

Jay Baer: 70-75% of CMOs still feel like they're lacking in measurement. Here we are on the doorstep of 2019 and we still don't have it figured out, so the more that we can shine the spotlight on what works and give people the opportunity to invest only in things that work the better off we're going to be.

(Intro Music)

Robert Glazer: Welcome to Elevate, a podcast about achievement, personal growth and pushing limits in leadership and life. I'm Robert Glazer, and I chat with world class performers who have committed to elevating their own life, pushing the limits of their capacity, and helping others do the same.

Lenox Powell: This episode was previously recorded and published on the Outperform Podcast

Robert Glazer: Today's quote is, "One tequila, two tequila, three tequila, floor." A sentiment by the late George Carlin that I tend to agree with, but my guest Jay Baer would likely attribute to lower quality tequila. You'll see in addition to being a serial entrepreneur, the founder of a digital strategy consulting firm, Convince and Convert, a media brand and the author of six New York Times bestselling books, Jay is also an avid tequila collector, which we will get into in our discussion.

Robert Glazer: Jay, welcome. It's so great to be talking with you and have you on Out Perform.

Jay Baer: Bob, thanks so much. Fantastic to chat with you. Yeah. Let's just make this whole show about tequila. Let's do something different.

Robert Glazer: I'm not ... no, it doesn't work for me. I had a college experience where it sort of ruined it for me.

Jay Baer: But that's so true, right? Like everybody, so many people I know like, "Ah man, I don't know, I don't drink tequila because I had that one time sophomore year", and you know, I get it. I have it with gin. That's why I don't drink gin. Like I don't even like talking about gin. I don't even like talking about gin. Everybody has that one bad experience.

Robert Glazer: In doing my homework for this podcast, I'll have to be honest, I found it kind of challenging to prepare for this discussion. Usually I'm able to dive in, pick an angle. There are just so many topics that you talk and write that I'm also passionate about, including entrepreneurship, marketing, being an author, high value customer experience. Like I said, I think the only place where we might disagree is I'm more of a whiskey and vodka guy than tequila.

Jay Baer: I understand. I'll allow it.

Robert Glazer: We gotta start somewhere. So let's first dive in with your journey into the online marketing world. And I read that it was accidental. So I'd love to hear that story.

Jay Baer: Yeah. I started in politics and I ran political campaigns for a while and then realized that that's not a great way to make a living. It's not a real good family gig. So I left there and went to work in traditional marketing for a little while. Did that for a few years and then I worked for the government, and I was the spokesperson for the Arizona Department of Juvenile Corrections. So my job essentially entailed giving tours of the juvenile prison system, which is not even as good as it probably sounded in the last sentence. And I really was not looking forward to being there much longer. And I was having beers with some friends of mine who had started the very first internet company in Arizona. This is circa early 1993. And they said, "You know, this internet company is getting a little bigger and we don't know anything about marketing."

Jay Baer: And I said, "Well that's fine because when you say the word Internet, I don't actually know what you mean, but I will do anything to not give another tour of this prison." And I walked in the next day and quit. And so I ended up as VP sales and marketing of an internet company having literally never been on the Internet, which makes for an exceptionally interesting first day at work I can tell you.

Robert Glazer: And what did that company do?

Jay Baer: Two things, dial-up, dial up internet. And so we're talking about old school, 144, take giant floppies, put them in an envelope with a rubber band around them and a piece of paper and say, "Here's how you get on the Internet." Of course these are the days of AOL, Compuserve, et cetera, Prodigy. And we were the open Internet, this scary unregulated Internet.

Jay Baer: So it started off as a dial up business and then my partner in this firm, this is going to sound absurd but it is true, invented web hosting. So before he came along, back in the day, if you wanted to have a website, you needed to have an entire server. It was one box, one computer per domain name. He literally invented the partitioning algorithm that would allow you to serve up multiple https calls, http calls, multiple websites on one server. So today of course that's commonplace and you know somebody like Rackspace will run 200-300 websites off one box. Back then it was one box, one server. So we were able to take the cost of web hosting from about \$1200 a month on a dedicated server to \$169 a month on a virtual server. And for a time we were the only ones in the whole world who can do that.

Jay Baer: Which of course led to explosive growth and all that kind of apocryphal stories that you've heard of those days, early Internet days, guys are sleeping on the floor to reboot servers in the middle of the night. That's all true. I lived all of that.

Robert Glazer: And so what kind of marketing were you doing? Two part question. What were some of the enduring lessons of that experience that you've carried forward to today?

Jay Baer: It's great to have first mover advantage, but only if the customers want you to move first. Like, I no joke spent the first four years of my Internet career from say '93 to '97, '98 sitting in conference rooms, convincing companies that they needed a website.

Robert Glazer: Convincing and converting them, right?

Jay Baer: Yeah, as it turns out, that's true. And so it's great to have this first toy on the block, but only if people know that they want that toy. And that's why I'm so enamored with how Apple introduced the iPad back many years ago. So here's a thing that nobody actually knew they wanted and then they made them want that. And that's a more difficult communications challenge than I think most of us give credit for.

Jay Baer: The second thing I learned is that when you are in a period of breakneck growth and you think that will continue, it's really important to have adults in the room. And we didn't and that kind of hurt us. I was the senior partner at the ripe old age of 23 with extensive experience that comes with giving juvenile prison tours and running political campaigns. And so we really needed some more senior management and we went out and looked for a sort of a professional CEO, but by the time we sort of got around to that we'd made some mistakes and cost us some momentum and things like that.

Jay Baer: And then I think that the last thing is, it's awesome being in business with your friends and your friends' wives and all the things that that entails, but it also creates a lot of challenges outside the office and we certainly experienced some of that too.

Robert Glazer: And so how did that situation end? Poorly or well?

Jay Baer: It depends on how you describe poorly. I left after a couple years and went to start a large web operation, web design, web strategy firm that was bankrolled by a media conglomerate in Phoenix. So I left to go do that. And the remaining partners ended up selling the organization to MindSpring, which eventually became EarthLink, or was bought by EarthLink. So it got rolled up. Nobody made the kind of money on that company that perhaps we could ever envision that we did. But everybody ended up being fine and it's a heck of a story.

Jay Baer: So here's how long ago this was, I don't know if you know this tale. So when we started, domain names were free. You could buy whatever domain name you want it and nobody cared. You just, "I want this, this, this, this, and this." It was just literally the Wild West.

Jay Baer: And these guys and I, my partners and I had a whole bunch of them. We sold budweiser.com to Anheuser Busch in 1993 for 50 cases of beer. That's a true story. That is a true story. And we generally thought that we got a super, super good deal.

Robert Glazer: A great deal.

Jay Baer: Yeah, a great deal. But in those days beer is currency, right?

Robert Glazer: These things go both ways. I was just listening to Drew Haustin did a podcast with Tim Ferriss and he was talking about how he got the DropBox name when it was Get DropBox and he went to this guy's house and he stalked him for a year, and eventually I think they agreed to like a couple hundred thousand dollars or something like that with

his investors. And he offered him stock and he didn't take it, and I think at the IPO the stock would have been worth 100 and something million dollars.

Jay Baer: Bird in the hand right?

Robert Glazer: Yeah. A lot of good decisions and bad decisions.

Robert Glazer: So let's fast forward to day. And I think is an are where you and I have a lot of overlap in terms of you there's online marketing everywhere, people talking about it, whether it's SnapChat or Facebook or influencers and really focused on the top of the funnel. You've obviously built your firm, Convince and Convert, on really focusing on the bottom of the funnel and not the shiny object, but how do you take these folks and get them to buy your product and service?

Robert Glazer: So can you talk a little bit about that, kind of where you focus and how you see that in the market today? Is it sort of a lost art? It's always amazing to me that people just pour into a new channel and tend to suspend all their traditional metrics and then they're surprised when it doesn't perform very well.

Jay Baer: Yeah. Well, you know, it's funny you were asking about the early days of Internet Direct, which is that name of that company and one of the things I learned there that in my subsequent firm, azfamily.com when we're really in the web design business, and back in the days when you could make a ton of money building websites for corporations, one thing I learned in those days is that execution is always commoditized eventually. It's just a matter of time. It isn't whether it's going to happen. It's just when it's going to happen.

Jay Baer: And so when I started Convince and Convert 10 years ago, I said, "I'm going to do something that's dissimilar from the other professional services companies I've had." One, it's going to be all virtual. And two, even more important, it's going to be all strategy. So we only do strategy. We do not do any tactics. We do not do execution work and we just never will because even now as you get more artificial intelligence, more machine learning, more robots doing the blocking and tackling of marketing, the more that happens, the more the strategist becomes king. Because somebody has to tell the robots what to do. And I'd just as soon that's me or you.

Jay Baer: So consequently, our firm is boutique on purpose, virtual on purpose, all senior staff on purpose, only strategy on purpose. And we work with many of the world's most interesting brands, as do you Bob, to help them understand the strategic implications of social media, content marketing, customer experience, word of mouth, and then the other things that we advise them on.

Robert Glazer: So I don't know, either naming or not naming a client, can you just give an example of the type of problem that someone brings to your firm that you're-

Jay Baer: Sure, yeah. Yeah, so we did a project 18 months ago or so, maybe it's two years now, for the United Nations, a real honor to work with them, they're a super smart crew. The

division that we worked with is called FAO, the Food and Agriculture Organization. They're based in Rome. Their challenge is a small little assignment to eradicate world hunger. So there's that, which is a sizable mission statement. And specifically what they're trying to do and why they came to us is use social media globally to unlock the awareness of young people about things that can be done to make the world a more fertile place, a more productive place to help people eat and feed themselves, which is no small task.

Jay Baer: So we did a very large global audit and assessment with them and helped them with a lot of social media content strategy of what to say, how to say it, where to say it, when to say it, how to amplify it, etc. And they're off and running and doing a great job.

Robert Glazer: And then you helped point them in the direction of who should do that in terms of the pieces?

Jay Baer: Yes. Although I will tell you that a partially it's kind of a self fulfilling prophecy. Most of the companies that hire us have robust in house capabilities to begin with. And so we become their strategic council. We're like personal trainers for digital marketing. In some cases we have clients who have us and then a number of other agencies working with them to do execution, but usually we tend to work primarily with companies that try and keep most things in house.

Robert Glazer: Interesting. The other big trend I'd love to get your perspective and what you're seeing on, what are some of the things that you see, trends that you see in performance marketing as all of these companies increasingly shift from being brand marketers to direct to consumer marketers for the first time and that really affects nonprofits-

Jay Baer: Oh, it's crazy.

Robert Glazer: Retail.

Jay Baer: Yeah, everything. Well, I mean this, this, this whole idea of influencer marketing.

Robert Glazer: Yeah. It's just performance marketing. It's just Oprah Winfrey was an influencer marketer. I, you know, we love putting new new names on things, but if-

Jay Baer: Everybody is, yeah.

Robert Glazer: Yeah.

Jay Baer: I mean, you know, this idea of influencer marketing and that's the new flavor of the month. All that is, is, is performance marketing or affiliate marketing or you know, wrapped in a different cloak. It's the same thing. The difference is that now, instead of having a small number of highly compensated, highly experienced performance marketing partners, you can do that plus work with a much larger group of sort of influencers, quote unquote, are more influential or individualized performance

marketers because the software allows you to manage larger numbers of people without driving yourself crazy.

Robert Glazer: But are you seeing people have a little bit of a hangover, as they move from sort of B to B marketer to direct marketers, not able to get their hands around the right metrics of success? I mean that's one of the areas where I think it's just a, it's a really different ballgame to be like, "Yeah, we had this great Super Bowl ad," versus, "How many conversions did we get on that, on that campaign?"

Jay Baer: Yeah. Yeah. It's interesting. That's where we see, because we don't specialize in either B to B or B to C, at Convince and Convert we work on both sides of the aisle. And it's one of the great distinctions between the two. I think typically those distinctions are overblown, but in this case it's not.

Jay Baer: The B to B side is so much more attuned to measurement and direct results because in B to B organizations, sales is king and marketing is there to serve sales. And so marketing's responsibility is to deliver sales qualified leads that then the sales team can go and close and so everything is hyper focused on measured results and performance and lead gen and demand gen.

Jay Baer: Whereas on the B to C side, it's still somewhat nebulous in some cases because there isn't typically a sales force in between the marketing message and consumer consumption of the product and service. And so marketing is typically as sort of higher order existence on the B to C side, and they really struggle with tying specific digital initiatives to results.

Jay Baer: For example, if you're doing marketing for Twizzlers licorice, right? Like you can do a bunch of interesting things. It's just really difficult to say, "Hey, this particular program equal this much liquorice sales." I mean, it is possible to determine that, but at some level you have to ask yourself the question, what's the ROI of precisely knowing your ROI? But I think what you're doing at Acceleration Partners, and this whole idea of everything can be performance marketing is so on trend, because even today, I just saw a number a couple of days ago, something like 70, 75% of CMOs still feel like they're lacking in measurement. Here we are on the doorstep of 2019 and we still don't have it figured out.

Jay Baer: So the more that we can shine the spotlight on what works and give people the opportunity to invest only in things that work, the better off we're going to be.

Robert Glazer: Yeah, I mean, you know, one of my favorite quotes, I think which was over 100 years ago, which is John Wanamaker's, you know, "Only half my marketing works and half doesn't, I just don't know which half." What's crazy to me is that we're 20 plus years into digital marketing. Everyone's got analytics, attribution data out the ying yang. I'm not sure anyone's really that much better than the 50% rule now at saying like, "I have all this data, but I'm not sure which 50% is working", and there seems to be something fundamentally wrong with that.

Jay Baer: Yeah. Well, one of the challenges is that we believe in data more than we should.

Robert Glazer: Yeah.

Jay Baer: It's not about data, right? Data has no net present value. And that's what they'll say, "Oh, we're so excited about big data." Look, all data does this confuse you. It's not about big data. It's about big understanding. We are surrounded by data, yet we're largely starved for insights, which is why I love the whole concept of performance marketing because what performance marketing does, by definition, is it provides insights inside this sea of data. It tells you not just what has happened, but what has actually worked, and that I think is pretty exciting.

Robert Glazer: Just to unpack that a little bit and to play devil's advocate, I think one of the dangers of measurement and performance is fear of failing or over measurement. I mean, look, there's even in a direct marketing performance based world, there's still some brand building, there's still some repetition, like not everything is going to work or have a clean end point. And I actually think that, you know, this is kind of the tension whereas the folks coming from brand marketing or use to kind of know measurement, and the folks coming from performance marketing or used to measuring everything and almost can't step back and sort of look at the halo or brand effect of things, and somehow this needs to intersect a little bit because you know, some of the smart marketers I've talked to say, "Look, I'm going to put 10 or 15% just kind of in RND. Like this stuff is not going to work, but we'll have some measurement. We shouldn't lose a ton of money, but we'll have some measurement to measure it and see where we went wrong."

Robert Glazer: We've had clients, and I don't know if you've ever experienced this, but they kind of ask us how something is going to perform in advance of even doing it.

Jay Baer: Right. They want like the predictive crystal ball, yeah.

Robert Glazer: Yeah, like if I knew that I wouldn't be here, I'd be on a beach in Hawaii and doing something besides tequila, so I'd love to get your kind of thoughts on where is the 80/20 rule on all this?

Jay Baer: Everything is measurable. This idea that this isn't measured by that. That's BS. That's not true. Everything is measurable. It's just how much time and money do you want to throw it against it? Like that's the truth, right? Everything is measurable. It's just a factor of time and money.

Jay Baer: So what we always say to our customers is, "Okay, if you want to know this, we can make that happen, but then how are you going to change the inputs or outputs of your business if you knew that? And if you're just collecting a number to say you have a number that's not a good use of resources." I'd rather put that time and money into media or creative or research or something else that has real outcomes, just to say, "Hey, we've got a dashboard that makes us feel better." That's not a good use of time.

Robert Glazer: Well, this gets to what you said, the ROI on the ROI, right?

Jay Baer: Yeah.

Robert Glazer: We've had clients in the past saying, asking us if we could run the ROI on a \$500 campaign. like sure, but that might be \$400 of manpower to do that.

Jay Baer: Yeah. Yes, exactly. It was two to one until we had to do the research and now it's one to two, but now you know.

Robert Glazer: So a CMO walks into your office today, he says, "Look, I've just taken over as the head of this direct consumer company, this is my first time in this job. What are the top one or two things I need to be doing or paying attention to?"

Jay Baer: The first things that we always look at is what story are you telling, and what stories are your customers telling us about you?

Robert Glazer: And then what's the gap?

Jay Baer: Yeah, for sure, what's the gap. But then also how consistent are they? See, one of the challenges today is attention's hard to come by, right? Like everybody's out there fighting and clawing for attention, and you're much better off telling one story over and over in a bunch of different interesting ways, than trying to tell a six, eight, 10 different stories. I feel like the messaging is way too diffuse for most consumer organizations and they think that, oh well, the customer is going to see it in this venue, they'll see the message in this venue and they'll be able to connect the dots. No, they won't.

Jay Baer: I'll tell you what one of the big challenges are with all marketers today, is they believe that their customers care about their company as much as they do.

Robert Glazer: Yeah.

Jay Baer: And they totally do not. Nobody cares about your company, except the people who work in your company.

Jay Baer: So this idea that if we just kind of sprinkle stuff around out there in social media or whatever, it doesn't matter, print, outdoor, direct mail, emails, sent material, that people are going to pay attention, it just doesn't hold water, right? So what we try and do first before we get into tactics, or ops, or any of those kinds of things, or channels, is to say, "Al right, why should somebody buy from you? Why? Why should we care? Why does this company even exists?" Justify that first and then once you know what that justification is, what's the storytelling that makes that justification ring true and authentic, and then look at what customers are saying and are they picking up that message. And if not, then that gap needs to be closed, right, and we're doing so much work now in word of mouth, befitting the new book, and helping companies figure out the story that they want their customers to tell, and then propagating it through an actual word of mouth strategy.

Robert Glazer: Yeah. And so, I mean, I think a little of what you're saying is, and I won't get the exact phrase right, but I've heard a lot of smart marketing people talk about, you know, having the story going after the kind of, the heart of it versus facts and features, right? Where a lot of companies are just putting out kind of facts and features and that's really not working as much anymore.

Jay Baer: It can work, but I think you have to map it to funnel stage.

Robert Glazer: Right.

Jay Baer: People don't typically want facts and features until their mid funnel or lower in their consideration journey. Now in some companies, consideration journey's pretty quick, like do I want this cereal or cereal, right? So at that point, if you know you're choosing between two cereals, it might be number of sugar, tablespoons of sugar in this one versus that one and you win the day based on that criteria.

Jay Baer: But there has to be something that creates demand and most marketing today simply fulfills demand. It's like, "Oh, you're interested? Here's how to buy." That's super important obviously, but there has to be something else that gets people interested as well.

Robert Glazer: At the top of the phone is probably what's the why, right? Like why cereal?

Jay Baer: Yeah, exactly. Here's how I explain it to clients. Nobody in the history of the world has ever needed socks. But everybody in the history of the world has needed their feet to be warmer. So we tend to automatically message farther down the funnel than we should.

Robert Glazer: That's interesting. Well obviously you're very good at putting together high level concepts because you've now written several books, and you also have five multimillion dollar businesses under your belt. Now for most people, I think building one of these businesses is an enormous challenge, and it depends a lot on being in the right place at the right time. So you've done it five times, so I'd love for you to share with our listeners, what do you think some of the consistent theme or themes have been in your success and the ability to replicate this formula across multiple companies?

Jay Baer: Most of my businesses have been of a similar type, right, services companies, those kinds of things. So I think part of it is understanding what the market is going to get from lots of other purveyors, and then what we can provide that slightly different. For example, this idea that we only do strategy, that we don't do tactics. That's a very specific and purposeful decision that we made from the very first day that really separates us from a lot of other people who do what we do in the digital marketing ecosystem.

Jay Baer: One of the other things that I think helps, is that I don't really care about any of this. And what I mean by that is, I don't care about Instagram, I don't care about podcasts. I don't care about any of it. What I care about is business.

Robert Glazer: Yeah.

Jay Baer: And we come at these kinds of problems from a business perspective. And then figure out which tool in the toolbox to apply. But I'm not a cheerleader for any of this. You know, you won't see me saying very often, "Oh, Snapchat is the shit." I don't care. Because I've been doing this long enough to know that today's exciting thing is tomorrow's no longer relevant thing. Like I've been around for so many cycles of this and I've seen it over, and over, and over, and over, and over that this is the next big thing and then everybody rushes into it, and then competition gets overwhelming and then you've got to rush out of it because you can't make money at it anymore. It's just history repeats, and I think people understand and appreciate that about the way I look at it. Just like, look, it doesn't matter. Let's just figure out what makes sense and we'll go do that.

Jay Baer: And we just take a really objective view. Like we don't ... we've got a lot of partnerships, and sponsorships, and all that, but we don't do any commission deals, things like that. Which sounds crazy to a performance marketer, but like, if we recommend some big software stack to a client, like we don't take a piece of that action. We don't do any of that stuff. We don't mark stuff up. We just come at it from a, "Hey, we're going to give you the best advice possible and you're going to pay us for our time."

Robert Glazer: So It sounds like you've launched ... versus launching a diversified conglomerate, you've launched companies designed to be great at a narrow band spectrum and when you find a new opportunity, you launch a new company that would be great around that spectrum. And when a lot of people are doing the opposite and they're just launching new and new services that complicate their business. Is that a fair summary?

Jay Baer: Yeah. Every time I think about adding more ornaments to the Christmas tree ...

Robert Glazer: Yeah.

Jay Baer: I always think, man, that branch is going to break.

Robert Glazer: Put up a new tree.

Jay Baer: Yeah, put up a new tree, man. That's it. That's exactly it. And you know what, the thing is, I'm too old now to start a bunch of new companies too. Like I mean, I know what it takes. I've done it so many times. I know what it takes to do a cold start. And I don't want to do that anymore. Like I've got an idea right now for really interesting company and I'm like, man, I don't know if I want to do that again.

Robert Glazer: You find operators to run businesses at this point or do you-

Jay Baer: That's what I would do.

Robert Glazer: Yeah.

Jay Baer: So I haven't so far that I would do in this one, but instead I invest in everything, right, I'm an investor in probably 30 tech companies. I do a lot of angel investing, a lot of advising, and so I sort of get that ... I get that super early stage itch scratched that way, as opposed to me putting my time more so than my capital on the line.

Robert Glazer: You know, look, when I was 25 I would have loved someone to say, "Hey, here's a business idea I have, here's my support and here's the money and I want you to be the CEO." I would've-

Jay Baer: Yeah. Go get it.

Robert Glazer: Where was that?

Jay Baer: Yeah, well I did that essentially, I mean, my first company that's essentially what happened to me, right? They hired me away from my first internet company and said, "Here's the money and go make this happen."

Robert Glazer: Wow.

Jay Baer: Yeah, I was 25. I lived it.

Robert Glazer: All right, you started lots of different businesses. Let's dive into your last two books because they're all a little bit different topics.

Jay Baer: Yeah, that's the idea.

Robert Glazer: Talk about Hug Your Haters, principle of keeping customers. So one of the things in Hug Your Haters that I loved was, and maybe you'll tell me if I'm pronouncing this wrong, but is it the hatrix?

Jay Baer: Hatrix, yeah.

Robert Glazer: Hatrix. All right, can you explain the hatrix and how customer service teams can use it?

Jay Baer: So the hatrix is actually a poster inside the book that tells you all the different stats about different types of complainers, people who complain onstage versus offstage, what their expectations are, and then also the different bumps or declines in customer advocacy that you'll see if you answer a customer complaint in a particular channel, or choose to not answer a complaint in that channel. The fundamental premise of the book is that even if you can't fix the problem, your company will benefit just by addressing every customer who complains, but in every channel, not just a typical phone email, Twitter, but everywhere. And that's particularly true now, because customer service is a spectator sport in a way that it didn't use to be. Like for a long, long time if a customer's unhappy, it's like, well, okay, that's just between you and the business because that exchange happened on the phone or face to face, maybe email, maybe a complaint letter, that actually happened back in the day or a fax. And now between Twitter, Facebook, Instagram, et cetera, certainly Yelp, Trip Advisor, discussion boards, forums, a

lot of customer to company interactions take place in full view of lots of other potential customers. And that changes the financial ramifications of customer service dramatically.

Robert Glazer: Right. So this is the 80/20 rule of social media customer service.

Jay Baer: Yeah. And, and I wouldn't say it's just social media. Customer service is really all customer service, but social media certainly has a second layer of value there because it is public.

Robert Glazer: And yeah, it's a matter of determining ... we've gone through this a little bit as we look at sort of customer and feedback scores and sometimes some of the low customer service scores are from the smallest clients, right? And projects that probably just aren't going to work out, and I mean, every company has to risk weight these things, right? You're in the 24 by seven online, feedback news cycle. If you try to respond and focus on everything, you're diluting yourself across the board and you've got to figure out which relationships matter, right?

Jay Baer: Yeah. You would hope that that companies feel like it makes sense to try to maintain all customers, because churn is one of the great problems with business. It costs you a lot more to get a customer then keep a customer, of course.

Jay Baer: But this idea that every customer is a good customer is also a fallacy. Like there is a point in time at which it doesn't make sense, like it's just not a good fit and you're spending so much time and so much mental energy trying to keep somebody happy who, frankly, is never going to be happy, that at that point you're actually better off cutting them loose.

Robert Glazer: Yeah. My favorite, I don't know if you've heard of this, but one of my favorite stories about this came from the Biography of Southwest where this woman would write a letter to Herb Kellerher every week basically saying, you know, "I hate your plastic tickets. I hate having to stand in line, your flight attendants are always joking and driving me crazy." And he wrote her a letter back and said, "Dear Miss Whatever, please don't fly our airline, you really don't seem like a good fit," because everything that was a core feature for them that person didn't like.

Jay Baer: Yeah, you're not going to. We can't make you happy if you're not happy with our business model. That's something that we can't fix.

Robert Glazer: Yeah. And he was like, "Please go away. Like we're never going to make you happy. You're wasting a lot of energy." So that-

Jay Baer: That is so great. He's the best. I saw him speak when I was 23, like really, really early in my career and had a real impact on me. He came to the Ad Club in Phoenix and he was like drinking Jack Daniels on stage and smoking back in the day when that wasn't that crazy, but smoking on stage is a little crazy. And he said something that I'll never forget.

He said, "The worst our performance is, like the worst our economic performance is, the more we advertise."

Jay Baer: And I thought that was a really interesting concept, right? Because so many companies do the opposite, right? When times are tough, the first thing they do is cut their ad budget. And what he said was, "When times are tough, the first thing we do is increase the ad budget because we know all of our competitors will cut theirs and that's how we steal market share." He said, "We steal market share in down times, and we try to preserve market share in good times." And I thought that was really, really smart.

Robert Glazer: Yeah, just going counter. I mean, I have this ... you alluded to this before, but I have this discussion with everyone around, you know, one of my favorite quotes is, "What the wise man does early, the fool does late." You know, as all advertising moves to digital and to auction based when people literally crowd into something there's no latency in terms of the prices moving up.

Robert Glazer: And I remember years ago, remember the Daily Candy when it first came out, it was kind of one of the first email. People would say you could build your business on the Daily Candy because if you got in the Daily Candy, it would just put your business on the map. And because it was under priced right, relative to value. Well soon, you know, that adds people, the Daily Candy got smart and they, they upped it prices by 20 x and now no one could make money on the Daily Candy. So this is ... we've talked about this before, this notion of this works or doesn't work. It just can't be an absolute. If you're crowding into something where everyone else is, it might go from, you know, the early advertisers on Snapchat that found in the beta program really worked, are very different experience from what you're reading about now. Some of the people now in there with the rates up, you know, probably 10 x over what those guys paid.

Jay Baer: Yeah, I mean the minimum click was five cents at GoTo at one point. You know, either those days are long gone. But by the same token, first mover advantage only makes sense if you actually know what you're doing.

Robert Glazer: Right.

Jay Baer: Being the first, just to be first isn't necessarily a benefit. You have to be first and actually be good at it.

Robert Glazer: And also I would say never copy something that someone else is doing if you don't know it's working.

Jay Baer: That's good advice. I like that one a lot. I feel like ... or you don't know why it's working. It may seem to work, but you're not sure how to make it work. I feel like the large number of Gary Vaynerchuk devotees would be wise to take that advice. Like I love Gary, he and I are buddies and I think it's extraordinary how he's able to sort of create this tribe and lead them and inspire people. But folks, you're not Gary. And so to say, let me plug and play what he does and it's going to work for me. It's not, it's not. You're wasting your time.

Robert Glazer: No, you gotta to do you. Well, your latest book that's out now, Talk Triggers, why don't you tell us a little bit about what talk triggers are, why they're important and how we can use them.

Jay Baer: It's kind of hilarious because here we are talking about digital performance marketing and this book is about the oldest marketing in the world, which is a word of mouth. Which still is responsible for between 50 and 90% of all purchases, or at least influences that many purchases. Yet, word of mouth is the most important thing in business for which we have no strategy. Like we've got all kinds of strategies, we've got a performance strategy, we've got a marketing strategy, social strategy, PR strategy, crisis strategy. You've got a desk full of strategies, but the one strategy you don't have is word of mouth strategy, because we just assume that it will happen and we just figure that if we run a good business our customers will talk about us. But will they? And if so, what will they say?

Jay Baer: So today we find ourselves in a circumstance where most companies are doing word of mouth on accident. They're just very laissez faire about it. And this book helps you do word of mouth on purpose to create an operational differentiator. We call them a talk trigger, something that you do differently in the operations of your business that customers notice and talk about. Because the best way to grow any business is to have your customers grow it for you. There's a saying, I don't think it's entirely true, but it's partially true, that advertising is a tax paid by the unremarkable.

Robert Glazer: Love that quote, yeah.

Jay Baer: And what we're trying to do in this book is help you find that thing that you can do that is remarkable that your customers will tell each other about. And we have a whole system for doing it, it's the exact same system we use a on the consulting side of our business, we just wrote a book about it and gave it away.

Robert Glazer: I will include the links to Talk Triggers and stuff in the show notes so people can get information on that. I think also hitting the bestseller list, so congrats on doing that yet again. Jay practices what he preaches. There's a lot of folks who who espouse theory but they can't do it themselves. I think you can appreciate here is, is that Jay's able to actually implement these strategies for his own businesses.

Robert Glazer: So we talked about all the good. I always like to end with this question. What is the experience, or the mistake, or the repeated mistake that you have learned the most from?

Jay Baer: That's a good one. I'll give you two quickly. One, before I went to work for the government, I was a head of marketing for waste management. I was a trash man and I did marketing for Arizona, Southern California for big environmental services company. And I liked that job quite a bit, but my boss got promoted to corporate and a new guy came in and he sucked. I like really didn't like him. He was not smart, he was not a good manager. I just didn't respect him, right? Like I'm one of those people who are like, I'm totally fine working for somebody else as long as I respect that person, and in this case I

really didn't. And I was young. I was, you know, at this point it was before I went to the internet company, so I was like 22 maybe. And I left. I'm like, "I'm out. I can't work for this guy." And I quit.

Jay Baer: And about 45 days later they realized that this guy was in over his head and, he got transferred out and a new guy got put in who was way better. And so I realized that like sometimes when you see something that probably should change, maybe it will actually change. Just give it a little while. So that taught me a little more patience than I have a naturally.

Jay Baer: And I'll tell you another one. A few years ago, my team and I created a brand new website called MarketingPodcasts.com. It's essentially a directory of marketing podcasts because even today, 2018, it's really hard to do podcast discovery. As you know, Bob, as probably your listeners know, it's not easy to do that, right? You can go into an app or you can go into the iTunes store or whatever, but it's still pretty tricky.

Jay Baer: And so we built a whole algorithm to score podcasts, to rank and order them by subtopics. If you wanted small business marketing, here's the top nine shows. It was dope. It was really, really good technology and it's really effective, and I loved it. And the problem was before I dove into this, because I saw a hole in the market, I never figured out how we were actually going to make money at it. I just built it and then said, "Hey, we'll figure out how to make money on it later." And there are people who are smart enough to do that. I'm not one of those people. And so and then I realized like, hey, we just, we just built this thing and it doesn't make any sense in the context of our other businesses, but now we have this baby, and so we ended up shutting it down because I just, I couldn't monetize it.

Jay Baer: And so I learned from that and important lesson which is let's figure out the business model first and then actually build the thing second, which I know sounds patently obvious, but to me at that point it certainly was not.

Robert Glazer: Oh wise lessons there that everyone can learn from. Jay again, could talk to you all day about countless topics. I've really enjoyed our discussion and really appreciate you taking the time to join me today on Out Perform.

Jay Baer: My pleasure. Fantastic to be here and I'll talk to you soon.

Robert Glazer: All right, well, Jay has a few websites and social handles related to his business and personal brand, so we'll be sure to include all those links in his episode page on our website and in the show notes. Thank you for tuning in to the Out Perform podcast. We want to keep you happy and provide content that you find interesting and relevant, so please do take a few seconds to rate or review the podcast on Apple Podcast or Stitcher, and until next time, keep out performing.