by understanding them, by listening, by talking.

We know most of the answers because we've been doing research for the last year. So when we show them what we know, they're like "Oh my God, I've never even told anyone that and this guy knows exactly what I'm thinking? This is crazy."

You want to play a totally different game. If you start off by saying "New product launch, here we go!" You've already put them in the mindset of comparing you to every other product launch. The first thing they're going to do is compare you on price. Frankly if you start a launch like that, you probably should be compared on price.

Instead, my recommendation here is slow it down. Give them results in advance. Explain why you're doing it and how this can help them and why in the grand scheme of everything they could do, why this is important right now. Does that help?

Pat Flynn: Absolutely. Going back to your emails and even the sales page in terms of what you said about, for example somebody had back pain. I agree with that. However, where do you draw the line between providing information and feeling like you're doing everything possible to convince somebody. Like, if you aren't interested yet, check this out. If you aren't interested yet, check THIS out. Check this out. You're almost kind of like begging?

Ramit Sethi: I love this question because the first product I launched, I was kind of begging. In fact, I've done that a few times and I hated myself because I never wanted to be the guy who had to desperately go to someone on their knees and say "Please, please, please buy my stuff, please". It just made me feel horrible about myself. The people I look to that I really admire, I'll give you one example from San Francisco, there's a sushi restaurant there.

Every time you go there, there's a line out the door. Basically if you don't get there by 7.30, you have no chance of getting in. What's interesting is, when you actually get in, of course the sushi great. The service is fine, it's nothing special but when I was sitting in there like a typical weirdo, I sat down and I started analyzing - Oh my God, they could easily fit four more tables in here. That's 35% more revenue. Don't they

understand? The truth is, they don't care. They want to run the business the way they want to.

What I did was, and this took me like 3 years to really wrap my head around, I had to re-conceptualize the idea that if I want to create the best material and I want to have a line out the door then I need to put the work in the research phase and the testing and design phase. When I know for a fact, not just conjecture but for a fact that this is the best, then I can flip my mind and realize it's a privilege for people to be allowed in this course. It's a privilege.

Notice that. I'm not trying to convince people who don't want to join, I'm like "Get out of here!" In fact, you're prohibited from joining if you have credit card debt. That's a decision that costs me over $2million a year. I don't allow anyone who has credit card debt to join my flagship courses. I tell them "If you don't have 5-10 hours a week, do not join", "If you have this problem, do not join". I'm very clear and I'm not trying to encompass everyone. I'm just looking for the right people.

When you start from a position of strength, when you know deep down that you're product can help people, then it's your obligation to sell aggressively. Too many times, we see people approaching it from a position of weakness, because number 1, they're not confident in themselves. Why are they not confident? Because they've never tested it. And two, they end up coming out like they're crawling on their knees "Please buy my stuff, it's 50% off". Why? If you're creating the world's best material, why would you price it at 50% off? Would Chanel ever do that? No. Would Louis Vuitton? No. Would the Four Seasons? Never. So why are you?

Pat Flynn: That's fantastic. OK, so you've launched and it's sold a certain number of copies. Do you close the launch? What are your feelings on closing a launch and then re-opening it later vs having something open for good?

Ramit Sethi: Here's what we did. Interestingly, we took those 10,000 people and we ended up selling it only to them. We left the other 40,000 people alone. We had a very good conversion rate at that point because we had never really sold anything of that price point or that scale until then. We had a really good conversion rate. We launched it with a couple of webinars, we did several emails during launch week and then we closed it.

Predictably when you do a launch which is open for say 3 or 5 days, you'll see your biggest sales spikes right at the beginning and then at the end. Literally, in the minutes and even seconds leading up to the close.

Pat Flynn: We have emails going out to say "Hey, we're closing" and all that stuff.

Ramit Sethi: Yep, we have emails to let them know.

This is another thing, for everyone who's launching a 3 or 5 day sequence, you want to understand people's emotional experiences throughout the sales sequence as well as through the product. When they get the first email, they're going to click on it and read it and they're probably not going to buy. Why? Why are they not buying? What are they saying? They're probably saying something like "This looks interesting but I need to read this later at home, not at work, I need to give this some time".

Then, what are they going to be thinking?

This costs too much.
Is this really going to work for me?
Who else has this worked for?
Etc

You want to conceptualize that before you start writing emails, so that you're not writing emails like "Hey guys, please join this, just please!" Don't do that. You want to be very deliberate and methodical about answering the objections that people have. That's how we do it.

Anyway, at the end we closed it and now we have all these people that are going through the course. The rest of the people didn't join and that's fine. I want to share a couple of insights we've learned along the way:

1) Just because people didn't buy then, doesn't mean they're not going to buy later. We did a recent internal study, we had people buy Earn 1k after being on our list for 555 days, that's like a year and a half. In that time, they'd seen the Earn 1k promotion multiple times. So we asked them, why did you buy now? Why not before? A lot of them said it wasn't a priority, they didn't have time, they were doing something else, but now they are ready to commit.

One thing we learned from that is, treat people with the utmost respect because if you treat them with respect and you're not disappointed that they didn't buy now, I always tell them "It doesn't matter to me if you buy my product, if you buy someone else's product or if you do it on your own, I want your success, I'm here for you. So buy it, don't buy it, that doesn't matter to me, I just want your success". That really changes the calculus. Of course you have to mean it.

That's one insight. If they don't buy now, you will convert them at some point as long as your material is good and they're ready and receptive.

That's one thing.

The other thing we learned was, we then did several launches of Earn 1k throughout the year. I'm talking live launches. We did it for about 18 months. I realized it was

burning everyone out. People were getting tired of hearing about Earn 1k. My staff and I were getting tired of launching. It's very tough to do live launches, there's a lot of work and it's very expensive. We decided to spend some time learning how to make these courses evergreen and that changed things for us in a huge way too.

The main key points are:

1) Don't beg on your knees. Create the world's best because then you can approach sales from a position of strength.
2) You're not trying to sell to everyone, just the right people. If they don't join now, that's OK. They're still your readers, they're still your students. One day the time will be right and they will join.
3) Don't over launch. It can be really hard to come back from just selling, selling, selling if that's your approach.

Pat Flynn: Is there a perfect amount of time between sales?

Ramit Sethi: It depends on your audience but here's one thing I would recommend. When you're talking about sales sequences - so a lot of people do an email where they'll say "Buy this thing" or "I have this course", first of all remember Ramit's number 1 rule of marketing, nobody gives a damn about you. It's not about you, it's not about your product, it's about what your product can do for them. We don't ever send an email that says "Hey, Earn 1k is the best, buy it, 10% off", we would never send that.

We never do one-off sales. We tested it, we don't like it. We'll do a 3-part email or a 12-part email series, whatever. To really take them through the experience. In terms of recommending frequency, there's no specific frequency, we have certain sequences, they sell back to back, week to week. Other ones go for two months without selling.

My recommendation here is plot it out in Excel or some kind of project management thing and remember to build in emails that are great content. You want to show people that every time they open your email, they're like "Oh my God, I learned something". Even tell them "I have nothing to sell in this email, this is just for you". Your ratio might be 60% sales to 40% engagement or it might be 90/10. Whatever it is, you want plot that out and decide what's right for your market.

Pat Flynn: Does that mean when you do sell something in an email, you tell them...

Ramit Sethi: Oh yeah, I tell them very clearly. I say "Look, am I selling this? Yes! Do I apologize for selling? Never! Because I know my material works. Here's how I know, look at these 500 testimonials and look at these 25 videos of people I flew in from around North America. I'm sending this to you because I want the best for you. I know that this course works and that's why I'm taking time out of your schedule and mine to send you this material that I've been working on for three years. If it's not right for you, no problem. You don't have to buy. We'll still be friends and I have much more material

to send you. But if you're ready to earn more, if you have tried other things and they haven't worked and if you believe that this can help based on these 487 testimonials on this page, then I would love to invite you to join this course."

Pat Flynn: So there's no trickery, you're just being completely honest. You're coming from a position of strength. You're not just saying "Hey guys, watch out because by the end of this email I'm going to sell you something". You're actually like "OK guys, this is what I've been working on, here it is".

Ramit Sethi: One thing we also have observed is people apologizing for selling. I've seen people in subject lines use "Selly Sell, here's the Selly Sell".

Pat Flynn: I know exactly who you're talking about.

Ramit Sethi: I've seen so many people, they write a whole email and in their 'P.S.' they'll say "By the way, I have this course, it might not be right for you but I've opened it and I hope you'll give it a consideration". Don't sell from the 'P.S.' If you believe in your material, sell! If you don't, then you shouldn't ever let the world know about this. If it's not good enough to sell aggressively, then it's not good enough to sell at all.

We have products that we tested, we spent a lot of time and money on these. I've got one I'll tell you about right now. A health insurance product. We spent a lot of time, we thought we cracked the code on health insurance. We tested it with 50 paid beta testers. We discovered that nobody really cares about this. The product works. It helped a lot of people but we realized it wasn't that big of a pain point. So we shelved it. It's done. It's designed but it will never see the light of day because it's not good enough to sell under the IWillTeach brand.

Pat Flynn: Is that something you could potentially give away for free or it's not even worth that?

Pat Flynn: No it's not. I don't use free material as "Let me give it away because it's lower quality" because I think it demeans your own brand. If people come, you're going to get a lot more people getting free stuff than your paid stuff, and it's kind of a mediocre thing, why not just put it away? Say "I'm going to spend my time creating something great". I just don't believe in giving away second quality content as free. All the stuff I give away for free, I want it to be better than anyone else's paid material and I want my paid material to be the world's best.

Pat Flynn: Awesome. You just had a launch recently for a new product called Zero to Launch or 'ZTL' as I've been seeing online. Can you quickly go over how that launch went, kind of follow the same strategy. Any mistakes that were made that you wish you had time to re-do?

Ramit Sethi: So many but I'll tell you the high-level points. Zero to Launch is our first

course on creating an online business. It's a bit ironic that we waited, we've been in business 10 years now and since year 2, people have been asking me to create a course on online business and I resisted for 8 years. I told people this, I said "Look, we did it but it's really hard and most people cannot". I didn't say that to be arrogant. I really didn't mean to be arrogant or condescending at all. What I meant to say was "This is hard stuff and we haven't figured out a way to teach what we know to other people".

For years and years we resisted even though it was the number 1 requested topic. Finally we cracked the code on how to teach what we do to other people. We spent a long time building it. Here's a few of the things we included:

We interviews our staff to know exactly how we do what we do.
We analyzed our own analytics, so we pulled out all the analytics from our internal library. We looked at launches, we analyzed what worked and what didn't. For example, webinars. How long should your email sequence be? We included our actual email sequences and we tore them down. We showed why we did what we did, what the open rates were, etc, and what worked.

Our goal was to be the single best course on creating an online business. After we put some of this together, we'd done a huge amount of testing, we tested it with dozens of people, we walked through it with them, week after week. You'll see a lot of those students in the marketing material online. We flew them in and we interviewed them and they talked about how they generated $15,000 and they doubled their sales from last year and their conversion rates went through the roof.

All that was carefully done because we wanted to make sure we could prove this works before we ever launched it to the market.

Pat Flynn: That will obviously differentiate yourself from everybody else out there. Quickly, I believe I saw a tweet from you, something happened on your launch day in a webinar...

Ramit Sethi: This happened recently. We re-launched Zero to Launch and for the first time we had a really catastrophic webcast. Frankly I have to tell you, it's pretty embarrassing to me. We've done over 25 webcasts, we do them frequently. We have a 25 page document detailing our webinar procedures. So what happens if this happens? I have a backup plan. We have all these staff on hand to do all these kinds of things and on this day we had a pretty large webcast, it was probably about 2500 to 3000 people.

Our internet connectivity could just not keep up. I later learned that there was a power outage in San Francisco which caused some internet issues. The fact of the matter is it was a horrible customer experience. People were there, they were getting lagging video. They couldn't see anything at certain points, we went into our backup, that didn't work. It really infuriated me. Wouldn't it infuriate you?

Pat Flynn: Yeah!

Ramit Sethi: The best customer experience and I'm like "I'm trying!", I started sweating. I'm apologizing but what can I do, right? What I did from that was I sent an email out within one hour. I apologized. I had planned to offer something special at the end of the webcast for that night only. I extended that until the next day. I just told them "I'm embarrassed. We have a document, it didn't work and this is something that we will fix so that it doesn't happen again". Within 72 hours I had a report on my desk of what happened, what can we do differently and what are our procedures and how are they going to change?

I guess what I learned from this was, plan for the worst but even if you do, sometimes things happen. Apologize with grace if you can. You should be able to. If there is anything you can do to make it up, be authentic.

I will tell you that our data showed that overall we ended up hitting our launch targets but how do you know, could we have done better? Probably. If that webcast had actually happened.

We're talking about a scale that's a lot larger than when I started off. I would never have expected that we would be at this scale. But I also would not have expected that this webcast would fail. At every stage of your business, you're always going to have new problems. Just treat them as problems to be solved, not as something that's going to be catastrophic and end your business or career. Just one step at a time.

Pat Flynn: Thank you for that. I really appreciated how you handled that, which is why I wanted you to bring it up. It just shows, Ramit you've been doing this for a while, you're great at it and things will go wrong. As long as you know that it's going to happen, just try to think ahead of what might happen so that you can have a backup plan but even your backup plan didn't work. I think a lot of people would freak out, they wouldn't know how to handle it and they would just think that they would quit because it's a sign of this isn't how it's supposed to be.

Ramit Sethi: It's going to happen all the time. I've got this new theory I've been playing around with. I don't know the name of it, it's like 'Don't drop the bowl if you drop the spoon'. I learned that I was doing this. I'd be walking from my kitchen to my living room and I would drop my spoon out of my bowl, it would fall on the floor. I would see the spoon falling out and I would try to grab it, which would make the bowl drop too. What I'm trying to practice is, if you see the spoon drop, if you see one thing go wrong, don't destroy everything else in trying to fix it. Just slow down, be deliberate, be methodical and understand what the situation is before you go trying to fix it.

I could have cut the price by 50%. I could have screamed at everyone. I wanted to just

slow down and I'm trying to get better at this and internalizing that I don't have to break the bowl if the spoon falls.

Pat Flynn: For me this has been awesome, we're at the 50 minute mark. As always, you've dropped some knowledge bombs for us so we really appreciate that. Any final words of advice for anybody who is in product creation mode and is probably going to launch very soon?

Ramit Sethi: First of all, I feel for you. I love it. This is one of the most exciting times in the world where we don't have to wait for some New York producer to find us after 40 years and put us in front of everyone else on the TV, we can go directly to the market. That's a huge honor, it's a huge privilege.

My biggest advice I can give is, there's so many people in this industry who come and go and they want to make a quick buck. They'll say the words like "I'm in it for the long haul" but their behavior won't reflect it. They create products really quickly, they don't take the time to slow down and listen to the readers and they don't incorporate feedback and re-do it. When we did Dream Job, we did 17 versions of it before we got it right. It took us a long time. Some of those weird, awkward tears, not mine but some of my students - to get it right. Once you get it right, you benefit from it forever and so do your students.

If there's one thing I can say it's slow down, make sure that you're modelling the right people - if they're listening to you, Pat, they know how much work you put in. Every one of your posts is awesome, it's gargantuan, it's so full of detail. That is the level we want to strive towards, not a quick top 10 reasons to do X. Those aren't the posts or types of products we're looking for. Detail, they help people. Once you can do that, you'll have students for life.

Pat Flynn: Awesome, thank you Ramit. If anybody is wondering about the pricing discussion, we talked extensively about that in episode 92, so smartpassiveincome.com/session92.

Ramit, this has been awesome. Thank you so much for coming on. If people want to get more from you, where should they go?

Ramit Sethi: We've got a cool little page we put up for everyone. If you're interested, iwillteachyoutoberich.com/pat. There's a pretty cool little give away that I put in there for everyone so I recommend you check it out. I would love to see you on the list.

Pat Flynn: Thanks for that Ramit, I appreciate that. Thanks again for coming on and we'll have to have you come back on in the future again.

Ramit Sethi: Any time, my pleasure. Thank you Pat.

Pat Flynn: Thank you.

Alright, I hope you enjoyed that interview with Ramit from iwillteachyoutoberich.com. If you go to iwillteachyoutoberich.com/pat, you can sign up to his email list and get access to a bunch of free goodies and also just learn from his emails. They are so incredibly educational. I've learned quite a bit from just following him and his email list. Check him out again, if you would like the notes and the links and all the resources mentioned in this particular podcast episode, you can go to smartpassiveincome.com/session120.

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Awesome, thanks so much again. The show notes at smartpassiveincome.com/session120.

You rock, I'll see you in the next episode. Peace.

Announcer: Thanks for listening to the Smart Passive Income podcast at www.smartpassiveincome.com