

How to Create Predictable Profits for Your Business

Interview with Charles Gaudet

TT: Okay, Charlie. Let's go ahead and we'll get this started. I think the best way to begin is to start with a brief overview of who are. One of the things that you've mentioned before is that you started your first business at the age of four, so of course we'd love to hear about that experience. Let's go ahead and just give a little background about yourself and then we'll get into some more questions.

CG: Sure, no problem. Well, I grew up in a very entrepreneurial family. My dad was an entrepreneur. My grandfather was an entrepreneur. My uncles were entrepreneurs. So as far as I was concerned, the only way to make it big in life was to start your own business. So as you know, I started my first business when I was four years old. I created artwork and then I went to the neighbors and I sold my artwork at twenty-five cents apiece.

Eventually my businesses matured little by little. I had a business almost every single year since the age of four. In fact, when I was in the fifth grade I had a business where I was selling school supplies to the students. It was kind of funny because I went to a Catholic school. And they came back to me and they said, "Look. Here's the deal. You can't have a for profit business in school here, so we're going to shut you down and we're not going to let you do it anymore."

But I was so entrepreneurial at that point, I decided, *Fine. I'm going to start a nonprofit business.* And I started a student tutorial business, where I would coach other students on how to succeed and about what they were currently learning. And lo and behold, I had almost every student completely enrolled in my program. This infuriated the nuns, but they couldn't say anything because everybody was involved and excited.

After high school, I went to Babson College in Wellesley, Massachusetts, known as the number one entrepreneurial program in the world. I started another business while I was at Babson. It started off as an entrepreneurial coaching business. I would take businesses that were struggling and build them to a point where they were making a little bit more of a predictable stream of income.

But that very quickly led to an idea that my father-in-law gave me which was a pet health insurance business. I had dogs. I grew up with dogs. I thought the idea of pet health insurance was amazing. This was well before the concept of pet insurance had become popular. Here I am around twenty-one years old starting this pet insurance company. My wife and I cofounded this at the time she was my girlfriend.

We impressed one of my professors so much that he left his professorship at Babson College and joined our team as one of the founding partners. We ended up getting a team of about eleven people (some of the most highly qualified professionals in the insurance industry joined that team) all committed to it. We ended up meeting venture capitalists almost on a weekly basis. We

raised some seed funding. Ernst & Young nominated us as one of the nation's best seed stage companies. We were selected by VentureOne. It was an exciting time for us. My name was in newspapers all over the place, including Japan. It was kind of fun.

But then the crash happened in March of 2000, and all of a sudden we weren't getting any more venture capital. So at that point, I had to make a decision. I did not want the company to go into debt, so we closed the doors in March of 2000 and I needed to take my ideas and go somewhere else with them.

Then my wife and I cofounded a real estate development company. At one point, we were millions of dollars in debt. The only way we saw we could get out of it was to work every waking hour of every single day. I would do things completely differently now, but that's what we thought we had to do to get out of it at the time.

Within one year's time from being millions of dollars in debt, we turned it around and created a multimillion dollar company. That taught us a number of lessons, including how to form a joint venture, how to increase our profitability, and how to give our clients and our customers the greatest edge possible so that they would choose our developments over other people's developments in the neighborhood.

We made sure that when they came in our developments, we were able to give them as many options with as much ease and with the best price possible. And lo and behold, here we are. At that time I was twenty-four years old, and my accountant (who worked with a big Boston accounting company that specialized in construction) came to us and said, "What are you doing?"

I said, "What do you mean? What's going on? Is there something wrong?"

He said, "No. I have clients that have been in this business for years, and yet you guys are new guys on the block and you've got one of the highest profit margins in the industry. How the heck did you do it?"

That validated for me that what we were doing in these joint ventures was actually working. I didn't realize how innovative it was until I got a little bit more into the throes of small businesses and entrepreneurs and helping them grow their own business.

From there, we took all that money and I started a proprietary money management company. I was designing algorithms and trading our money to make more money with it. We did fairly well. I gave a presentation in South Africa to a group of wealthy people on what they could do to manage their money. A fund had hired me to teach them how to increase their own strategies. I had put on a bunch of seminars.

That was all fun, but I realized that really wasn't what I was meant to do. I'm meant to help businesses grow, and that turned out to be my specialty. I still do some trading myself, but I'm now focused on showing small businesses how to create predictable profits, taking them from

seedlings into big companies, and growing their profits by 30 percent to 1,000 percent in less than a year. That's where I get excited, and that's where I am today.

As far as real estate development, at one point my wife and I invested about \$300,000 (and we continue to invest) in the study of personal and business excellence. We traveled the world with Tony Robbins as one of his platinum partners. We went to many different places talking to billionaires, multimillionaires, celebrities, authors and even tribal leaders. That's my sweet but not so short bio about myself. That defines who I am today.

TT: You're obviously an incredible serial entrepreneur, the true definition of an entrepreneur. You're always looking for new business opportunities and looking to try new things. That's really inspiring.

CG: It's funny, Tom. My mom loves to joke about the fact that I declared myself 100 percent unemployable when I was four years old. She kept telling me, "One day you can do this or this." And when I was in high school, she said, "You know, you could bag groceries." I would tell her, "I can't do it, because I can't work for somebody else. They just don't know how to do it right."

TT: Once you get that entrepreneurial bug, you just realize there's no way you can go back. There's no way you go back to the dark side.

CG: Absolutely...

TT: Working for somebody else is just a tough thing to do. And boy, it's amazing that you figured that out at such an early age.

CG: That's one of the things that really kept me going during the times when things were really hard. It sounds like everything was always fantastic. I was an entrepreneur at four years old. It was easy for me to go all the way. I had an entrepreneurial family and all these resources.

You mentioned the dark side. As I said, at one point I was millions of dollars in debt, and the stress was so strong that every night I would sit at the kitchen table holding my chest. I was in so much pain, because I just didn't know what to do. I didn't know how to get out of the debt that I was in.

At one point, I admitted myself into the hospital because I didn't know if I had a brain aneurysm or what was going on. They told me it was just stress. I remember my wife and I looking at our bills, and I had something like \$27.00 to my name. That's it. I had over \$500.00 worth of bills that were due that week, and I just didn't know what to do.

We just kept plugging forward, and we just kept the faith. We knew we had to keep studying and learning. We knew that it was possible to go out there and make a killing, and we knew we could do it, too. We've just had to figure out how to do it. Finally little things started to happen for us, and then bigger things started to happen for us. But it took time, and it definitely wasn't easy. That's why I'm more convinced that anybody can succeed in business if they really want to.

TT: Well, the reason behind doing this interview is to talk about some of the steps that you took. I'm sure plenty of people on this call are feeling today just like you felt back then. Let's get into some of these things.

The name of your company is Predictable Profits. Having a company name like that takes some courage. The name Predictable Profits gets me excited because I think, *Boy, there's obviously things that people can do out there to earn income and do so in a predictable fashion.* So what exactly does Predictable Profits mean and then what are some keys to creating predictable profits?

CG: Sure. I think that that's the goal of most entrepreneurs, is to be able to have a predictable, ongoing, growing stream of income. One of the troubles and the frustrations that we have as entrepreneurs, particularly early on, is the fact that we'll have one week where we make a lot of money; and then another week where we might run in the negative. We're worried about how we are going to make payroll one month, and then the other month we have a huge windfall of cash.

One of the things I learned in my trading business was that the more strategies that we had in place, and the frequency by which we deployed our strategies created a little bit more of a level income stream. There weren't as many violent gyrations that most small business owners tend to have. We created a predictable profits model out of the experience that I had as a trader. And Predictable Profits really comes down to three main categories, along with a few subcategories.

The first one is positioning. How are you positioning yourself? If you want to be the dominant player in your market, you've got to make sure that you're using the tools, the techniques, and the philosophies to position yourself so that you can go on and be that leading company.

The next thing is your marketing strategy. There's your front-end marketing strategy (where you're working to generate leads) and then there's the back-end strategy where now you've already converted them into customers and clients. And how do you keep them in the buying circle, buying more from you and buying more often? How do you stimulate referrals and grow your business on the back-end? So there's the front-end and then there's the back-end.

I just had lunch yesterday with a gentleman whose company is doing \$20 million plus. He believes that most companies build their businesses on only one or two pillars of income, and when you're putting all your eggs into one or two pillars of income, you subject yourself to things like the economy. Maybe Google has another algorithm change. Or technology changes. Take the Yellow Pages for example. Anyone who's still using the Yellow Pages as the way to advertise their business is going to find their business drop.

The third component is the product. It's not about asking whether your product is the best product out there. You should be asking a different question. The question you should be asking is, "How does my product offer my clients the greatest advantage and benefit and value and profit?"

You should be building your entire product or service off of giving your clients and customers the greatest advantage possible. It's really not about all the fancy features and all the benefits. Are your benefits and your features serving the need of your clients? Is that going to give them the greatest advantage?

TT: Yes, you see a lot of companies focus on having the best product. Their marketing always talks about giving the best customer service or having the best product around. Well, anybody can say that about their stuff, but when you take it to that next level and say how you can give the greatest advantage possible; well, then you're immediately getting into some areas where you can start establishing some individuality. So, that's a good point.

CG: We took one of our clients who has a great product, and we asked him, "What would you be doing if you were offering your clients the greatest advantage possible?" And he said, "Well, I guess if I was to offer a greater advantage to my clients, I probably would have another product or an add-on that does this. And I would probably have maybe a weekly or a monthly conference call with my clients to show them how to be able to use it even better."

He started talking about all these different advantages and then realized, *Wait a minute. A lot of my competitors aren't doing this. I can do this!* And when he started to deploy those strategies into his own business, within five days he had hundreds of people telling him how much they loved the changes that he made.

Joe Polish is well-known in the marketing world as being loud, verbose, funny and entertaining and is just a great guy. His model is that satisfied customers aren't the ones who will refer business to you. It's the happy customers that will refer you. A satisfied customer is just going to say, "Yes, this is okay. This works." But they're not going to tweet about it and write about it on Facebook and stand on the tallest mountains and shout it to the world how wonderful it is. To make a client happy, you go above and beyond. That's how you're going to stimulate referrals.

And the coolest thing about it is you make your clients happy after they've already paid you. You do something that's completely unexpected, and one of the psychological triggers that goes on in the back of their mind is they're saying to themselves, *Wow. He's already got my money. He didn't have to do this, but he did it anyway. That means he must really be out there to help me.*

When you build that into your overall business model, suddenly you just ignite this fire inside of your customers. They want more of you. They demand that you create more products for them. They demand that you offer more services. They want to get their friends involved. And your business grows organically that way, as well.

TT: You said that the first part of your Predictable Profits system is the positioning, and you mentioned dominating your market. When you talk about dominating your market, and then also out-earning your competition, can you give us some ways in which a company can do this? I know you touched on a few here. Are there additional ones?

CG: One of the biggest mistakes that small business owners and entrepreneurs make is they don't narrow their target market. I'd be lying to you if I told you that I've never made this mistake or I haven't wrestled with it myself. I think it's because when you're an entrepreneur and you've got a product or service (and you know just how good it is and how many people it can benefit) you want to share this with the entire world.

But people pay for specialization, and one of the aspects of dominating your market is to be able to narrow down your target market to such a point where people understand or believe at an intuitive level that you get them. That you understand them.

I'm going to use you as an example, Tom. If you said, "I am the copywriter for the world. I'm so good, I can write copy for every single person out there." Tom, I've read your copy. I've read your book. I firmly believe that you have the ability to write amazing copy for almost every business and every industry out there. But you are smart enough to narrow down your niche and to say that you are a professional copywriter for service professionals. And now the service professionals can look at you and say, *Then he's more likely to understand me.*

Who makes more money? A general practitioner or a heart specialist?

TT: Oh, the heart specialist. Yes.

CG: And the heart specialist makes more money because he...

TT: Specializes...

CG: Right, absolutely. A friend that I work out with is an electrician. I asked him how his business was going. At the time, it was just going okay. It wasn't really anything huge. He then changed his marketing. He changed his marketing to say, "I am an electrician that specializes in old homes."

Now, conveniently I live in an old seacoast town up in New Hampshire. There's a ton of old homes. The moment he started marketing himself as specializing in old homes, he became so busy he could barely take a day off. And remember, we're in a "bad economy," and this guy is so busy he can't take a day off. It involves being able to specialize yourself.

And this digs so much deeper into marketing, but if you're speaking to everybody, you're essentially speaking to no one. But if I can look you in the eyes, and I can define your problem better than you can define it without my even going into the solution, you automatically assume that I know the solution to that problem, and that I'm the expert because I can define your problem better than you can define it. But if I blanket that message and try to reach everybody, it's hard for me to really define that problem.

To become the leader in your market, you also need a unique selling proposition. One of the biggest problems is when, as a business owner, your prospects come to you after they've seen

your business, they've read your marketing materials, they've heard your sales pitch and they still look at you and say, "But why should I buy from you?"

That's one of the biggest danger points that any business owner can have. Your USP defines what it is that you offer your clients, the advantage that you offer your clients and why you're that much different than your competitors. Why you're better.

There's a bunch of different marketing strategies that lead into positioning. Doing whatever it takes to be that authority in your marketplace. You redefine the market. You become an authority in your marketplace. There are many different ways you can do that.

For example, attorneys have to differentiate themselves because there's a bunch of other attorneys all competing for the same business. But one of these lawyers understands the concept behind building their authoritative status. The next thing you know, they're being interviewed in the newspaper. They have local radio interviews. They're on a local television show. Who do you think is now going to be the dominant player in the market no matter how many advertising dollars you're spending?

TT: Yeah, it's going to be the one that's being quoted in all the different media.

CG: Absolutely, because people gravitate towards celebrity. Why do you think Kim Kardashian is always in the news?

TT: It's crazy.

CG: I'm not even really sure how she became famous. I think it might have something to do with a video. Maybe she took a page off of Paris Hilton's book. I don't know. Why are these people famous? And why does our culture love them so much? *Jersey Shore*. I mean, my gosh. Snooki or whatever the heck her name is. But people flock to celebrities. You want to make yourself a celebrity in your field.

Apparently there was a tour going on of Justin Bieber's hair. He got a haircut. A tour of his hair. An acquaintance of mine told me she would cancel a date with her boyfriend and pay money to go see Justin Bieber's hair.

TT: That's crazy.

CG: It is crazy, but that's what you want to do. You want to look at becoming that celebrity. And if you're a service provider, it's easy to become that celebrity. If you have something like a pizza shop, you can still become a celebrity by having very creative marketing approaches. An example is get yourself out there. That's one way of becoming the leader in your marketplace. You stand on top of the mountain and then everybody has to chase their tail trying to catch up to you.

TT: Would you agree that you could still become that celebrity in your industry even if you don't have the most experience in your industry? I find that's a hang-up for a lot of people. There are people that they perceive as being more qualified to take that position, so they hang back and they don't feel that they should go after it. What do you think about that? Do you need a ton of experience to be perceived as the authority in your industry?

CG: Let me ask you a question. Is Dr. Phil the best psychologist in the world?

TT: Probably not.

CG: Not at all. In fact, there's a lot of qualified professionals that take a completely contrary approach and have a greater success rate than Dr. Phil, but he's a celebrity because he's excellent at self-promotion.

Now he can't be so full of it that none of it works. It does have to work, but he's not the best. He's just an excellent self-promoter. And in order to be an expert, you really just have to know more about your topic than the next guy.

TT: And have the courage to get out there and present it.

CG: Oh, absolutely. It cost me well over \$1 million to learn this lesson, and I wish somebody had slapped me on the back of the head before this. Anytime you get too comfortable and you stop growing, you die. Your business starts to die. As an individual, as a living entity, you start to die. Everything starts to fall apart.

I put this challenge out there to other people, and nobody's been able to give me the answer to this. Find me one living thing—anything in the world—that doesn't immediately start to die when it stops growing, and I'll be shocked. Everything when it stops growing starts to die. Everything. And so, when you say something is going to make you feel uncomfortable, that's the way you start to grow. Growth comes from being uncomfortable.

TT: So, it's a good sign. When you're feeling uncomfortable, that should be a trigger in your mind saying, "Oh, I'm making the right move here."

CG: One of the things that Tony Robbins shared with us is every single day, wake up and commit to doing one thing that makes you uncomfortable. Commit to doing at least one thing that makes you uncomfortable. And if you look at your business, if you look at your life, if you look at the biggest breakthroughs that you've had, the most amount of money that you've made, the biggest accomplishments that you're most proud of, they came from you going to a place where you were uncomfortable and conquering it. Am I correct?

TT: Definitely. One hundred percent. Taking that step to do something that's incredibly uncomfortable is terrible at the beginning. But I'll often think, in looking back, *I thought that would be much more difficult than what it actually turned out to be*. It seems like your mind can always play those tricks on you and make it seem like taking that uncomfortable step is going to

be awful. You just have to have that confidence to know that it's a good thing. It's nice to have that feeling.

CG: I remember having a conversation with somebody several years ago and telling them, "This is what I've got going on, and this is where I'm at in my business." After listening to me, they said, "That really doesn't sound like a big problem."

I said, "Oh, well you have no idea. My problem is so big. You just don't understand."

They looked at me and said, "Do you really think you've got big problems? Well, let me ask you a question. What kind of problems does Bill Gates have right now? What kind of problems does Richard Branson have right now? What kind of problems did Mother Teresa have? Gandhi?"

He said, "Big people have big problems. Look at your problems. They're really not big in the perspective of where you want to go. And if you want to go there, don't look at having your life being the easiest, most pleasurable ride in the world. Go out there and seek out the biggest problems you can. And if you're not having a big problem, you're not playing a big game. Welcome big problems, because that means you're stepping up and you're playing a much bigger game. Big people have big problems."

That was exciting. You don't have to have problems like I did (being millions of dollars of debt). That's a problem I really don't want to have. One of my problems is I want to impact thousands of businesses. And so I sit there and I study. I'm up all hours of the night because I'm so inspired and I'm so compelled. This has become my mission.

And this is a big problem. Every time I turn around, every time I look, there is a business owner that is struggling. There's an entrepreneur that is struggling. I want to tell all of them, "Oh, my God. It's not that hard. You're missing an opportunity right in front of you. Just open your eyes." It drives me nuts, but that's a big problem that I have. It's a pet peeve of mine to see opportunity that just goes wasted.

I highly encourage anybody who is listening to look up Dr. John Demartini and try to see him in person. He encouraged me to find a copy of a book called *The Book of Wealth*. It's a huge book, and one of the biggest books I've ever read. There are multiple volumes. *The Book of Wealth* talks about big problems like this. Let's say you're a doctor or an accountant or a lawyer; and your focus is, *I just want to make money for my family*. Then you're always going to just barely make enough money for your family.

If you say, *I just want to make an impact on my community*, you need to want to make a difference in your county. If you want to make a big difference in your county, you've got to have an outlook for making a difference in your state. If you want to make a big difference in the state, you've got to figure out how to make a difference in the country. If you want to make a difference in the country, you've got to make a difference in the world. If you want to make a difference in the world, you've make a difference in the entire universe.

If you want to make a difference in your family, you've got to expand your reality and say, *If I want to make a big difference in my family and make money, I've got to look for making my town better*. If you want to be a dominant player in the market, expand your reach. Expand what it is that you want to accomplish. Set your goals far. And this *Book of Wealth* was written years ago, and it was delivered to the wealthiest families in the world as a gift. The research dates back to before the pyramids: the commonalities of wealth behind the people that create wealth.

And good luck trying to buy the book on Amazon. The only way I know you can get the book is through an auction, and it sells for around \$25,000 a copy.

TT: Well, if it's that much, there's a lot of value in there. Let's go into something you mentioned a little bit earlier about entrepreneurs and business owners basing their entire marketing plan on one or two (often just one) source of income. What are some of your favorite marketing sources? Ways to attract prospects and bring in more customers?

CG: My number one favorite strategy doesn't cost you dime. It's public relations. It's getting other people to plug you. Getting other people to endorse you. Think about it for a second. There's been times where I've been mentioned in a newspaper or I've been mentioned on other peoples' blogs. I gave somebody a really good tip or some great information. I've added value back to somebody else's life and they say, "Wow, look at this. Here's Charlie from PredictableProfits.com who says quote unquote." They endorsed me because I gave value to them. There's that saying, "Givers get." People then come to my website, look me up and decide they want more.

See, marketing is a tremendous tool that every single business needs to use. There's free marketing and there's paid marketing. When you use paid marketing, people's BS detectors go up, and they say, "Well, I know that Tom paid to put this together. And I know that Tom is putting the sales copy up there, so I'm a little bit skeptical because I know he's trying to sell me on this. Just a little bit skeptical. So I kind of want to see what is it that I'm not seeing right now." Everybody goes there. Nobody really likes to be sold, but they all need certain products.

But when somebody else is plugging and endorsing you, you don't have to worry about that sales barrier. Because your prospect is thinking, *Oh, well this reporter has written an article and talked about Charlie. Charlie must be an expert*. That's one of my favorites.

Another thing—and this goes with endorsements—is joint venture strategies. A joint venture strategy would be to have another company who's working with your ideal clients endorse you. It's reaching out to other clients, to other companies that have your ideal client. In your case, maybe it's a respected accounting firm. "I've met with Tom Trush. I've read his book. I've seen his stuff. It's really amazing. Tom's interested in working with such and such professionals and he's agreed to offer my clients XYZ benefit if you give him a call within the next seven days."

And that's just one of those endorsements where you can leverage the credibility that your accountant has already built with his client base in his community to drive more business back to you. And again, that doesn't cost you any money. It depends on the nature of the relationship.

You might say to a potential JV partner, "Hey, look. If you'll endorse me, for any amount of sales that your clients bring into my company, I'll give you XYZ." I know financial planners have certain limitations. I imagine lawyers will have certain limitations. For a lot of infomarketers, that's just the way it's usually done.

TT: You don't necessarily have to think that you're giving away money to do that. That's money that you wouldn't have had otherwise.

CG: Oh, absolutely. In fact, not only would you have not had that money otherwise, but you don't have to pay any money up front to acquire these customers with your marketing, because these people are sending you leads. They're converting them and you're only paying your joint venture partners after the money has already hit your bank. I mean, how cool is that?

TT: Yes. And from the perspective of the effort it takes to do this marketing, how much effort is really involved with that? The person that's given you the endorsement is the one doing all the work. They've laid the foundation. You're just getting the benefits.

CG: Absolutely. And there's ways to make joint venture partnerships really work well. If I'm going to do a joint venture with an accounting firm, for example, I'm going to talk to them and I'm going to look at them the same way I look at my clients. I'm going to ask myself, *How can I give this accounting firm a greater advantage, a greater value, a greater benefit by having them promote me?*

I want their clients to look at the accounting firm as a hero. That by them associating themselves with me, they're becoming a hero. Now they're going to be more willing not only to promote for you on a one-time basis, but they're going to want to promote for you frequently.

And that's what's missing. A lot of times in these affiliate relationships that you see online, most of these so-called gurus are not focused on how do I make the people promoting me look better? Instead the biggest focus is on, *How can I make more money? How can I make more money? How can I make more money?* Your clients and your prospects will start to see through that.

TT: Let's talk about the price of your product or service. How much should a business owner focus on having the cheapest product or the cheapest service?

CG: You know, any time there's a business that focuses themselves on price, there's always somebody else that comes around the corner and offers a cheaper product. And at that point, you're really commoditizing yourself. And any time you commoditize yourself, you marginalize yourself. Really, your days are just numbered.

So, the answer to that question is do not focus on price. In fact, I tend to take my clients in another direction and I try to say, "What can we do to make you the most expensive option on the market?" And we do that by asking, "What is it that people want from your product or from your service?"

A guy walks into a hardware store looking for a drill, only he doesn't actually want a drill. He just wants holes. Then you take it a step further and find out what it is that he's actually building, and try to become a better resource for him.

It's that fundamental question that we talked about earlier in this conversation. You can avoid the topic of price by focusing on how you can give them a greater advantage. How you can give them a greater benefit, a great value, or a greater profit.

TT: You may be looking to see how your clients can provide the most expensive product or service; but in effect, it's not really expensive when you're providing these additional layers of value, and providing something that nobody else is providing.

CG: Absolutely.

TT: The word "expensive" can have a negative connotation, but in reality it's not expensive. It's just providing that additional level of service and value. Giving an additional advantage to your clients or your customers.

CG: Think about this for a second, Tom. When you go to a store, what product is the least likely to be selected by you? You're looking at the shelves. You're seeing all your different options. You see the cheapest product. Then you see a bunch of them in the middle. Then you see the most expensive product. If you're going to find a solution to your problem, where are you going to look?

TT: Well, you're not going to look at the cheapest one because it naturally brings up the question of, *What's wrong with this?* If I'm looking for an instant solution, I want my problem resolved quickly. There's just that natural feeling that the cheaper option probably won't work best. There are too many questions surrounding it.

CG: Yes. The people in the middle tend to get overlooked, because the focus really becomes on, *I have the cheapest product here and I have the most expensive. Let me compare the cheapest. Let me compare the most expensive.* And depending on how much more value (perceived value and actual value) I'm going to get, it may sway me to buy the most expensive product.

When you look at perfumes and colognes, they're jockeying all over the place on price levels because more times than not, somebody will go in and assume that the perfume priced at fifty dollars is going to be more appealing to the opposite sex than the bottle priced at thirty dollars.

Now I'm going to segway a little bit. There's many different markets that you have. There is going to be a ton of people and there's probably going to be some people listening thinking about companies like Walmart. Walmart thrives because they have cheap products.

But if you look at your client base and ask yourself, *Who are the people that are giving me the most problems? Who are the people that are taking the most amount of my time and costing me the most amount of money to support?* It's the people with what I call the "Walmart mentality,"

the people who are just looking for a commodity. The people who are just looking for the cheapest product. But they also demand the most out of you.

But if you cater your marketing to the affluent people (where price isn't as much of an issue) what's more important to them is that they're getting what they're promised. That means meeting their needs and making sure they're happy using the product. That it's easy to use. That it's convenient. And those people are going to be the people that you enjoy working with the most (and that you have the highest profit margin with).

TT: Yeah. They're just going to create less headaches.

CG: Absolutely.

TT: Let's talk about something related to products and services; specifically, the ideas behind the products and services that you offer. And you recently wrote an article that said that many good ideas are bad for business. Can you go into detail with that? Why is that the case?

CG: I see this day in and day out, and I have to admit I even went through this when I started my own business many years ago.

I wanted to start an Internet business, and I went to London to meet with a group of very qualified, highly accomplished Internet entrepreneurs. I hired them to meet with me, to go over my ideas and my concepts. We were going to start the business and build the business. By the time I got home, I'd already have an existing business in a box. I spent a lot of time coming up with the best idea, the best domain name. I show up in London. I say, "I have this idea and I already own this domain name. All right. High five. Who's with me?"

They're all looking at me thinking, *Who the heck is this guy?* They said, "That doesn't mean a thing. We don't actually care about your idea. That's a cool domain name, but we don't really care about your domain name because we don't know at this point if people want it. If it's a marketable product."

The lessons I learned on this trip I've put into three categories. It has to be proven, meaning people have to have shown interest in buying products very similar to yours, though your products may be better. People have to have shown interest.

The next one is that it's demonstrated. People have to have demonstrated that they have a desire for that product. They are actively looking for that product. With the benefit of the Internet, you can actually monitor and find out who's looking for what and under what terms. And if there's a huge demand for it, then you understand that a lot of people are looking for this product or this idea.

The third one is desire. Are your prospects and your customers asking you for something that you don't currently have, or that's not on the market? Are they asking for something that is not available from alternative options? It has to be proven, demonstrated or desired.

And that's why a good idea is often a bad idea for business because entrepreneurs will say, "I've got an idea. I'm going to start this business. It's a really cool widget. I know I'm going to sell millions." But you've got to take a step back before you get too excited about this idea, and research whether it's really a good idea. There are reasons and then there are results. What do the results show? Don't give me the reasons. Show me the results.

TT: What are some ways to figure out if something is proven, demonstrated and desired? What are some of your favorite methods?

CG: A proven way is by researching whether people are actually buying that product. You do competitive research. You can talk to people. You can get ideas of what people are spending money on. You can use the SRDS. You know what that is, Tom. I'm sure you've spent way too many days just looking at that. It's a program which provides all the different mailing lists available and what people are buying. SRDS is a great source of information for figuring out where people are spending their money.

As for demonstrating, we talked about Google. There's a free tool. That's the Google AdWords Keywords tool. You can type in different key phrases related to your product, and it will show you the search demand. That's one way to research keywords.

As far as desire is concerned, you can do surveys. A lot of times just talking directly to your customers or clients. One word of caution. It's one thing to talk to your friends and to say, "Hey, I've got this great idea. Do you think this is going to work?"

Most of your friends love you and want to support you. Most of them are going to say, "Yes, that's great." What really matters is if they're willing to pull out their credit cards; if they're willing to open their wallets and then pay you for it. That's when you know whether or not they mean what it is that they're saying.

When you talk to your clients, they may respond the same way. Don't just ask them if something is a good idea because they'll just come back and say, "Yeah, that's great." Ask them. Say, "Really? Do you think so? How much would you pay for it? I'll be willing to get you in for so much money when I develop it if you'd be willing to commit to it at a ground floor opportunity."

TT: You talk about asking friends. The first time I heard about the danger of that was from a copywriter named Ray Edwards. In one of his courses, he talked about this quite a bit. Like you said, you're always going to get a positive response from your friends and family because they want to support you.

But also related to Google, a thing you can do to figure out if there's really demand for your product (in addition to doing the keyword searches) is just do a regular search in Google and then see what ads are coming up in the AdWords. And if there's no ads for your idea, there's a good chance that there's not any demand for that product out there. And, of course, don't be

concerned if there *are* ads related to your product. That just shows that there's demand out there. What you create is likely to be better and you can market it better.

But look for places where your idea is being advertised or marketed somewhere, because then that just tells you immediately that there's a need for this product out there. Some people are already selling it. I can do it better.

CG: Absolutely. And actually the more expensive the advertising, generally the higher the demand.

TT: And then the more often you see it. If you're seeing the same ads over and over again, that's a good clue that something's working because you wouldn't be shelling out expensive advertising dollars if it wasn't working.

CG: Absolutely.

TT: We're getting close to the hour mark and I have some final questions I want to ask you. I first want to get to some questions that were submitted by some of my subscribers. We've got three here and we'll go through these fairly quickly. I'll read them to you.

The first one is from Rick Falls, who's a business development specialist from 1stPageLocal.com. He's also the author of the upcoming bestseller *Invisible Businesses DIE!* I like how he said "upcoming" bestseller. There's some confidence there. I like that from Rick.

CG: I love it.

TT: His question is, "I'd like to know if there is a formula for raising some seed money through providing some sort of offerings, like an initial package of in-demand goods and services, and use that as a beginning point in the expansion of an already functioning business that needs to ramp things up to the next level. It would be great to not have to grovel for additional funds, and to be self-sufficient in raising capital and not have to give up the farm to access VC (venture capital). To be able to get through to a valid source of funding. I hope this question makes the grade." Any ideas or thoughts on that question?

CG: As it relates to raising money, I did go down that route, but I'm not going to stand up on a podium and say that I'm the expert when it comes to raising money. One thing that I will tell you is that I've invested in other people in the past, and what made the cut between whether I was interested or not had everything to do with how well they mitigated my risk.

It comes down to are they able to prove to me that there is a demand for that product or service. A lot of times that's why you hear in the venture capital world that VCs will invest in the team before they invest in the product, and that the team is the most important part of the VC equation.

The reason why they say this is because if the team has already proven that they are able to launch a successful business; they're more likely going to get money because they've mitigated

the investor's risk. Rick had mentioned he has an upcoming bestseller. A publishing agent told me, "If you can demonstrate that you can sell 5,000 books within six months, then I'm interested in working with you." What the agent is looking for is some social proof that there is a demand for the book.

The same thing happens with business. Whatever business Rick is in comes down to showing me the numbers. It's Jerry Maguire's, "Show me the money." It really comes down to that. They don't care about the target market. They don't care about how much money you *think* you can make. The only thing that matters is that people want it.

It goes back to what we talked about earlier. This package that he's talking about; if he can show people that it's proven, demonstrated or desired (or hopefully all three) the better he can state his case, the more likely investors will be interested.

TT: The second question is from Poorvi Chothani. She is the founder and managing partner of LawQuest, which is a general business law firm in India. She asks, "How do you market yourself on your website when the bar does not allow one to post full bios on a website?"

CG: You generally don't market yourself based on your personal bio. I don't mean to sound crass, but as a buyer, I really don't care about who you are personally. What I care about is what you can do for me. If you're marketing yourself on your website, the message all has to come down to, "What can you do for me?" You have to let me know that you understand what my problems are. I need you to show me that you recognize my problem. How do I know that you can find the solution to my problem?

Most people think they're so unique that nobody understands what they're going through. And if you can define that problem to a T, you're going to have a much higher conversion rate. You're going to do much better with your marketing. I would start with that. I would worry less about your bio and focus more on what you can do for other people.

TT: And I believe you should be digging into those problems that you know your prospects are having and you should be providing information on that website that addresses those problems. Going into what you mentioned. What can you do for me? Well, you can prove what you can do for them by delivering some good, educational material that helps them solve or at least address the problems that brought them to that website.

CG: There's also the issue of credibility. If I want to work with this particular attorney (now that she understands what my problems are) I need to be able to know that she's credible. A lot of the top attorneys will spend a considerable amount of time making sure that things get published. I tend to work with the best of the best attorneys, and I find that my attorneys take an active role in different organizations. They spend time publishing. Remember what we talked about earlier. Givers get. They publish information in different industry-specific periodicals.

It doesn't even have to be industry-specific. If it's a topic on divorce or if it's a topic on bankruptcy or if it's a corporate law issue, you can write in your local newspaper and talk about

issues that are plaguing your target market and give them rough solutions. Just that, in and of itself, will establish your credibility far more than a bio would. I don't know what the laws are as far as testimonials or endorsements, but it would be great if some of her clients would also comment on their experience working with Poorvi.

TT: I know the rules of the bar vary from location to location. Some are able to put testimonials and case studies. Some aren't allowed to. It seems like at this one, they're not even allowing full bios. I would guess that they may not allow testimonials, but still there's incredible opportunities for other areas. To get those third-party endorsements. To demonstrate your knowledge. Addressing the prospects. Instead of really focusing on force-feeding your prospects information about you, instead feed them information that helps them.

The third question is from another lawyer, Patryk Zamorski in Warsaw, Poland from Salans Law Office. "My question concerns how to deal with two issues of legal services. On the one hand, clients aren't spending as much money. In addition, clients no longer accept billable hours anymore." How do you address the situation where clients are not willing to spend money like they used to?

CG: First, I'd look at who he is marketing to. It sounds to me that the current target market that he's attracting has the "Walmart" mentality. I happily pay my attorney \$500.00 an hour. He might even be more than that now. He's branded himself almost as a linchpin in my organization. He's so important to my organization that I want to keep him regardless of what his rate is, and there is a couple of reasons for this.

First, he is the best litigator in New Hampshire. Secondly, I feel like he understands my business better than anybody else understands my business. And because of that, I feel like my risk is mitigated.

TT: Going after a different audience is key. There's always people out there willing to spend money, regardless of the economy. Maybe he's just targeting the wrong people.

CG: I would agree with that. Remember we said earlier that people pay for specialization. I would be interested to know whether or not he's a specialist or whether he's a generalist. A lot of lawyers put up a sign to market themselves. When you walk in their office, they say, "I can handle your bankruptcy. I can handle your divorce. I can handle your real estate and your corporate law. I can handle your patents and your trademarks. I can handle everything." Those are the people that are most likely to attract the less savvy, more price-sensitive type of clientele.

If this person said, "I am a patent and trademark attorney," and now they focus on becoming the leader in patent and trademarking, then they can command a much higher price.

Another thing to consider (and I don't know how much flexibility he has in the legal field) but I can share a personal experience with you. Before I built Predictable Profits, I started off doing consulting. The reason consultants get such a bad name is because a lot of people don't feel like consultants have any skin in the game. They say, "I'm going to bill you \$500.00 an hour, and

whether or not you put what I tell you into use; whether or not my strategies are right; whether or not you like what I've given you; you still have to pay me my hourly rate."

When I hit the streets and started talking to people about my rate, I felt like I was always trying to sell people on me. Sell people on my idea. Sell people on my concept. People were a lot less receptive because many have been burned by consultants. I thought, *These people just don't get it*. I know that if anybody was to spend even one hour with me, if they couldn't get a hundred thousand or even a million dollar idea with just spending one hour with me, then I haven't done my job.

I said, "I'm going to throw my rate out the window. I'm coming onboard and we're going to work with a different model. You have to apply to work with me. If I find that we're a good fit and I know that with absolute certainty that I can change your business, then we're both going to have skin in the game here. I'm going to work with you hand in hand. I'm going to grow your business and I will share in a piece of the upside. If for whatever reason I don't make you any money, we part as friends and you don't owe me a dime." What do you think happened to my business when I took that approach, Tom?

TT: Well, I'm sure it took off because there's no risk with that offer. If it doesn't work, you pay nothing. If it works, you both make money.

CG: Absolutely. The cool thing about it, too, is I've actually made a heck of a lot more money by taking on that model. Because I had so much skin in the game, I worked harder than I had ever worked before just making sure that I could knock the ball out of the park. Secondly, because I used that model, I made people so much more money than what I was able to do before, and because I got a piece on the upside, I was well compensated.

At this point, I rarely accept a client strictly on an hourly rate. If someone hires me to coach them for an hour, I charge \$1,000.00 an hour and I have to raise my rates because I just don't have enough time anymore. But I prefer that when people work with me that we work with a performance-based model. Then I can get really deep into their organization and I can blow it up and make it huge. There's only so much of me and a lot of opportunity, so I am selective as to who I work with.

TT: I have a quick question for you related to Patryk's question. Do you think there's room for Patryk to develop information products? To take some of those people who aren't willing to spend money on billable hours or legal services and offer some type of information product that he can get in front of those people without any effort on his part? To allow people to get information at a price that's reasonable and that they'd be willing to pay?

CG: Absolutely. I think that's ingenious. It depends on the market that he's in. If he practices bankruptcy law, I don't know how much of that requires his personal involvement. But there's probably a lot of things that people can do for themselves before they have to get an attorney involved.

Some people just want to turn everything over to their attorneys. They don't want to deal with any of it, and they're willing to pay the attorneys to handle their headaches. Other people are very price-sensitive, and anything an attorney can do to save them money is huge. The attorney can create an info product for these people so they can do things on their own, preparing for the time when the attorney has to step in. This will create a more streamlined process.

TT: The beauty of that approach, also, is that the people who are the do-it-yourselfers; once they take a stab at it, they usually realize they really don't want to do it. They'll still end up coming back to you. So you've got them buying a product and they're also going to use your services.

The thing to remember about creating information products is that these days, it's incredibly easy to record calls like we're doing now, to create videos. The technology is there to where it's not expensive. It allows you to get material out there to multiple people with minimal effort. Information marketing is definitely something people should consider.

Let's wrap up everything that you've said today. What's your number one marketing tip for entrepreneurs and small business owners? As you mentioned at the beginning, you're used to helping business owners increase their profits by 30 to 1,000 percent in a year. If you could give us one takeaway that people could run with, what would it be?

CG: I'm actually going to give two.

TT: More value...

CG: The first one is to change your mind set from *how can I make more money selling this product* to *how can I deliver the greatest advantage, the great value, the greatest benefit, the greatest profit back to my clients?*

When you're constantly reevaluating what it is that you do, what it is that you offer, the solution that you're trying to give people; you're going to find that your company is going to morph into something a lot greater. You're going to have a greater purpose. You're going to create happier clients and a lot of things will develop from that mind set. You'll have greater referrals. More buzz around your business. People will more easily convert from prospects to customers.

The other thing I want to leave people with is the idea of positioning. You want to position yourself from day one as the leader, as the dominating force in your market. And again, to do that, we look at three different things. You want to one, position yourself as an authority. Find out where you can go to contribute information about what it is that you offer to news, radio, print, television, whatever it might be. You can write articles. In many cases a blog can increase your authoritative status because you're giving information away; but it's even better when somebody else says it for you. When somebody else endorses you.

Focus on your niche. What is it that you do? Are you a general practitioner or are you a cardiac specialist? Are you just a copywriter or are you a copywriter for service professionals? Are you

just a consultant or are you a marketing consultant for small business owners that want to dominate and take over the world? What are you? Are you an electrician or are you an electrician who specializes in old homes? Figure that out.

The last part is your unique selling proposition. That really boils down to who are you? What are you about? Why should I buy from you? Why are you so much better than your competitors? On that note, I hope I delivered some value here.

TT: No doubt about it.

CG: I know when I start talking about this stuff, I get a little excited and I never shut up.

TT: And that excitement carried over to me. I'm sure the people listening were excited, as well, because there's an extreme amount of value in this call.

Of course, there are ways people can get even more value from you, and I want to give you an opportunity to tell people how they can reach you for additional questions or bounce off ideas. I know you have a blog, as well. How can people find out more about you?

CG: Before I do, I want to leave your listeners with one thing. Right now, when you pick up the news, when you look on the Internet, there's a lot of doom and gloom. There's a lot of talk about the economic situation now. There's a lot of talk about 2012 and what's coming. From a global, macroeconomic standpoint; things look kind of scary. They look scary for the average person.

I want you to change your mind set. I want you to realize that the average person chases their own tail; but there are people who flourished back in the Great Depression and had their best years ever. I know so many people that are having banner years. They're doing better than anybody else has ever done. While people are going out of business left, right and center and can barely put food on the table, a contactor I know is posting a banner year. He's booked out through almost all of 2013. People are making lots and lots of money.

I love a bad economy. In a good economy, people don't have to think strategically. People can make money doing anything. But in a bad economy, the cream rises to the top. It's where the girls become women and the boys become men. You're going to have a lot less competition because the competitors who don't think strategically are going to fall by the wayside. It's going to open up your opportunity for a lot more clients, a lot more prospects. It's the best time for you *ever* to be an entrepreneur, to be a small business owner and to change your mind set and start thinking strategically.

TT: I couldn't agree more. Well put.

CG: I mean, I love this market. When I hear people complain about the economy, it makes the hair stand up on the back of my neck because the economy is awesome. It's a great time to be in business right now.

TT: I have this vision of you standing on a chair, ala Knute Rockne giving this inspirational speech.

CG: You can find me at PredictableProfits.com. I write a blog there. Feel free to follow information on the blog. Put your name and email there. I do publish information fairly regularly and I like to jam pack it with tips and information. I'd love to have you aboard and share some of the stuff that I know.

TT: I encourage everyone to go to Charlie's website and sign up. Get your email on his list so you can read his advice and tips. Charlie overdelivers on the material he sends out. Definitely go there and check it out.

Charlie, I appreciate the time. I know we ran a little bit long, but for good reason. There's incredible value in this. What has me excited, as well, is that we're going to make this available to people before the end of the year so they can use this to build momentum going into 2012. They have plenty of ideas that they can take action on. So, again, thank you Charlie. We'll have to do this again.

CG: Tom, you know how much value I've gotten from your book, *The Reluctant Writer's Guide* and I do want to stress to your readers that it's really important that they pick up the book even if they're not a writer. I think, "61 Easy Ideas to Attract Prospects and Get More Customers" is really what the title of your book should be.

It's a lot more than just writing. For anybody listening, I would encourage them to pick up this book. I think it's fantastic. I want to really commend you and praise you for the great job you did on the book. It's rare that I pick up a piece of material and I put it on a prominent spot on my bookshelf that I refer to time and again. Your book made it to a prominent spot, and I want to congratulate you. I commend you on the book and highly recommend to your readers that they do pick themselves up a copy.

TT: Thank you. I appreciate that compliment very much. Again, Charlie, thank you for the time and sharing some tips with everyone. If you're not on Charlie's list, definitely get over there and sign up so you can take advantage of what he has to offer. Thank you, Charlie. I appreciate it.

CG: No worries. Thank you, buddy.

[End of audio]