- Step #1 Softwares: I subscribe to as many softwares as I can that scrape leads from different sources. I search them all based on my criteria. The software then spits out names, job titles, contact information, etc. I try out a representative sample, say a few hundred from each software I use. Then, if the contact information is up to date, the leads are responsive, and they are the type of person the software claims them to be, bingo! Then I get as many leads as the software will give me. But if I can't seem to find the right audience, I move onto step two.

- Step #2 Brokers: I go to multiple list brokers and ask them to make me a list based on my audience criteria. They then send me a sample. I test out sample lists from each of the brokers. If I get good results from one or more brokers, I stick with their lists. And if I still can't find who I'm looking for, I move to step three.

- Step #3 Elbow Grease: I join groups and communities that I think have my audience. When I find people that meet my qualifications, I check to see if they have ways to contact them in the group's directory–like links to their social media profiles, etc. If they do, I add them to my list. If they don't, I can reach out to them within the platform hosting the group. I prefer to find contact information outside the group so I don't come off as someone solely trying to milk the group for business *but I will if I have to*.

So I work my way from the most accessible leads to the least accessible leads. Here's an important point. If you can search the database, so can everyone else. But if you assemble a list of names yourself, it's less likely that person has already received many cold reach outs from other companies. So they're the freshest. Downside: it takes the most time. Of course, you can pay someone else to do this for you once you figure it out for yourself, but we're only talking about getting started in this chapter. We'll talk about scaling in Section IV.

Action Step: Find your scraping tool by searching "outbound leads scraping tool" or "database lead scraping." Find brokers the same way. With a few clicks, you'll find what you're looking for. Put your first 1000 names together.

If you have more time than money, you might want to start at step three since it only costs time.

> ## Pro Tip: Interest Groups Are The Warmest Cold Audience You Can Get
>
> Interest groups contain the <u>highest quality leads</u> because they are concentrated pools of people looking for a solution. Give them one. Nowadays, there's software that can scrape information from these groups. Use it. They're one of my favorite places to fish.

Problem #2: "I have my <u>list</u>, <u>but what do I say to them?</u>" →Personalize, Then Give Big Fast Value

Now that you have your list of leads, you gotta figure out what to say. I went over a lot of scripting in the Warm Reach Outs section–this section builds on that one. At the end of this chapter, I also include three sample scripts you can model for cold calls, cold emails, and cold chat messaging. That being said, there are two important factors I emphasize to get strangers to engage: *personalization* and *big fast value*. This is important because they don't know us and they don't trust us. We've gotta overcome both issues in a matter of seconds.

a) **They Don't Know Us→Personalize (Act Like You Know Them).** To get more leads to engage, we want the message to *look* like it's from someone they know. The best way to do that is to actually know something about the person you are contacting. In essence, we want our *cold* reach out to look like a *warm* reach out.

…Imagine your phone rings from an unknown number and area code. Are you likely to pick it up? Probably not. What about if the number is from your area code? A little more likely. Why is that? Because *it might be someone you know*. So to take this concept further, imagine you pick up the phone...

…The person says "<Your name?>" then pausing (like a normal person). You'd say, "yea…who's this?" Now, if that person then went on to say, "it's Alex…*then pauses*…I watched a few of your videos and read that recent blog post you wrote on dog training. It was killer! Really helped me out with my doberman. She's a beast! That peanut butter trick really helped. Thanks for that."

You'd still be wondering what's going on. But you know what you wouldn't be doing?…*hanging up.* Then you hear, "Oh yea, sorry, I got ahead of myself. I work for a company that helps dog trainers fill up their books. We like to partner with the best in the area. So I'm always on the lookout. We worked with someone about an hour north from you…John's Doggy Daycare…heard of them?"

You'd respond yes or no (it doesn't matter), and they'd say, "Yea, we ended up getting them 100 appointments in 30 days using a combination of text email and some ads. Do you offer similar services to them?" To which you'd probably say yes. Then they'd say, "Oh that's perfect. Then we'd be able to use that same campaign in your market and drive leads over to you. If you got a boatload of high paying new dog training customers you wouldn't be upset with me would you?" You'd laugh lightly. "Okay great. Well…tell ya what…I can walk you through the entire thing soup to nuts later today. Will you be around at 4?" And you'd say - sure - or whatever. The point is, if that person had started the call with "hey man, wanna buy some marketing services?" you'd probably have hung up.

Personalization is what gets your foot in the door to get the sale. Basically one to three pieces of information we can find that a friend might know about the prospect. Then we want to complement them on it, and ideally, show them how it benefited us. People like people who like them. Even if someone doesn't know you, they'll give you more time if you know something about them.

This comes in handy for personal subject lines on emails, the first few messages in chat, or the first few sentences someone hears. Even if someone doesn't know you, they will appreciate the time you took to research them before contacting them. This tiny effort goes a long way.

Action step: Do a little research on each lead before you send them a message. We can do this ourselves, pay people to do it for us, or use

software. Batch this work. Then, use your notes to figure out the first thing you'll open with to *feel more familiar.*

Pro Tip: 50% Email Response Rate Bump

I took our cold outreach template and re-wrote it below a third grade reading level. The results: *50% more leads responded.* I recommend running all scripts and messages through a free reading level app online. I won't recommend one because they go out of business all the time, but I promise you can find one. Make your messages easier to understand and more people will respond.

---

b) **They Don't Trust Us→Big Fast Value.** The key difference between people who know you and strangers is…strangers give you far less time to prove your worth. And, they need a lot more incentive to move towards you. So make your life easier by "giving away the farm." We're not trying to tickle their interest, <u>we're trying to blow their minds in under thirty seconds</u>.

Like warm reach outs, you can directly make your offer, or offer a lead magnet, or both. It gives the person a strong reason to respond.

I specifically call out 'big fast value' rather than "your lead magnet" as a reminder that it needs to be BIG FAST VALUE. If it's not, or it's mediocre, you'll blend in with the ocean of people trying to get their attention. And they'll treat you the same–they'll ignore you. Here's how much it matters:

The first four months of cold outreach felt like torture. We offered a game planning session as our lead magnet. Some gyms took us up on it, but most didn't. We needed something better. I tested many parts of our process but swapping the lead magnet blew everything else out of the water. We swapped from "game planning" - code for "sales call" - to actually giving them as much free service

as we could possibly afford. Our take rates 3x'd and cold outreach became a monster channel for us.

If your offer/lead magnet isn't working for you, up the ante. Keep offering more until you *make it so good they feel stupid saying no*. They either buy from you or have nice things to say about you. Win-win.

If you forget everything about this chapter, remember one thing: <u>*the goal is to demonstrate big value as fast as possible.*</u> Give yourself a downhill battle by giving away something crazy. Give away something for free people would normally pay for and they will want it. Note: I didn't say, "so good they should pay for it," I said, "stuff they actually pay for." Big difference. Take this to heart and your results will show it.

> **Action Step:** Provide the biggest fastest value you can afford to with your lead magnet or offer. Then, write your scripts. And don't worry, I got your back there. To give you a headstart, I provide sample phone, email, and direct message scripts at the end of the chapter. Note: Phone and chat scripts are never more than a page or two, and cold emails rarely more than half a page. So don't overthink it. There are no awards for prettiest script. Get your first 100 conversations or 10,000 emails out of the way before tweaking it. Get testing. Then tweak as you learn.

> ## Problem #3: "I'm not getting enough chances to tell people about my amazing stuff, what do I do?" → Volume

Once we have our list of names, personal info, and our big sexy lead magnet, we need to get more strangers to see it. We do this in three ways. First, we automate delivery to the greatest extent possible. Next, we automate distribution to the greatest extent possible. Finally, we follow up more times in more ways.

a) **Automated Delivery.** To the extent that we can, automating delivery unlocks huge scale as someone doesn't need to literally communicate the message to the prospect. This means you get more engaged leads per unit of time (even if fewer

engage by overall percentage). Remember, you have far more people who don't know you than people who do. So you don't have to worry *as much* about 'burning through an audience.' Here's what the difference between manual and automated delivery looks like.

```
┌─────────────────┐
│  LIVE  ●        │
└─────────────────┘
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Manual Examples: A live person can say a script to someone over the phone. You can send a personal voice memo to each lead. A person can write a handwritten letter to every person on the list. If it takes a person time to convey the message each time, it's manual.
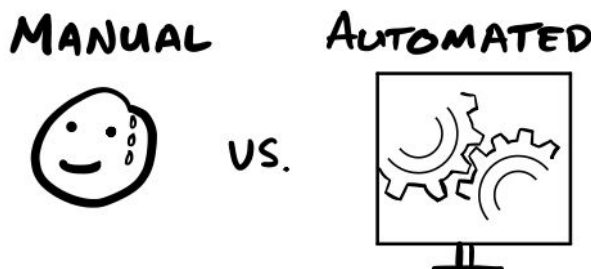
RECORDED

▷

Automated Examples: We can send a pre-recorded voice memo to someone's direct messages. We can send a pre-recorded voicemail to someone's voicemail box. We can send templated emails to an inbox or a templated text to someone's phone. We can send a pre-recorded video. Etc. You record your message one time and then send the same message to everyone.

Pro Tip: Use Technology That Gets You More Engaged Leads For Your Time

Everyday, artificial intelligence, deep fakes and other technology advance. They become more indistinguishable from human communication. This means we will be able to automate elements of what we currently are forced to spend time on. Embrace technology as it comes out to reap the rewards. Ultimately, technology serves a single purpose - to get us more output per unit time. Use it.

b) Automate Distribution. Once we have our messages prepared, we gotta distribute them. And there's no award for who works the hardest, only for who gets the best results. Although one leads to the other. And as you build your skills, you will find ways to automate portions of the work. I encourage you to automate when ethical and available.

MANUAL vs. AUTOMATED

Manual examples: Dial each phone number. Click send on each email, direct message, text, etc.

Automated examples: Use a robot to dial multiple numbers at a time. Send a blast of 1000 emails, texts, voicemails at one time. Etc.

Generally speaking, you sacrifice personalization for scale. You get a higher response rate with personalized messages. *The fewer leads you have, the less automation you should use.*

For example, if there are only 1000 hedge fund managers who meet your criteria, you're gonna wanna personalize every one of them. On the other hand, if you're targeting women 25-45 trying to lose weight, there are tens of millions of them. So you can get away with less personalization. But…if you personalize…you'll get even more (wink).

Pro Tip: Personalization Tech

The perfect combination for maximum leads is max personalization with max volume. And with tech, you don't *always* sacrifice personalization for scale. Everyday, data becomes more accessible to find personal data. If you can set up the tech to accomplish both - personalization and volume - you create a deadly effective lead-getting combo.

Action Step. Embrace new technology. Allocate ten to twenty percent of your effort towards brand new untested technology. For example, if you make phone calls five days per week, try out a new dialer or tech one of the days and see how it does compared to your standard dialer.

c) Follow up. More times. More ways. There are two more ways you can get more from your list of names.

First, you try to contact them more than once. Shocker. But wanna know something crazy, most people don't. Here's a different way to think about it. Imagine you really needed to get a hold of your parents because something important came up. What would you do? You'd probably call them, text them, leave a voicemail, etc. And if they still haven't responded, what would you do? You'd call and text them again (probably shortly thereafter). It's the same way with prospects. They are in danger of living life without your solution. Be a hero. Save them!

The more ways you try to contact someone, the more likely you are to contact them. People respond to different methods. For example, I never respond to phone calls. But, I reply to direct messages far more.

Contacting someone multiple times multiple ways shows them you are serious. And doing so quickly communicates you have something important to discuss. Curiosity increases because they fear they're missing out.

Personally, I like to email first. You know why? Because most people don't respond. If someone doesn't respond to one of your reach out methods, use that as a reason to follow up with another method. *"Hey I'm calling you to follow up about my email."* We either get a response or a real reason to reach out again. We win either way.

And once you do get them booked for an appointment, expect more than one conversation. Remember, we're contacting complete strangers. Outreach takes more touch points with people who don't know you. So expect two to three conversations before a higher ticket sale. Shoot for less, but expect more when you start out.

Bottom line: Act like you're *actually* trying to get ahold of these people, rather than going through the motions, and you probably will.

Action Step: Contact each lead multiple times in multiple ways.

Pro Tip: Don't be an nincompoop

If someone asks you not to contact them, don't contact them again. Not because there isn't a chance it could work. But because for the same effort, you could reach out to someone who isn't already negatively inclined. It's just more efficient to turn neutrals to YES than NO to YES. On top of that, you don't want a bad reputation. That kind of stuff follows you. Try hard because you have a genuine desire to solve their problems, but be respectful.

Second, once you finish contacting your list, start back at the top again. This actually works for three reasons.

One, because they simply may not have seen your first series of messages. Only a fool would think one hundred percent of people see what you put out one hundred percent of the time. So we make up for that discrepancy with follow up.

Two, even if they do see it, it may not have been a good moment to respond. People's schedules change every day. And there are times when people can't respond to you even if they wanted to. So the more opportunities you give them to respond, the greater the chance they will.

Three, their circumstances may have changed. They might not have needed you then, but need you desperately now. Imagine a person you message about losing weight before the holidays. At that time, they fit into their 'skinny' jeans, so they feel no pain. They probably wouldn't respond. But after they gained ten lbs over the holidays, they may all of a sudden be in desperate need of what you offer. And now, they respond to your reach out attempt. The only thing that changed was their circumstance. So try again in three to six months and get an entirely new group of engaged leads *from the same list*.

Everything may be right except the timing. So the more times we contact them, the more likely we will catch them at the time they're ready to engage.

Action Step. After you've attempted to contact them multiple times, multiple ways, wait three to six months. Then, do it again.

Pro Tip: If You Are New To An Outreach Team, Shadow The Best Guy On The Team.

Then, double their inputs. If they make 200 calls, make 400. If that means you work more - duh. You will suck before you are good. You can make up for your lack of skill with volume. Volume negates luck. And when you do twice as many, you'll get good in half the time. Once you beat their numbers, then you can get cute and try new things. Replicate before you iterate.

Three Problems Strangers Create→Solved

I wrote the book in this order to build on itself. Start with warm reach outs. Get some reps. Post some content to grow your warm audience. Get even more reps. Then, you'll be ready for cold reach outs.

And now, we solved the three core problems cold audiences create: finding the right list of people, getting them to pay attention to you, and getting them to engage. Victory!

Author Note: For People With Low Ticket Products.

I had trouble making cold outreach profitable when selling for my direct to consumer business. Cold outreach teams are expensive, and my average ticket wasn't high enough. But, I learned I could make a low ticket product→a high ticket product, if I sold a lot at once. So I switched from using cold outreach to get customers, to using cold outreach to get affiliates who got customers for me. There were two ways that worked. Either I'd sell the affiliates lots of products in bulk up front, then they'd sell my products to their customers. Or, I'd use cold outreach to recruit them, then get them to sell my products to their customers, and receive a commission after the sale. One affiliate sale can be worth thousands of customers. Both ways transformed my 'low ticket' sale into a 'high ticket' sale by selling many at once. So the numbers pencil out. If you have trouble using cold outreach for your direct to consumer business, consider going after affiliates instead. More on this in the affiliates chapter later.

Benchmarks–How well am I doing?

The two times I failed at cold outreach I hired people who never tracked metrics well. The third person did. And cold reach outs succeeded. The person who runs it (maybe you) has to know the metrics of the sales process like the back of their hand. Every single stat.
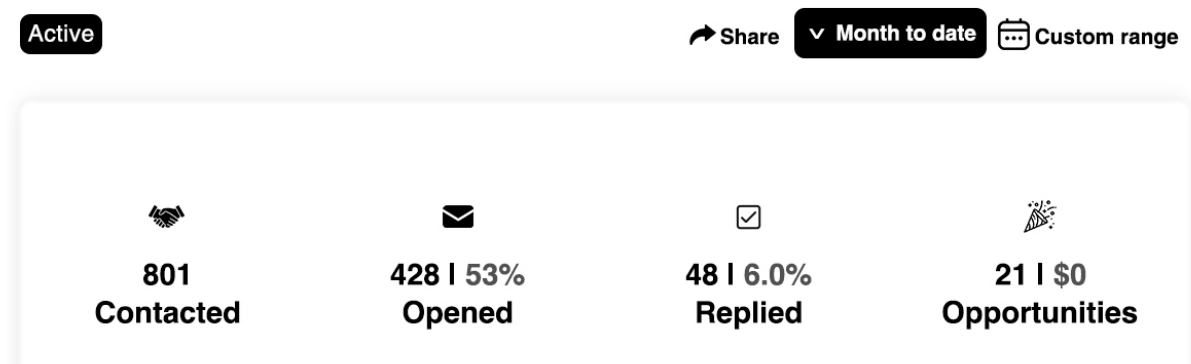
Let's break down the numbers with a couple platform examples. I cannot give an example for every platform because it would take too long. My hope is that you can generalize the concept to whatever platform you use.

Phone Example

Let's say I make 100 cold calls per day. And, let's say I get a twenty percent pick-up rate. From there, I am able to get twenty-five percent of people to want to take my lead magnet. That means I got four engaged leads. If it took me four hours to make those calls, it means I got one engaged lead per hour. I can do this at first. Once the amount of engaged leads that convert to customers makes me more than it costs to pay a cold outreach rep–I teach someone else to do it for me (more on this in Section IV). So you know you do well when you make at least _three times_ the lifetime profit of a customer compared to what it costs you to get them.

Email Example

Let's say you send 100 personalized emails per day. From there, thirty percent open our email. From there, 10% reply showing interest. That means we'd have three engaged leads (30% x 10% = 3%). The numbers will vary but shoot for 3% of your list turning into engaged leads. Here's a sample from a new campaign for a very niche high ticket service business in our portfolio. It shows a 4% lead engagement rate. And presumably, a third of them convert into sales. That would net us one new customer per one hundred outreach attempts.

Active		**Share** ∨ **Month to date** ⊡ **Custom range**	

🤝	✉️	☑️	🎉
801	**428 | 53%**	**48 | 6.0%**	**21 | $0**
Contacted	**Opened**	**Replied**	**Opportunities**

<u>Direct Message Example</u>

Let's say I make a personal video or record a personal voice memo for one hundred people. I say their name and add one personal line before delivering my standard message. From there, twenty percent of people reply. We now have twenty engaged leads. From there we use the same A-C-A format from the warm outreach section to qualify them for a call and so forth. So like the phone example, you know you do well when the cost of doing cold outreach is less than three times what you make in profit from a customer. Note: You can do WAY better than three times, that's the bare minimum. For context, the portfolio company above gets over 30:1 returns from its outreach efforts.

Costs

This method is labor intensive. Nearly all costs are in the form of labor. In order to calculate our return on advertising, we add up all labor and software costs associated with steps one through three in the section before last.

Let's imagine we have a team doing cold calls:

- We pay them $15 per hour and $50 per shown appointment or "shows."

- We have $3600 in profit per sale.

- Leads cost us ten cents.

- They call 200 leads per day.

- We would likely get about two shows per day from one rep.

- If they worked eight hours per day, we would pay $120 in labor and $100 in show commissions per rep and $20 for the leads.

- This means we would pay $240 for two shows or $120 per show.

- If we closed 33% of shows, our cost to get a client (excluding commissions) would be $360.

- Since we get $3600 profit per new client, we would make a 10:1 return.

That's how cold outreach works. Then, you just add bodies. It is boring and tedious, but brutally effective.

Pro Tip: Give Each Rep An Explicit Number Of Leads To Work Every Week.

They should care for these leads like they are their children. If you give a rep too many, they will waste them. If someone can work one hundred leads at full capacity, I'll give them seventy-ish. That way, they have time and energy to squeeze everything they can out of the leads they've got. And since all reps get the same amount of leads every week, you can give them absolute quotas for deals. Ex: I give you seventy leads. You give me back seven appointments. I pay you. No leads left behind.

This Sounds Hard, Why Bother?

Most people dramatically underestimate the amount of volume it takes to use cold outreach. They also underestimate how long it takes. But there are seven

enormous benefits to using cold outreach:

1) <u>You don't need to create lots of content or ads</u>. You focus only on one perfectly crafted message you convey to all your prospects. Your only goal is to make that one message better every day. There is no 'ad fatigue' or 'banner blindness' since your prospects have never seen anything from you. So, you don't need to be a marketing genius to make this work.

2) <u>Your competition won't know what you're doing</u>. Everything is private. By that fact alone, you can continue to operate in secrecy. You are not educating your competitors about how you acquire customers. They don't know what you're doing, or even, that you exist.

3) <u>It's incredibly reliable</u>. All you have to do to get more is do more. A certain amount of input creates a certain number of responses. It becomes like clockwork, bringing a reliable flow of new engaged leads into your world. You can reverse engineer the amount of sales you want to make to the number of inputs at the top of your lead pathway. Eventually you'll have an equation: for every X people contacted, you get Y customers. Then, you simply solve for X.

   Ex: Let's say for every 100 emails, I get one customer. If I want 100 customers, I need to send 10,000 emails. That's 333 per day. One person can send 111 emails a day. Therefore, I need three people sending emails every day to get 100 customers per month.

4) <u>Fewer platform changes</u>. Private communication is rarely subject to platform changes. Whereas public platforms change rules and algorithms every day. You gotta stay on top of rule changes to remain effective. In contrast, rules for cold calling, door knocking, and cold email have hardly changed in thirty years.

5) <u>Compliance is less painful</u>. Many platforms have stringent rules around claims you can make about the stuff you sell. Some also ban certain industries altogether (tobacco, firearms, cannabis, weight loss, etc.). With cold outreach, you don't need to deal with any of this. You still need to be FTC compliant, but you don't *also* need to worry about platform rules on top. This makes life easier. If you have a phone, you can make money. If you have an email

account, you can get leads. This makes you very hard to stop.

6) <u>No spokesperson = Sellable business</u>. If an investor can buy it from you without worrying your business will stop getting customers if you leave….your business is *far* more valuable. Having an established outreach team is how we were able to sell Gym Launch. The business could grow without me dancing in front of the camera or relying on me being super ridiculously good looking (ha!). I don't think they would have wanted to buy us without it, or at least, not for as much.

7) <u>Hard to copy.</u> Even if someone wants to copy your entire cold outreach system, they'll often need to learn how to do each step. And, many steps are invisible. They don't know how you scrape your lists. They don't know how you personalize your messages. They don't know what softwares you use to distribute the messages etc. On top of that, they'd still need to learn how to hire, train, and operate a team of people who can do each step. Once you have a head start, it compounds with time. It becomes very hard to catch you.

Author Note: Belief Breaking Volume - Scaling To 60,000 Emails Per Month

To break your beliefs around what is possible, here's an example. To break past $1,000,000 per month, we automated the entire process of scraping, crafting, and sending emails for one of our portfolio companies. One virtual assistant sends 2000 emails per day using multiple pieces of software. This generates the business 40 engaged leads per day. Note, the response rate dropped because we took out so much personalization. From there, they are able to get 10 percent of engaged leads sold. Meaning, they get four new customers per day. This got them past that 100 customers per month barrier. Fun Facts: They started with us at $250,000 per month (our minimum size requirement for investment at the time). The business makes $20,000 per customer. With four new customers per day, do the math at how big they are now. :)

Your Turn

If you recall our advertising checklist this kicks off your journey to get more engaged leads with cold outreach. You start this as you run out of people to advertise to, or, because you just want more. Here's a sample.

Cold Reach Outs Daily Checklist	
Who:	Yourself
What:	Hook + Lead Magnet/Core Offer
Where:	Any private communication platform
To Whom:	List: Scraped, bought, or software used.
When:	Everyday, 7 days per week
Why:	Get leads to engage to sell stuff
How:	Live calls, voicemail drops, email blasts, text blasts, direct message texts, video messages, voice messages, direct mail pieces, hand written cards, etc.
How Much:	100 Per Day
How Many:	Day 1 - 2x, Day 2 - 2x, Day 7 - 1x
How Long:	As long as it takes.

Pro Tip: Count in 100s

This is a volume game. You will need to do a lot of volume, efficiently, to get the results you want. Don't set a daily goal below 100. And don't stop for 100 days minimum. If you do 100 reach outs for 100 days straight, I promise you will start getting new engaged leads.

Next Up

Now that you have set your commitment for this cold outreach method, we move onto the last thing a single person can do to advertise: run paid ads.

FREE GIFT: Cold Outreach Script Samples

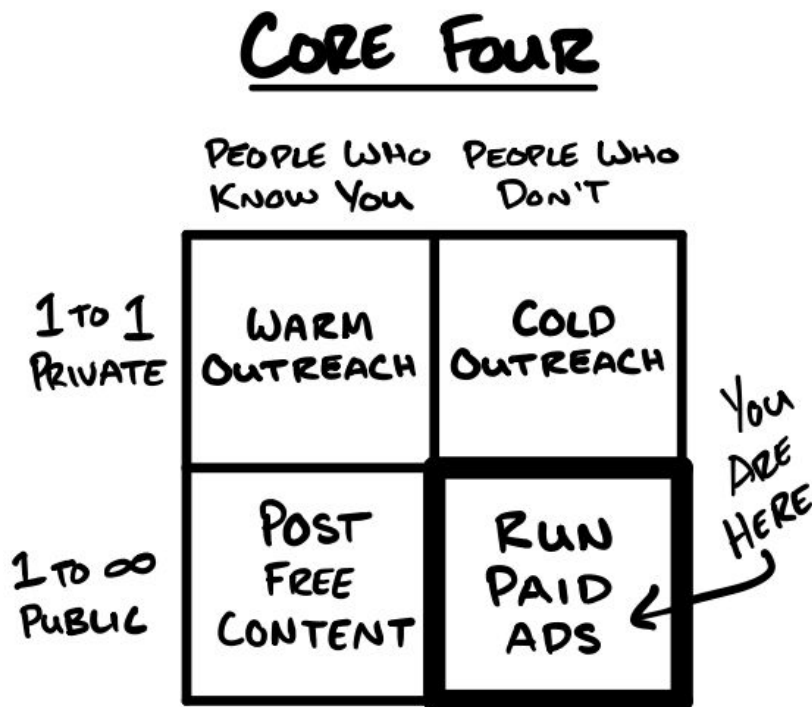I had to cut scripts to make this book a manageable length. If you want to model your scripts off them, go to: **Acquisition.com/training/leads**. And, if you needed another reason besides 'it'll make you money'....it won't cost you any. It's free. Enjoy. And as always, you can also scan the QR code below if you hate typing.

How To Publicly Advertise to Strangers

Advertising is the only casino where, with enough skill, you become the house.

CORE FOUR

	PEOPLE WHO KNOW YOU	PEOPLE WHO DON'T
1 TO 1 PRIVATE	WARM OUTREACH	COLD OUTREACH
1 TO ∞ PUBLIC	POST FREE CONTENT	RUN PAID ADS

YOU ARE HERE

June 2013.

"Let's try some Facebook ads for the gym." I spouted.

Sam's eyebrow went up. "They don't work. I already tried."

Now this was the brief time between quitting my "real job" and starting my first gym. I wanted some experience. So I cold-emailed more than 40 gym owners for a chance to shadow them. Sam was the only one who responded to my pleas for mentorship. He let me work at his gym, *with him*, for minimum wage. I'm forever grateful for that opportunity.

"I promise, I really think they'll work." I said. "Let me give it a shot with the stuff I learned from that workshop last weekend. I'll do everything." *That workshop took most of my puny savings.*

Sam leaned back in his chair, crossing his arms. "I'll tell you what. I'll give you a thousand bucks to play with. If you lose it, then you have to shut up about this Facebook stuff. If you make more, I'll split the profit with you."

"Deal."

I worked with a freelancer to get everything set up. We went back and forth until it was "perfect." A few days later, I marched into Sam's office to show him what I'd made.

"It's ready." I said.

He spun his laptop to face me. "Alright, Hormozi. Show me what you've got."

I placed the ugliest ad you've ever seen:

I'M LOOKING FOR 5 CHINO HILLS RESIDENTS TO TAKE PLACE IN A FREE 6 WEEK CHALLENGE. YOU MUST LET US USE YOUR BEFORE AND AFTER PICTURES IN OUR MARKETING IN EXCHANGE FOR THE PROGRAM. CLICK LINK TO SIGN UP:

[LINK]

No images. No videos. No frills. →Just words. ALL CAPS.

The ad went live.

We got leads within hours. I called them all and booked appointments as fast as I could. I also texted them about an hour before to remind them of our appointment. And as soon as they walked in, I started yapping about our six week challenge. I had zero sales skills. My *conviction made up for my lack of skill.* They bought.
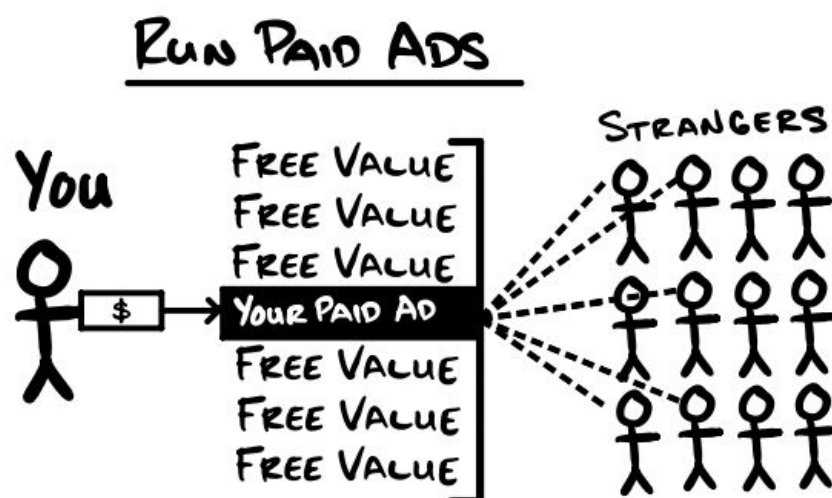
I sold 19 people at $299 each. We made just under $5700 from the $1000 investment. True to his word, Sam cut me a check and handed it over. He made it out for $2500. More than my share.

"Sam, this is–"

He cut me off. "Nice work, Hormozi. *Do it again.*"

***

The "6 week challenge" became the biggest promotion in the gym industry. *For seven years.* It drove at least $1.5B in revenue, more by now. I taught it to over 4,500 gyms. And I bet more than 10,000+ gyms used versions of the promotion without licensing it. Maybe you saw ads for it in your local market. And yes, if you're curious, it got more sophisticated as time went on.

How Paid Ads Work

Paid ads are a way to advertise one-to-many to cold audiences. People who don't know you. Paid ads work by paying another person or business to put your offer in front of *their* audience. Think of it like renting eyeballs or earballs. And because you don't need to spend time building an audience, paid ads are the fastest way to get the most people to see your stuff– You trade money for reach. *A considerable advantage when you know what you're doing*. Ads are riskier. But, when done right, they can get you more leads than any other method.

With warm and cold outreach we have to do more stuff to reach more people. To reach more people with free content, we depend on the platform or audience sharing it if they feel like it. Paid ads are different. The reach is *guaranteed*. But getting your money back isn't. So it's a game of efficiency rather than reach. Let me explain:

In principle, if you paid enough money, you could get every person in the world to see your ad. And, if every person in the world saw your ad, someone would buy. Even if only by accident (ha). So the question isn't "do ads work?" it's "*how well* can you make them work?" In other words, it's a push and pull between how much you spend and how much they buy.

And like cold outreach, paid ads go to colder lower trust audiences. So even with good offers, a smaller percentage of people will respond. And like cold outreach, paid ads get over this hurdle by putting your offer in front of more people. And if an ad isn't profitable, most of the time, it's because the right people *never saw it*. So to make an ad profitable, the right people *have to* see it. This keeps our ads efficient.

This chapter reveals how I create more efficient paid ads by finding needles in the haystack. I start with the entire world as my audience (haystack) then narrow down to get a higher percentage of engaged leads (needles). First, I pick a platform that contains my ideal audience. Second, I use whatever targeting methods that exist within the platform to find them. Third, I craft my ad in a way that <u>repels</u> anyone else. Finally, I tell whoever's left standing to take the next step. People overcomplicate it. But that's it. That's all we're

doing - narrowing down who sees our ad so we have the highest chance of getting the right type of people to respond.

Once we advertise profitably in a small puddle of an audience, we expand to a pond, then a lake, then an ocean. And as the audience gets bigger it does have more of the wrong people, but it has more of the right ones too. So ads decrease in efficiency, but at that point you can afford it. In other words, the ratio between what you spend and how much they buy goes down but the total amount of money you make goes up. So instead of spending $1000 to make $10,000 with $9000 in profit, you spend $100,000 to make $300,000 with $200,000 in profit. Your ratio goes down, but you make more money. So the risk is higher because you spend more. But so is the reward. This means we want to make the audience as big as possible while still turning a profit.

Paid ads give us four new problems to solve. Let's break them down together:

1) Knowing where to advertise

2) Getting the right audience to see it

3) Making the best ad for them to see

4) Getting permission to contact them

Step 1: "But where do I advertise?" → Find a platform where these four things are true

Platforms distribute content to an audience. If you're not familiar with any available platforms, I invite you to come join me on planet earth. If you've ever consumed content, which you have, you've directly or indirectly used a platform and been a member of its audience. And wherever there's an audience, you can usually advertise. So if you want to become a great entrepreneur, you have to learn about them. Here's what I look for in a platform I want to advertise on:

- I've used it and gotten value from it as a consumer. So I have some idea how it works.

- I can target people on the platform interested in my stuff.

- I know how to format ads specific to the platform (which I'll dive into in step three).

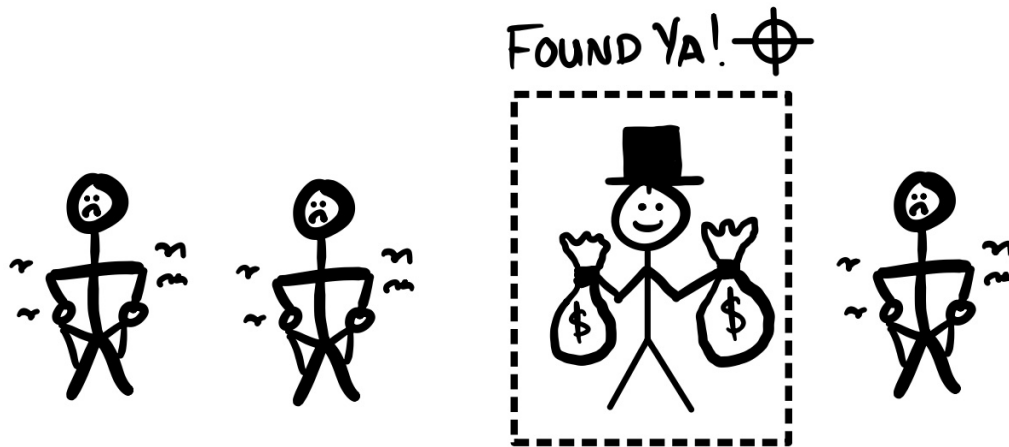- I have the minimum amount of money to spend to place an ad.

...And yes, platforms change all the time, but these principles stay the same.

Pro Tip: Place Ads Where Your Competitors Place Ads (To Start)

Platforms often have different ad types. For example, on LinkedIn, you can send message ads or you can run newsfeed ads. On Instagram, you can run ads to the newsfeed or stories. On YouTube, you can run ads on the side bar, mid stream, or as pre-roll. So how do you know where to start? Look at the ad placement of other people in your space, and start there. If they can make it work so can you. *Replicate before you iterate.*

Action Steps: Start with one platform that meets the four requirements. And start watching, listening, or reading ads on the platform as a first step to learning how to make one.

Step #2: "But how do I get the right people to see it?" → Target them

So if we start with the entire world, which we kinda do, we need to be a bit more specific. For example, if you choose a platform that has 100,000,000 users, you've already cut out 99% of the world– right off the bat. And, if everyone who buys from you speaks English, you also want to *exclude* the audiences within the platform who don't. If that's half the platform's users, you're already at 99.5% of the world excluded. Specific is good.

The right message to the wrong audience will fall on deaf ears. It doesn't matter how good your ads are. If you're marketing to Florida residents about a local business in Iowa, it's probably not gonna work. So you have only one goal when targeting–get the highest number of people you think will buy your stuff to see your ad.

We did our first round of targeting by selecting our platform. We do the second round *within* the platform itself. Modern advertising platforms have two ways to target. You can use them separately or combine them:

1) <u>Target a lookalike audience</u>. Modern platforms can show your ad to an audience that is similar to, and much bigger than, a list you provide. Advertisers call this a **lookalike audience.** Modern platforms will make lookalike audiences for you so long as you upload their minimum list size. The bigger the list and the higher quality the contacts, the more responsive the lookalike audience will be. Start with your list of current and previous customers. If your customer list is big enough to meet the platform minimum, use it. If it's not big enough, add your warm reach out list. If it's still not big enough, add your cold reach out leads to hit the minimum. This is exactly what I do. Forcing the list to the right size sometimes makes the lookalike audience too broad. And that's OK because you can…

2) <u>Target with factors of your choosing.</u> Targeting options include: age, income, gender, interests, time, location, etc. For example, if you know no one over forty-five or below twenty-five has ever bought your thing, then exclude anyone outside that range. If you sell car parts then show your ad *during* car shows and <u>on</u> car channels. If only people with pets buy your thing, then include pets as an interest. Basic filters on top of the platform-generated lookalike audience are a simple way to get more of the right people to see your ads. End result: more efficient ads.

Pro Tip: Local Targeting

Since local markets are already *tiny* in comparison to national markets, you won't want to add many more filters. Be as specific as possible, but no further. The local market on its own is already .1% of a nation, so you're already pretty narrow.

The more filters you use, the more specific the list. The more specific the list, the more efficient your ads but the faster you will "burn" through it. However, this specificity sets you up to get more wins early on. The wins from smaller specific audiences now give you the money to advertise to larger and broader audiences later. *This is how you scale.*

Action Steps: Bring all your lead lists together into one place. Separate them by past and previous customers, warm outreach, and cold outreach. Eventually, you'll have a list of people that engaged with your paid ads by giving you contact information but didn't buy. That'll come in handy. Then, if the platform allows, use these lists in order of quality to create your lookalike audience. Then, if the platform also allows, add filters on top of your lookalike audience to target an even higher percentage of people to engage with your ad. If you are incapable of making a lookalike audience, then simply start by targeting interests.

Step #3 "But what should my ad say?" → Call Out + Value + Call to Action (CTA)

To this day, I don't change the channel when I see an ad. I rarely mute ads or skip ads. In fact, I have no premium subscriptions that remove ads on any media platforms either. Main reason: I *want* to consume the ads. I *want* to see how businesses do three things. 1) How they <u>call out</u> their ideal customers. 2) How they present the <u>value elements</u>. 3) How they give their audience a <u>call to action</u>. When I look at ads this way, it turns what was once an everyday nuisance (ads) into a continuous learning experience. Consuming ads on purpose, with the core elements in mind, makes me a better advertiser. And it will make you a better one too.

Let's use the three chunks to make an ad.

1) Call Outs - I need to get them to notice my ad

2) Value - I need to get them interested in what I have to offer

3) Calls to Action - I need to tell them what to do next

1) **Call Out:** *People noticing your ad is the most important part of the ad…by a lot.*
The purpose of each second of the ad is to sell the next second of the ad. And the

headline is the first sale**.** As David Ogilvy says "After you've written your headline, you've spent eighty cents of your advertising dollar." Focus your effort front to back. As crazy as this sounds (and all the pros are nodding their heads), my advertising became 20x more effective when I focused the majority of my effort on the first five seconds. We need the audience's eyes and ears just long enough for them to realize "this is for me, I'll keep paying attention." <u>This "first impression" is the part of the ad I test the most</u>.

Imagine you're at a cocktail party in a big ballroom. Lots of people talking in groups. Loud music playing in the background. In all that noise, a single sound pierces through it all and you turn around. Wanna know the sound? Your name. You hear it, and *instantly* look for the source.

Scientists call it the 'cocktail party effect'. In simple terms, even when there's tons of stuff going on, a single thing can still catch and hold our attention. So our goal with callouts is to harness the cocktail party effect and cut through *all* the noise. After all, if they never notice your ad, nothing else matters.

A **callout** *is whatever you do to get the attention of your audience.* Call outs go from hyperspecific - to get one person's attention - to not at all specific - to get everyone's attention. Let me explain. If someone drops a tray of dishes, *everyone* looks. If a child yells "MOM!", then the *moms* look. If someone says your name, only *you* look. But again, they all get attention. And I try to make my call outs specific enough to get the right people *and* broad enough to get as many of them as I can. So pay close attention to how advertisers use call outs, especially the ones targeting your audience.

Here's what I look for with verbal callouts- *using words to get attention:*

1) <u>Labels</u>: A word or set of words putting people into a *group*. These include features, traits, titles, places, and other descriptors. Ex: *Clark County Moms* *Gym Owners* *Remote Workers* *I'm looking for XYZ* etc. To be most effective, *your ideal customers need to identify with the label.*

   a) People automatically identify with their local area. So with local ads, the more local, the better. A local ad with "LOCAL AREA + TYPE OF PERSON" callout is *still* one of my all-time favorite ways to get

someone's attention. It worked two hundred years ago, it works today, and it'll work tomorrow. So think: Americans < Texans < Dallas Residents < Irving Residents. If you live in Irving, you'll immediately think this ad could affect you. So, it catches your attention.

2) <u>Yes-Questions</u>: Questions where if people answer "yes, that's me" they qualify themselves for the offer. Ex: *Do you wake up to pee more than once a night?* *Do you have trouble tying your shoes?* *Do you have a home worth over $400,000?*

3) <u>If-Then Statements</u>: *If* they meet your conditions *then* you help them make a decision. *If you run over $100,000 per month in ads, we can save you 20% or more... *If you were born between 1978 and 1986 in Muskogee Oklahoma, you may qualify for a class action lawsuit…*If you want to XYZ, then pay attention…*

4) <u>Ridiculous Results</u>: Bizarre, rare, or out of the ordinary stuff someone would want. *Massage studio books out two years in advance. Clients furious.* *This woman lost 50 pounds eating pizza and fired her trainer* *The government is handing out thousand dollar checks to anyone who can answer three questions* Etc.

Callouts don't have to be just words. They can also be noises or visuals in the environment. Let's go back to the cocktail party. Sure, a dropped tray of dishes would get everyone's attention, but so would the cling*cling*cling* of a knife against a champagne flute. They both get everyone's attention for different reasons–one signals an embarrassing disaster and the other signals important news… *but, in either case, everyone still wants to know what happens next.* So if the platform allows, good advertisers use verbal and nonverbal callouts *together*.

Here's what I look for with nonverbal callouts- *using the setting and spokesperson to get attention:*

1) <u>Contrast</u>: Any stuff that "sticks out" in the first few seconds. The colors. The sounds. The movements etc. Note what catches your attention. Ex:

a) A bright shirt almost always gets more attention than a black or dull shirt.

b) Attractive people almost always get more attention than plain looking people.

c) Moving stuff almost always gets more attention than still stuff.

2) <u>Likeness</u>: Think visually *showing* labels–features, traits, titles, places, and other descriptors that people identify with.

    a) People want to work with people who look, talk, and act in ways familiar to them (and you may not look, talk, or act in ways familiar to them). So if you serve a broad customer base use more ethnicities, ages, genders, personalities etc. in your ads. If you serve a narrow customer base (ex: medical devices for seniors), then use people who look like them.

        i)   Quack like a duck. If you want to attract ducks, look like a duck, walk like a duck, and quack like a duck. If you want to attract plumbers, dress like a plumber, talk like a plumber, be in a plumbing environment. Even with the same message, your ad will do far better if you look the part (or find people who do).

        ii)   If you see an ad for doctors, notice the spokesperson. What age are they? Gender? Ethnicity? Are they wearing a lab coat? A stethoscope? Are they in a medical facility? All these things get a specific type of person interested in health related products and services to pay more attention than they would have otherwise.

        iii)   Mascots also work well because they don't age, never ask for more money, and never take days off. Think Micky Mouse for Disney. The Geico Gecko. Tony the Tiger for Kellogg's. The Michelin Man. etc. A mascot is a great way to create an enduring spokesperson for your business.

        iv)   <u>Advanced:</u> Whichever likenesses you choose to use, if it's not you, the business becomes less dependent on you and therefore more sellable. You also may just be an ugly son of a gun. Plus, pretty people convert better anyways. Good news is, it doesn't cost much to get a pretty person

to say stuff to a camera.

3) <u>The Scene:</u> Think *showing* the Yes-Questions and If-Then statements.

Ex: An ad with…

    a) A person tossing and turning in bed calls out people with sleep troubles.

    b) A pear next to an hourglass can call out people with a pear shaped body.

    c) A room full of stuff stacked to the ceiling calls out people with too much junk.

    d) A rock hitting a window calls out people with broken windows.

    e) A local landmark. Locals think - *"Hey, I know that place!"* and pay attention.

Now, this isn't an exhaustive list. *Far* from it. I show you these to pull back the curtain. This way, you can see the infinite ways advertisers cut through the noise, so you can too.

Pro Tip: Infinite Ads

Here's one of the highest ROI tips I can give you about making ads. Record ten or so new ads every week. But, record thirty or more first sentences or questions to begin the ad. Think five second clips. These are the call outs people consume before deciding to watch more. With thirty callouts and ten main ads you can make three hundred variations in a matter of hours. Once you know the best callout, you apply it to all ads.
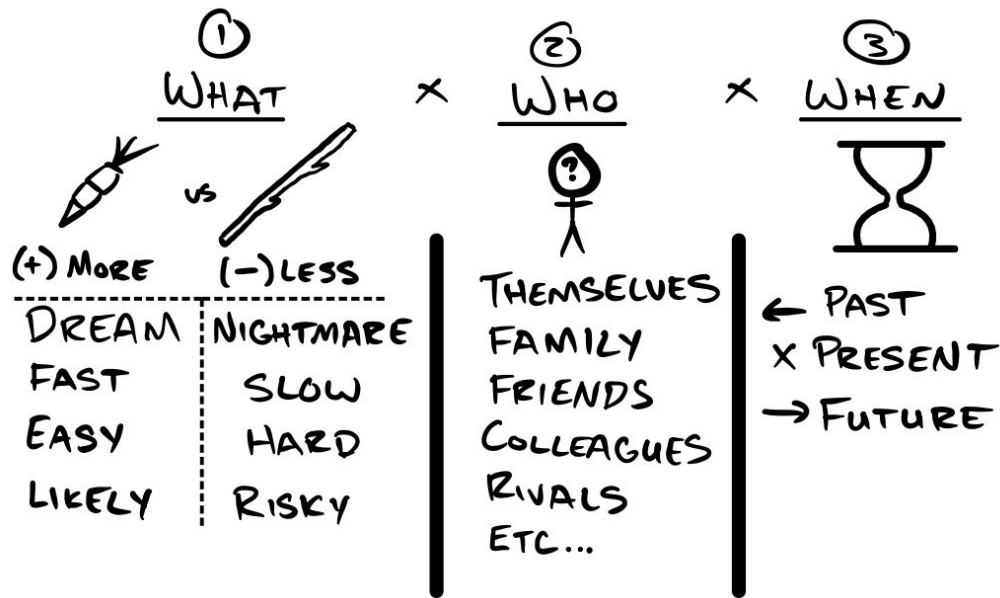
Action Step: I'm always impressed with the clever and innovative ways advertisers call out their prospects. So instead of muting or hitting "skip ad" *look for the call outs*. Become a student of the game. My goal is that for the rest of your life when you see an ad *you turn up the volume.*

Now, once they've noticed our ad, it leads us to the second chunk of the ad–we need to get them interested…

2) **Get Them Interested.** If people think an offer or lead magnet has big benefits and tiny costs, they value it. And they'll exchange money or contact information to get it. But if the cost outweighs the benefits, they don't value it, and they won't. *So the best ads make the benefits look as big as possible and the costs look as small as possible.* This makes an offer or lead magnet as valuable as it can be and gets the most engaged leads because of it.

A good advertisement, paid or not, uses clear and simple ways to answer the question: *why should I be interested in your thing?* It tells people why they should want your lead magnet or offer. Now, there are a million ways to do this, but I'll share with you my What-Who-When Framework. This mental framework hinges on knowing the value equation forwards *and backwards*. So all you have to do is know eight key things about your own product or service: how it fulfills each element of value for your prospect, and how it helps them avoid their hidden costs (remember those?). Think of them like carrots vs sticks. How your offer delivers more good stuff *and* less bad stuff. Then think of the perspectives of the people who would experience them (Who). And finally, what time period (When) they'd have these experiences (positive or negative).

What-Who-When Framework

In the words of David Ogilvy "The customer isn't a moron. She's your wife." So you know what that means? *Write to her*. Ads cause the prospect to think questions to themselves. And a good ad answers those questions at precisely the time they think it. So if you can answer what they're thinking with your ad, using the words they'd use, you've won.

So let's start with The What: Eight Key Elements

- **Dream Outcome**: A good ad will show and tell the maximum benefit the prospect can achieve using the thing you sell. It should align with the ideal prospect's dream outcome for that sort of product or service. These are the results they experience after buying the thing.

  - **Opposite - Nightmare**: A good ad will also show them the worst possible hassles, pain, etc. of going without your solution. In short - the bad stuff they'll experience if they don't buy.

- **Perceived Likelihood of Achievement**: Because of past failures, we assume that even when we buy, there's a *risk* we don't get what we want. Lower perceived risk by minimizing or explaining away past failures, emphasizing the success of people like them, giving assurances by authority, guarantees, and how what you have to offer will at least

give them a better chance of success than what they currently do, etc.

- ○ **Opposite - Risk**: A good ad will also show them how risky it is to *not* act. What will their life be like if they carried on as they always have? Show how they will repeat their past failures and how their problems will get bigger _and_ worse…

- **Time Delay**: A good ad will also show them how slow their current trajectory is or that they'll *never* get what they want at their current rate…

- ○ **Opposite - Speed**: To get things we want - we know we have to spend time getting them. A good ad will *show* and *tell* how much faster they will get the thing they want.

- **Effort and Sacrifice**: A good ad will also show them the amount of work and skill they'll need to get the result *without* your solution. And, how they'll be forced to keep giving up the things they love and continue suffering from the things they hate. Or worse, that they work hard and sacrifice a ton right now… and have gotten…*nowhere.* In other words, they waste more time and money doing what they currently do than if they just bought our darn solution!

- ○ **Opposite - Ease**: To get things we want - we know we have to change *something*. But we then assume we have to do stuff we hate and give up stuff we love. And ease comes from a lack of needed *work* or *skill*. A good ad disproves the assumption. It tells and shows how you can avoid the stuff you hate doing, do more of the stuff you love doing, without working hard, or having a lot of skill and *still* get the dream outcome.

Those are the 8 key elements. Now we fully understand The What – how we deliver the four value elements, and how we avoid their four opposites. We now go to the next W - The Who.

Who: Humans are primarily status driven. And the status of one human comes from how the other humans treat them. So if your product or service changes how other people treat your customer, which it does in some way, it *pays* to show how. And talking about the value elements from someone else's perspective shows all the ways it'll improve the status of your customer. So we want to outline two groups of people. The first group is the people gaining status, your customers. The second group is the people giving it to them: Spouse, Kids, Parents, Extended Family, Colleagues, Bosses, Friends, Rivals, Competitors, etc.
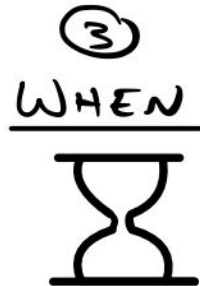
All of these perspectives give us different opportunities to show how the prospect's status may improve. And - they give us a *ton* of bonus benefits. As in, if you lose weight, do your kids have a new role model? Does your spouse now decide to get healthy too? Are you more likely to get promoted at work? Science says - yes. Does your frenemy no longer make those little jabs at dinner?

Let's do business examples. If I said something was risk free, I want to spell out how *their spouse* won't nag them about the purchase since there's no risk. I'd talk about how their kids would notice they weren't as stressed or distracted anymore about work. How their competitors notice their phones don't ring as much because all their customers are flowing to your new customer. How their business owner buddies say "business must be good" when they pull up in their new car at the golf range. You get the idea. These are all added benefits to the prospect we'd miss out on if we *only* looked at it from their own perspective.

And, we can apply each new <u>who</u> perspective to each value driver. This is how you get so many different stories, examples, angles, etc., to describe the

benefits (more carrot and less stick).

That leads me to the third lens of the What-Who-When framework - <u>The When</u>.

When: People often only think of how their decisions affect the here and now. But if we want to be extra compelling (and we do), we should also explain what their decisions led to in the past *and* what their decisions *could* lead to in the future. We do this by getting them to visualize through their own timeline (past–present–future). This way, we help them to see the consequences of their decision (or indecision) *right now*.

Let's use the weight loss example from earlier *from their perspective*. We'd show them getting teased as a kid (past) struggling to button their favorite pair of jeans (present) or moving up *yet another* belt loop (future). What does that nightmare look like to their spouse? To their rivals? How embarrassing!

Remember, we can also run the same timeline through *someone else's* perspective. Their kid asking why other kids make fun of them (because they passed on bad food habits) (past), or how their kids complain now that the other kids' dads participate at practice when they don't (present), or how their doctor said they might not walk their daughter down the aisle at her wedding (future). Note: this is all the *bad stuff* they want to avoid. Our next copy elements would contrast those with the good stuff that could happen (present and future) *if they buy our thing*.

We use both towards good stuff and away from bad stuff then combine it with the past, present, and future of the prospect's life to create *powerful*

motivators in our copy.

Putting the What, the Who, and the When together, we answer *WHY they should be interested.*

If I continued on with the weight loss thing, I might talk about how:

Their spouse (WHO) will perceive how fast (WHAT) they fit into 'that suit your wife loves that didn't fit but does now' in the future (WHEN). Or, how their kids (WHO) month after month (WHEN) got more interested in eating healthy and tagging along during workouts (WHAT). Or, how they (WHO) catch a look at themselves in a reflection in the mall in a few months (WHEN) and realize 'stuff actually fits me in this store' (WHAT).

Pro Tip: Make Your Ads As Specific As You Can But No Specific-er

The more specific your copy the more efficient it can get, but also the longer it tends to get. And if it gets too long for the platform it lowers efficiency. So make the *ad in its entirety* as specific as you can in the most efficient space you've got. If you've got audio and visuals at your disposal then use *contrast, likeness*, and the scene itself to <u>match your copy</u> – It becomes more specific without getting any longer. And this makes your ad even more efficient and profitable.

When we combine:

- everything we can to get the prospect going *toward* the four value drivers, while also getting them *away from* their opposites

- the many perspectives we can show them gaining status, *and*

- different timelines for each…

…This adds up to *why* they should be interested. And now we have a lot of ways to get them interested! And - the more angles we cover, the more interested they'll become.

Also - since you asked - the only difference between long ads and short ads is how many angles we have time to cover from the copywriting framework. Longer ads use more. Shorter ads use fewer. So add or take away based on the platform, but keep the callouts (the first few seconds) and CTAs (what to do next) the same.

Pro Tip: Get Unlimited Inspiration.

Many platforms have a database of ads past and present. As of this moment, if you search "[PLATFORM] ad library" in a search engine, in a few clicks you will find them. If you see an ad that runs for a long time (a month or more), assume it's profitable. Then, take notes on the callouts they use, how they illustrate the value elements, and their CTAs. Look for <u>the words they use</u> *and* <u>how they demonstrate them</u>. Break down fifty or so ads and you will have a massive head start to creating winners of your own.

Action Steps: Get as many advertising angles with your offer as you can with the What-Who-When framework.

What: Know the eight key things about your own product or service. How it fulfills each element of value, and how it helps avoid their opposites.

Who: Show how the eight key things about your product or service can change *your prospect's* status. Then, show how *the people they know* give status to the prospect when they buy your thing or take status away if they don't.

When: Get the prospect to see the consequences of buying and not buying through their past, present, and future. Especially through their change in status with people they know. This way, we help them to see the value of their decision (or indecision) at this very moment.

Author Note: You Don't Need to Become a Copywriting Expert.

I'm certainly not. And if I thought copy was the limiter for most, I'd have spent more time on it. Sure, world class entrepreneurs have copywriting skills. But, world class copywriters don't necessarily have entrepreneurial skills. *Don't sacrifice one for the other.* If you explain your offer clearly using the What-Who-When framework, you'll have enough skill to remove copywriting as a limiter on your growth. And that's all you have to do–get good enough to grow. After all, if you call out the right people and have an amazing offer, you barely need any copy to begin with. *You just gotta explain your offer.* Get good enough to make your ads profitable, then scale and see what breaks next.

I also include a few more ad tips and tricks that have served me well in the lessons at the end of the chapter. But even if you never use them, there's only one more thing you'll need to turn these interested folks into engaged leads…

3) CTA - Tell Them What To Do Next

If your ad got them interested, then your audience will have huge motivation… for a tiny time. Take advantage. <u>Tell them *exactly* what to do next</u>. S-P-E-L-L it out: Click this button. Call this number. Reply with "YES." Go to this website. Scan this QR Code (wink). So many ads *still* don't do this. Your audience can only know what to do if you tell them.

<u>Make CTAs quick and easy</u>. Easy phone numbers, obvious buttons, simple websites. For example, a common CTA is to direct the audience to a website. So make your web address short and memorable:

Instead of… alexsprivateequityfirm.com/free-book-and-course2782

Use.. acquisition.com/training

Note: This comes from a guy who spent $370,000 on a single word domain <u>Acquisition.com</u>. So, I may overvalue easy domains, but I don't think I do. I think everyone else *under*values them. Just my two cents.

Alex Hormozi ✔
@AlexHormozi

Assume the audience has no idea who you are, what you do, how it works, they're in a rush, and they have a 3rd grade education.
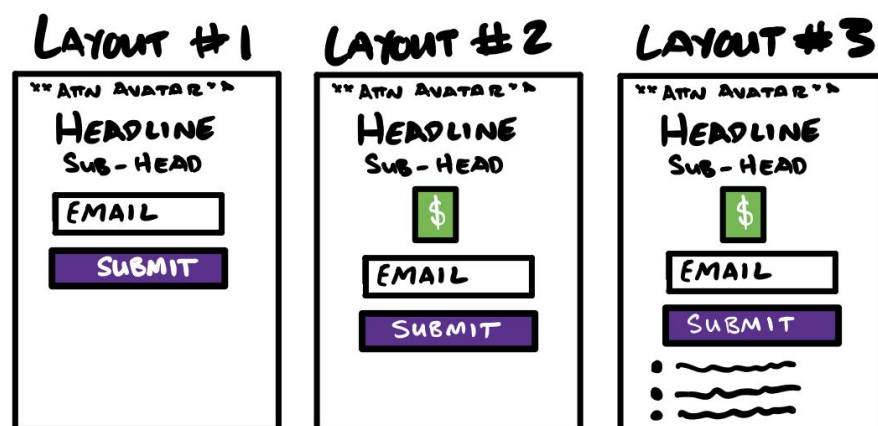
Beyond these basics which most still forget, you can also use all the tactics like urgency, scarcity, and bonuses from "Step 7" from the "engage your leads" chapter to make even stronger CTAs. They apply here, and everywhere else you tell your audience to do something.

So we can now pick a platform to advertise on, target who we show our ads to, make the ads they see, and tell them what to do next. All we have to do now is get their contact information.

Step #4 "How do I get their info?" → Get Permission To Contact Them

After they take the action–Get. Their. Contact. Information. My favorite way to get contact information is a simple landing page. Don't overthink it. The simpler your landing page, the easier it is to test. Focus on the words and the image. Here are my three favorite templates. Pick one and start testing.

And make your landing pages match your ads. People click an ad because you promised them some benefit. So carry that same look and language over to your landing page. Make sure what you promised in your ad is what you deliver. This sounds simple, but a lot of people forget, and waste money until they remember it. You don't want to end up with some Frankenstein experience where everything looks different. You want a continuous experience from "click to close."

Get more people through more steps. In Robert Cialdini's seminal work, *Influence*, he shows that people like to think of themselves as consistent. So, if you remind them of the action they just took (CTA), and show how taking the next action aligns with it, you'll get more people to take the second action

(Contact Info). For example, "Now that you just did A, you need to do B to get the most of A." _Or_ "Doing A makes you a 'doing A' kind of person. Doing A kind of people, do B."

To be clear, we aren't selling anything. We are asking if they're interested in the stuff we sell. And if they're interested, they'll give us a way to tell them more about it. And when they do, they become engaged leads. Woo!

Action Step: Build your first landing page. I wasted four years feeling too scared to make a landing page. When I finally tried, I finished before lunch. Nowadays there are tons of "drag and drop" tools to build websites in minutes. And if you're still worried about it, freelancers will build a site, probably using those same drag and drop tools, on the cheap. So just get it done.

→**Now, you have engaged leads from paid ads!** Hooray! We did it!

Run Paid Ads Part I Conclusion

What _has to_ happen for advertising to work? Well, we have to show our ad to the right people. So, we pick the right platform and target the people within that platform that have the highest percentage of our audience. Once we do that, we have to get them to notice our ad. Once they notice it, they have to consume it to get a reason to take action now rather than later. We do that using the value equation. And demonstrate it in the past, present and future, from their perspective and the perspectives of the people they know. And once they have a reason to take action, they have to have a way to give us permission to contact them. _That action turns them into an engaged lead._ And since those things gotta happen, they slowly but surely became the three core elements of every ad I create:

1) Callouts (for them to notice it)

2) Value Elements (to give them reason to do something)

3) Calls to action (to give them a way to do it)

Now… only one question remains…how efficient are we? Let's talk about money stuff.

#4 Run Paid Ads Part II: Money Stuff

"I'm just trying to buy a dolla' and sell it for two" - Proposition Joe, The Wire

We focus on efficiency with paid ads throughout this chapter and the last one because *efficiency matters more than creativity.* All advertising works. The only thing that differs between advertisements is how *well* they work. Maybe people get crazy about making paid ads because they have words like "copy" and "creative" and "media" then get hyper-focused on getting all that stuff "perfect" (as if you can). You can tweak all day and night… until the cows come home! The reality is that paid ads, any advertising really, is all about *the return on your investment.* And with paid ads it gets clear as day because you put X dollars in for people to see the ad and get Y dollars out if they buy your stuff. So if you want a *$100M leads* machine, you just need to get it "good enough" to scale. Why? Because good enough is good enough.

Since efficiency matters most, we want to be as efficient as possible so we can scale as much as possible. That way, we get as many leads as our little heart's desire.

That being said, there's enough nuance to scaling paid ads that it felt better to break it into its own chapter. This chapter answers four big questions about ads as I understand them:

- How much do I spend? →Three Phases of Scaling Ads

- How do I know how well I'm doing? →Cost & Benchmarks

- If my ads aren't profitable, how do I fix it? →Client Financed Acquisition.

- What do I wish I had known before I ran my first paid ad? →Lessons

"But how much do I spend on paid ads?"→ The Three Phases of Scaling Paid Ads

There are three stages to spending money on ads as I see it.

Phase One: Track Money

Phase Two: Lose Money

Phase Three: Print Money

Let's break them down together.

Phase One: *Track Money.* Before spending a dollar on ads, set everything up so you can accurately track your returns. If you don't track, you're gonna get cleaned out. It would be like going to a casino and playing your favorite game for as long as you felt like it rather than for as long as you could afford it. But, once you have tracking, you can do more of the stuff that makes you money and less of the stuff that doesn't. It rigs the game in your favor. So get a consultant, watch tutorials, and get it set up. End of story. Once you have the tracking, you can start losing money like a pro (wink).

Phase Two: *Lose money* (half-joking). I prefer to call it 'investing in a money printing machine.' After all, when running paid ads, you pay first. So your bank account has to go down before it comes up.

I emphasize this because I'd rather prepare you: *you're gonna lose money*. In fact, I've lost money more *times* than I've made money running paid ads. But every time I make money with paid ads, I make back everything I lost, *and then a bunch more.* So the number of times I lose is high but the amount I lose is low because I know when to shut it down. And my number of wins is low but the amount I win is very high because I know when to hit the gas. So, think of it like this.

Imagine I spend $100 on ten ads - $1,000 in total. Nine of them lose all $100. Then, one of them makes $500 back for the $100 I spent. I'm still down $500. Many people stop here because they see a $500 dollar loss. But not us. We see a winner. So now we buckle up and 100x down. We spend $10,000 on the winning ad and make $50,000 back.

Note: I still lost *nine times*, but the *one time* I won, I won big. And this is important, because you might lose, nine or ninety-nine times in a row before you win big. But, to win big, you have to see the winners and *double, triple, quadruple, 10x down on them*. This is why paid advertising is a lot like a casino. You'll often lose in the beginning to learn the game. But - with enough skill - you eventually become the house. That being said, during this "lose money" phase, you can still be smart about it. Here's how I do it.

I budget two times the cash I collect from a customer in thirty days (<u>not</u> LTGP) when testing new ads. I wasted tons of money letting ads run too long before I realized they sucked. But on the flipside, I've lost even more money by giving up on ads before I gave them a chance. Eventually, I hit a sweet spot by budgeting <u>two times</u> the cash I collected from a new customer in the first thirty days to test a new ad. For example, if I know I make $100 in profit from a customer in the first thirty days, I'll let an ad go up to $200 in spend before shutting it off (as long as I'm getting leads). If I'm not getting any leads from an ad at all, before I spend 1x thirty-day cash I shut it off ($100 in the example).

It costs money to build an advertising machine. I worked with a business that took a year to get paid ads profitable. It was tough. But other businesses in their space ran profitable ads which meant *we could too*. Once they were profitable, they made their year's worth of 'wasted' money back in the *next month*. It costs money to build an advertising machine…and that's *normal*. Just make sure you measure the returns over a long time horizon, not next week. Can you think of anything more valuable than a machine that prints money? It would be unreasonable for it be cheap (or easy). Once you start making more money than it costs you to make it, you're in phase three.

Phase Three: *Print Money.* If you're making back more money than you spend - the answer is simple - *spend as much as you can.* After all, if you had a magic machine that gave you $10 for every $1 you put into it, what would your budget be? Right. All the money. But realistically, you probably have some other constraint on your business that prevents you from unlimited customers coming in. So here's how I scale my budget.

Instead of asking "How much money should I spend on an ad?" I ask "How many customers do I want?" or "How many customers can I handle?" So once ads break even or better, I reverse my budget from my sales goals. If I can only handle 100 customers next month, and customers cost me $100 to get, I'd need to spend $10,000 to get them (100 x $100). But since ads get less efficient as they scale, I usually pad the budget by twenty percent. So that means $12,000 over thirty days, or $400 per day in ad spend. I reverse my daily ad budget from my lead-getting goal. Then, *I commit to it.* If the number terrifies you, then you're doing it right. Trust the data. This is how you scale. And that's why most people never do.
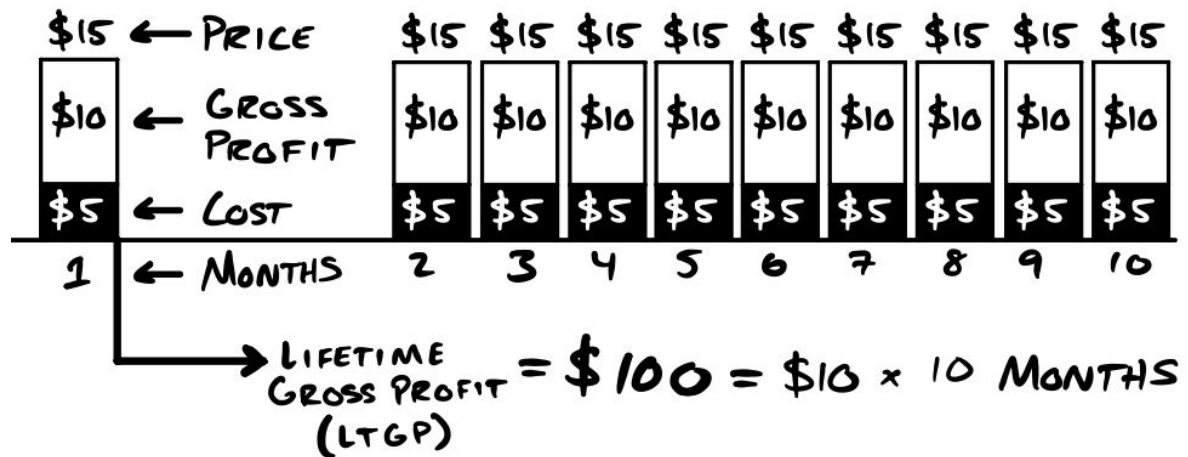
"How well am I doing?" - Cost & Returns - Efficiency Benchmarks

Efficient paid ads make more money than they cost. If that sounds painfully obvious, good. You've already got most people beat. I measure paid ad efficiency by comparing the lifetime gross profit of a customer (LTGP) with the cost to acquire a customer (CAC). I express this ratio as LTGP to CAC.

I Measure LTGP Instead of "Lifetime Value" or "LTV"

Lifetime gross profit is all the money a customer ever spends on your stuff minus all the money it takes to deliver it. For example, if a customer buys something for $15 and it costs $5 to deliver it, your gross profit is $10. So if that customer buys ten things over their lifetime, then they bought a total of $150 in stuff. But it cost you a total of $50 to deliver that stuff. That makes the lifetime gross profit $100.

Gross profit is important in general because it's the actual money you use to acquire customers, pay rent, cover payroll, and... everything else to run your business.

So if you've ever heard me say "I'm getting 3 to 1 on this" I refer to my LTGP-to-CAC ratio. I compare how much I made against how much I spent. So if LTGP is greater than CAC, you have profitable advertising. If it's lower than CAC, you're losing money.

What's a good LTGP to CAC ratio? Every business I invest in that struggles to scale has at least one thing in common - their LTGP to CAC ratio was *less than* 3 to 1. As soon as I get it above 3 to 1 (either through decreasing CAC or increasing LTGP), they take off. *This is a pattern I personally observed, not a rule.*

$$LTGP > CAC = \$+ \quad ☺$$
$$LTGP < CAC = \$- \quad ☹$$
$$\frac{LTGP}{CAC} > 3 \quad 🤑$$

You have two big levers to improving LTGP:CAC: