

Episode #53 - Perry Marshall On 80/20 Marketing Strategies to Grow Your Bottom Line

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John: It's John McIntyre here, the Autoresponder Guy. I'm here with Perry Marshall. Now, Perry is the world's top expert on online marketing, especially pay per click marketing with Google AdWords, with Facebook. We're just chatting. He does a whole range of stuff from the page graphic to the email marketing. He's got email copywriting products. He's got stuff on the strategy and the 80/20 principle and a whole bunch of different things.

There's several books on AdWords, on Facebook ads, on split testing, all this different stuff. It's really, really good. I just actually read one of his books recently and it blew my mind. I'll talk a bit about that today.

Now, that book was actually 80/20 Sales and Marketing. I read it a couple of months ago. I've recommended it to I don't know how many friends. I seriously recommend it. It was one of the best books I've read probably in the last year. How about that?

I remember thinking while I was reading it that the ideas in his book are going to make me a millionaire one day. It felt a bit like escaping the matrix. You'll see why in just a minute. So that's that.

First, I want to welcome Perry. Perry, how are you going today?

Perry: Good. Great. It's a beautiful day and I'm glad to be talking to you. Nice to meet a guy who knows the power of auto-responders. It's a little bit of a best-kept secret still.

John: It is.

Perry: I'm glad that we're talking.

John: Cook, man, cool. I'm actually blown away by how many ... outside the internet marketing space, a lot of people have no idea, business owners have no idea what an auto-responder even is. They're blown away that you could even do it.

Perry: Yeah, you have to be an internet marketer to really know. I think a lot of us do, but yeah, 90% of people out there, some of them may have heard of it and it doesn't mean a thing to them. There's a lot of ignorance yet to stamp out.

John: Before we get into the ... we'll talk about some stuff, tell the listener a bit about who you are. I've given you a quick little intro. Maybe you can give them a bit more on who you are, what you do, all that kind of stuff.

Perry: Well, I'm a guy who got laid off from my engineering job when my wife was three months pregnant with our first kid and kind of ... I ended up in sales. I couldn't find the engineering job I was looking for without moving away and I didn't want to do that. "Well, I'll do sales. Those guys aren't very smart. I'll show them."

Two years later, after a lot of baloney sandwiches and Ramen soup and overdraft notices and all that stuff, I was, "Man, this is a lot harder than I thought." It was even hard if you had a really nice boss and you worked in a good environment. It was still brutal. It's like get up every day and open the manufacturer's directory and start pounding the phone and get some appointments. It was just, it was brutal.

Well, I got fired from my first sales job after trying really, really, really hard for two years, but around that time I discovered direct marketing. I heard Dan Kennedy at a seminar that I went to and he was talking about direct response advertising, which today is pretty common. It was very definitely the red-headed stepchild of advertising back then, and I found that direct marketers are kind of like engineers. I could understand what they were saying.

When somebody finally started explaining direct marketing, what actually started to make sense to me was direct mail. Now, the internet was pretty new at that time and I was beginning to use it, but it was like, well, a sales letter needs to have this sort of a structure to it, you know. You've got to grab the person's attention. You've got to draw them in with a story that talks about their pain, and eventually you're going to get around to explaining how your problem solves it. I'm like, okay, that's something I hadn't really understood.

I would go into a sales situation and I would just start showing people stuff and saying stuff and asking questions and just kind of riffing; okay? My riffing just didn't work very well. There's just so many things I didn't understand. All of a sudden it started to click in place.

I took this other job. We had a website and we sold to people who used the internet, and it all started to click. After a few years of that, it was a reasonably successful sales career at that point, and I said to myself, wow, what if I actually got good at this stuff, because right now I'm just, I'm functional with it; okay? I'm functional and that's great, but what if I got really good? How much would that pay off?

Well, that kind of leads to where I am now. I got a touch of attention deficit disorder so that's probably why I got my fingers in so many pies. I think most of us ...

You're a copywriter and good copywriters, I find ... I barely know you; okay? You contacted my office and you passed the smell test and my staff checked you out and I checked you out. It looks good. You're the Autoresponder Guy, but I can probably make some pretty accurate predictions about you.

You're a guy who I am going to guess is endlessly fascinated with about 900 different things and it's the only way that you can not go stir crazy is to have another new project you can sink your teeth into everyday that takes you into some other hither-to unexplored corner of the universe; right? If that sounds like something you'd like, well, maybe you should be a freelance marketer.

Fair enough, John? Is that good?

John: Fair enough, man, fair enough. That's the endless struggle.

Perry: Your family, your school teachers didn't know what to do with you. What is the matter with this kid? Why won't he sit still, you know? Why does he fidget all the time? If he would only apply ... he has so much potential. If he would only apply himself to his schoolwork instead of chasing caterpillars with a magnifying glasses.

John: It's funny. I remember for a long time I looked, these kind of things, like diving off in a million different direction at once as though it was the bad thing, and as I've met more entrepreneurs and more marketers I've seen that that's like a prerequisite personality function to be successful at business. If you don't have that, it's really hard to be successful.

Perry: Yeah. Yeah, it is. In fact, I was on the phone yesterday with one of my close marketing friends, and he goes, "I am ..." and he's hunting for the word ... he goes, "I'm slightly autistic." He goes, and I read this book and it said I'm constantly checking things, checking this, checking that, checking the other thing. Well, that's actually a form of autism. It seems to be like really healthy for me. It works. I've got these clients and I've got to watch their stats and make sure their websites are working right. Well, you know, I guess I kind of like it. Well, all right.

We all get our diagnosis and we harness our dysfunction. You know, frankly, whatever dysfunction you have, even if it's borderline personality disorder, you can find a way, some kind of career, that's going to put it to good use. So flow with it.

John: That's the interesting part. They call them personality disorders. I wonder why. I think sometimes they're only disorders because they don't fit into most people's idea of the way we should all live, but if you can find the right way to apply that ...

Perry: The people that invent the labels are just trying to displace the attention away from their own disorder onto somebody. That's what's really going on.

John: Technically, if we were all the same in terms of business, if everyone was an entrepreneur, then all those weird people, people would have disorders if they only wanted to focus on one thing instead of a million things.

Perry: I'll tell you, really, in all seriousness, the most important thing in marketing is having a USP, a Unique Selling Proposition. It even took me a year or two to figure that out, and I didn't really figure it out until the direct marketers taught it to me. But eccentric people come up with USPs a lot easier than normal ones do. If you were always eccentric and you considered it a curse, well, here it's a blessing.

John: Absolutely. This is a great place to segue into this idea of 80/20 Sales and Marketing, because basically you've got a million things. We all want to go in a million directions at once in our business, but the whole principle of this book, 80/20 ...

The reason why I found it so valuable is I read *The 4-Hour Workweek* maybe three, four, five years ago, something like that, Tim Ferriss mentions the 80/20 principle in that book. I was like, that sounds kind of cool, it's a little bit helpful, but I thought, I want 100% of the results. The way he seemed to put it is I'd have to do 20% of the effort and only get 80%, but I wanted to get 100%.

Then what happened with your book is that it kind of made me decide, it clicked, hang on, why can't I just scale back, just do 20% to get 80% and then not only that, double the amount of investment I put in that 20%, which then makes my output 160%.

Then when that clicked it's like, hang on, out of all those million things that I could be doing, all I have to do is identify the 20%, those small things, and just double, triple or whatever, my investment of time and energy and focus into those areas and they'll be exponential improvements over time in the business.

Perry: Yes, that's exactly right. The thing that people don't understand about 80/20 is that when you find a way to get the insignificant 80% taken care of, like sometimes it does have to be taken care of. There are some things you can't ignore.

There could be 78 things that make your website work and any one of them could make it fail; right? You have to have all 78, and there is a sense where there does have to be a 100%, but if you can get the 80 taken care of and focus on the 20 and make space, you will always find that there's another place you can go where your time is even more valuable.

John: Right.

Perry: In the book it's called the 80/20 curve, and you can graft 80/20 and it looks kind of like this exponential growth curve except it's more than that. It's more than exponential. It's really mind-bending when you get down into it. When you climb that curve, you find there's always territory ahead of you that you're still not doing. You just kind of have to trust the process and understand that pretty much is a law of physics that those higher realms are always there. There might be occasional exceptions, but for the most part, it's true.

What you come to understand is that the results that people get, the incomes that people make, the sales they create, all of that stuff, it's not in additions and increments, it's in multiples and powers of 10. It's not \$50,000 a year, \$60,000 a year or 70, 100, 110, 120. No. It's more like 10,000, 100,000, 1,000,000, 10,000,000.

John: I like the way you framed it up there. What was kind of running through my head when I read the book was that it's a bit like ... It was a great metaphor for entrepreneurship was when you're getting started, you start off and you're trying to make \$1,000 a month.

But while you're trying to make \$1,000, you've still got this idea in your head once you get to 1,000, it's going to take the same amount of time to get to 2,000, and it's really hard to shake that feeling or that idea in your head. But once you get to 1,000, all of a sudden you get to 3 or 4 a lot faster and a lot easier than it was to get to 1,000. Then you take that 3 and 4 and you get to, say, 10 or 20.

It seems like entrepreneurship, this definition; it's on Wikipedia from some French guy. I hope that's not bad that I don't even know this guy's name. He might be real famous. But the idea is that you're moving your resources from a lower area of yield to a higher area of yield.

What we're doing, everyone has got their own 80/20 in their own life right now. If they just execute on those tasks, on that thing, that will get result in the fastest way possible. Then as soon as they've done that, there will be another playing field and then another playing field and then another playing field. Every time they run that script, they run that, it's almost like a script on a computer. Every time you run that 80/20 script you get bigger and bigger and bigger results.

Perry: Yes. In fact, I've said for years, it is easier, like in an online business; it is easier to get from \$100,000 a year to a million than it is to get from 10,000 to 100. For most people the real barrier is getting from 10,000 a year to 100,000, or in monthly sales \$1,000 a month to 10,000 a month. That's where the competition is really thick. Then you get a breakthrough. It's certainly not harder to go from 100K to a million than it is from 10 to 100.

People don't understand that. It always does require a change in focus. The exact thing that got you to 100K a year is not going to get you to a million. You're going to be doing very different things.

John: Right. It's kind of like the level of thinking that got you to where you are today is different from the sort of thinking that's going to get you to where you want to be.

Perry: Right.

John: Go on.

Perry: No. Go ahead.

John: A lot of business owners have heard this. I heard it in the 4-Hour Workweek five years ago and it took another five years for it to really click. It wasn't sort of seeing that, like, I understood it but I didn't do anything about it or really think about it with any sort of proper focus.

This year, since I read the book, every day when I wake up it's becoming more of a habit now and I'm thinking, well, what can I eliminate from this list that just isn't going to matter much at all. It turns out there's a lot of stuff that I've been doing that I don't really need to do or I can just hire ... I've hired one person. I hire another person next week. It's all because of starting to think like this.

What have you seen in your work with business owners, some of the biggest barriers that stop people from thinking like this, and how do we overcome them?

Perry: Well, the way that I overcame it was starting to see all the things on my list to do everyday as being on an exponential scale, so there's \$10-an-hour tasks, there's \$100-an-hour tasks and there's \$1,000-an-hour-tasks, and \$10,000-an-hour tasks.

In fact, I have a chart on page 119 that describes typical ... There's a \$10 column and a \$100 column and \$1,000 column, and it tells you what those things typically are and what you typically earn from those efforts.

Let's say that you have a to-do list with 111 things, which for a week there might be 111. Well, 100 of those things are worth \$10 an hour and 10 of them are

worth \$100 an hour and one is worth \$1,000 an hour. That's kind of how it is. Okay?

If you know that, if you know that one-tenth of your tasks are ten times as valuable, if you know that 1% of your tasks are 100 times as valuable, all of a sudden it just completely shifts your understanding of what's important and what's not.

What I find is a lot of people are, I think everybody who's really good at anything is a perfectionist in some sense, but most of us misapply our perfectionism, and we sit and we polish these little turds and it doesn't actually make any difference whether most of these things are done really well or frankly done sort of lousy as long as they get done somehow by somebody, whereas if you focus your perfectionism on a few things ...

You think about it, think of bands and songs and stuff like that. A band in their whole entire career will probably have five or ten hits. What that means is there's only five or ten songs that absolutely had to be perfect, you know? You have an album and you get one or two hits and the other songs are definitely not hits. Well, those other songs, sure, it's good for the fans and the people that buy the album for those songs to be done well, but it's really the hit songs that need to be perfect.

Now, what I've found is you can't predict the hit song before you even record them. Maybe you can but usually you can't. You have to get things to some level of acceptability before you can tell which one is going to take off. But I bet you by the time at least had the basic tracks laid down most of the bands had a pretty good idea which two or three songs were going to be popular and which ones weren't.

You have to be very selective about your perfectionism. Then also understand that there are some things, there's a tiny, just few things, that almost couldn't be perfect enough. It's like you could just continue to make them more and more perfect and you will continue to make exponentially more results from them.

John: What's an example of something like that?

Perry: Well, I think a big one is how products get simplified. I think the highest form of perfection and perfectionism is the kind of perfectionism that Steve Jobs applied. Steve Jobs, he wanted products to be, they needed to be functional and they needed to do the things that they're supposed to do but they also needed to do it with utmost simplicity and ease.

What I think a lot of us do is we get into business and we finally eventually figure out how to make it work, but then what we try to do, we try to become

more successful by making what we sell more complicated. I think that's okay and it's kind of normal, but the real breakthroughs are when you figure out how to simplify something to a tremendous degree.

The Smartphone is a tremendous simplifier because, oh, you need a guitar tuner? Download an app. You need a metronome? Download an app. You need a map? Download an app. And it all fits in your pocket, and the phone only has two buttons. Right? It's got that little round one in the bottom and it's got the power button at the top. That is extreme simplicity.

John: Okay.

Perry: Extreme simplicity. I think what everybody needs to be doing, so one of my favorite phrases in marketing is, "Sell results, not procedures," and I stole it from Herschell Gordon Lewis.

Now, if you apply "Sell results, not procedures" to everything you sell, it changes the definition of what you sell. Coffee, okay, coffee shops thought they were selling coffee. Starbucks, 20 years ago, whenever they kind of caught their stride, they said, we're going to sell a \$2 luxury and a luxury experience that everybody can afford. They made a Starbucks store into a little taste of luxury.

Now, I like Starbucks. I like going there. I went there yesterday. Why do I like it? Well, I like the music. I like the atmosphere. I like the coffee. I like the caffeine buzz, and I like the fact that I can go sit there with my notebook or my laptop and I can do some work and it's a very pleasant thing.

Think how different that is from going to McDonald's where for the same amount of money I get a meal ... McDonalds is remarkable too. Their food is not healthy and I don't really like it, but it's remarkable that you can go and for 4 bucks you can get a lunch. The kids think it tastes great. That's for sure. Right?

McDonalds is selling you a hamburger. Starbucks is selling you an experience. They're selling you a result, not a procedure. Starbucks does not sell coffee.

John: Okay.

Perry: I don't care if you sell medical equipment or you sell ... If you can say what is the end result the person actually wants? Nobody who bought a drill wanted a drill. They wanted a hole. If you say, I am in the hole-making business instead of I'm in the drill business, that will always lead you to solve problems better and more simply than everybody else is.

There's no end to how much you can do this, because there's no end to problems in the world. You can do it and do it and do it. I think one of the most important

... The 80/20 curve, it goes up and up and up and it never stops. It just goes higher and higher.

For me, what the 80/20 curve is, it's a rational reasonable to have faith that there's always another opportunity, that there's always a higher ladder that you can climb. I think all entrepreneurs, all business owners also need to know there's no end to the problems that they can solve.

The well of human desires is bottomless. How high is up? It doesn't stop. There is no limit. Compared to 200 years ago, everybody on the planet just about is wealthy. Compared to now, the people 200 years from now, they will consider us to be unfortunate, all those poor people.

John: iPhones and computers and all that stuff.

Perry: That's right.

John: We'll wrap it up right here. Just to summarize that, this is like saying you're not in the Facebook advertising business, you're in the make-more-money business.

Perry: Well, yes. Yes. If everybody is in the make-more-money business, and if you don't have an identity, something that people can hang their hat on in a USP, then you're still dead in the water, but regardless of what you're exact unique individual USP is, there is still the bottom line that ...

My customers want to make more money, absolutely, and I have to be in the business of that. If I start thinking that I'm in the business of click-through rates and impressions and all these funky little techniques that I get enamored with, I'm going to stagnate, and we all will.

You're in the get-more-clients business.

John: Yep. Yep. I see what you mean. You've got to have the USP. I'm the Autoresponder Guy, you're the traffic guy, but then under that, the second layer of that is, yeah, I'm this guy, but I'm really here just to help you make more sales but I'm going to do it under the guise of email traffic or whatever that happens to be.

Perry: That's right. That's right.

John: Fantastic. Well, we'll wrap it up already. I know you've got to get going, but before we go, give the listener a heads up about where they can go to learn more about you or the book or anything you want to talk about.

Perry: Yeah, so if I could just pick one thing to encourage people to go do, it would be read the 80/20 Sales and Marketing book, and read the whole thing. I wrote this for two kinds of people. I wrote this for the guy who is just like I was 20 years ago when I got fired from my first sales job and was scraping change out of the car seats in order to buy lunch. But I also wrote it for the guy who's running a \$50,000,000 company. Okay?

Literally, the book, it will change your perspective. John, you can agree or disagree, but I think it will actually alter your perspective about what's important in sales and marketing in a major way. It will make a major shift.

I have a very interesting offer on my website. If you go to sell80/20.com, S-E-L-L 8020.com, I've got an offer. I'll sell you my book for 7 bucks. It's a penny plus \$6.99 shipping if you're in the US. Shipping is double if you're outside the US, but less money than Amazon, less money than the bookstore. I'll ship it to you. Read the book from cover to cover.

Why am I doing this? I mean, I'm taping dollar bills to this book; okay? Here's why I'm doing this. I found out, I did the numbers and did the math, 80/20; right? Well, 78.6% of the people who buy that book don't buy anything else from me. You know what? 21.4% do. And they go on to be raving fans and great customers. I'm willing to tape dollar bills to that book for the 20% who step up and go, "Hey, I really like that." They're like John McIntyre, "I really like this book. I'm going to pay attention to this guy." I think it will change your life.

You can go to sell80/20.com. You can buy it for 7 bucks. Even if you have to scrape the 7 bucks out of your car seats and skip lunch, you should buy this book, because it will change your life.

John: All right. I'll leave a link to that in the show notes at theMcMethod.com. I can highly recommend the book. It does produce a huge change, a huge shift in your thinking, so no arguments there at all.

Perry, thanks for coming on the show.

Perry: Thank you, John. It was great to talk to you today.