

JAMES **SCHRAMKO**



**WORK LESS**

**MAKE MORE**

The counter-intuitive approach to building a profitable business, and a life you actually love

# CHAPTER 5

## AN OFFER THAT CONVERTS

In 2007 I was General Manager of a Mercedes-Benz dealership, and probably making more than any other GM in the country.

But I was tired of the motor trade. I wanted to be the one *buying* Mercedes-Benz AMGs, not selling them.

You'll recall I was also hyper-aware of my single-point sensitivity. A financial crisis was looming in the USA. If it dragged Australia down with it, I could have ended up in the same position my father was all those years ago—redundant, living in an expensive city with a family and a mortgage to support, and unable to replace the salary of a high-paying job.

My best customers were successful business owners, and so the path was clear: *I needed my own successful business.*

Which is why I spent every single night between 9.30pm and 3am in my living room trying to build one.

In the end, it took me nine months to make my first dollar online. Why? Because that's how long it took me to find an *offer that converts*.

### **What is an offer that converts?**

In short, it's when:

1. You give people the opportunity to buy something from you (the offer)
2. They buy it (it converts).

If you send an email to someone saying, 'For \$150 I can come to your house and tell you which trees to plant in your backyard,' and they respond with, 'Sounds good, see you Tuesday,' you have an offer that converts.

If you have a book up on Amazon that's selling three copies a day, that's an offer that converts.

If you hand-paint rocks and people buy them from you at a local market on Sundays, you have an offer that converts.

## **What if you don't have an offer that converts?**

Then you can't make an income.

And you can't expect to have a flexible lifestyle, an online business or a way to quit your job if you don't have an income.

*It's like a farmer expecting to harvest a crop without planting any seeds.*

Time and again I see people register a new business. They immediately get someone to design a logo, print business cards and build a website, thinking these are the most important things to do first.

Wrong.

The most the important thing to do first is to offer something and have people pay you for it. Once you have an offer that converts, *then* you have the makings of a viable business.

The first website I actually made money with was as ugly as hell. There was no logo or even a business name. Just an offer.

I was selling website building software and collecting an affiliate commission for every sale.

With that website, I ended up making my first \$100,000 as a business owner.

Someone else I know started a successful business without a business name, logo or website. All she had was a Google sheet for people to fill out. When they were ready to buy, she sent them to a payment button and they made their purchase. From there, she communicated with them via email and Skype.

Why am I telling you this?

*To prove you don't need to invest a lot of time and money upfront to build a successful and profitable business.*

You don't need a lot of tech.

You don't even need a business name.

You just need to follow two steps:

## **Step 1: Offer something people can buy right now**

It's amazing how many new business owners fail to do this. Perhaps the dream of having a business is enough for them to talk about on social media and at dinner parties.

But they're not making an offer. And that's a problem, because if they're not making an offer, they can't make a sale. And remember: no sale = no income.

Let's assume you're not one of those people. Let's assume you are making an offer. Are people buying? Because that's a key part of this step—conversion.

When you have offer *and* conversion, you have income. *Now* you're in business and can do the next step.

## **Step 2: Scale it**

'Scale it' simply means 'do more of it'.

That's all I did with that first website I made money from. I found a way to generate income by offering website-building software to people who were struggling to build a website. Once I had buyers, I directed all my energy into making that offer to more and more people until it became a six-figure-per-year income stream.

With few exceptions, if you can't scale your offer, it's unlikely that you have a viable business model.

## Some traps to avoid

I've been coaching clients for more than ten years, and in that time, I've seen people making the same mistakes over and over. Let's see if I can help you avoid making them with your offer.

### 1. Not every idea is a good one

People often say, 'I've got a great idea. Please help me take it to market and sell it. Let's see if we can find some customers to buy it'.

This is a difficult way to go about things.

If you're an entrepreneur and you're creative, you'll come up with a zillion ideas. But before you pursue those ideas you should validate them (see next point).

### 2. The difference between preference and performance

People often say they'll do something (preference), but don't follow through (performance).

It's a big problem for business owners, and the reason I tend not to build something unless people pay for it first.

Now, you might think, 'That's insane. How does that even work? Do people really pay for something before you make it?'

Yes. And here's an example.

For my annual live event, I put up the event sales offer page and drive people to it from my email database. I usually sell around 100 tickets in the first 24 hours. That's performance. Now I'm comfortable paying the venue and confirming my booking for the event.

If it turned out I couldn't sell the event, or people said, 'Sorry, I can't come because I'm busy/overseas/going to see Richard Branson and Tony Robbins', then I might change my plans.

This is why you shouldn't build *anything* to any great depth before you validate it (i.e. ask people to pay for it).

### 3. Reluctance sabotage

Some people avoid the possibility of rejection by never actually making an offer. I think it stems back to the caveman era, where being rejected by your tribe meant you were probably going to die.

The fun thing is, there's no real downside today if someone says no. In fact, it's inevitable it will happen. High-converting sales pages might convert at five or even ten percent, but never 100 percent.

*There will always be people who say no to your offer.*

As soon as you get comfortable with that reality, and understand that you can't have a 'Yes' without a 'No', the core reluctance disappears. Take the yesses and prosper.

### 4. Perfectionism

Trying to get all your ducks in a row and make everything perfect will torture you. In most cases, reasonable is fine so just go with a 'good enough' first draft.

The beauty of the online world, in particular, is it's so easy to change things. If you find out something isn't working, you can easily make the necessary tweaks.

## The fastest way to progress ideas

You probably have a notebook (or Evernote file) full of ideas. They're coming to you from other people in the form of joint ventures. They arrive in your inbox from people asking questions. They come out of every conversation you have with clients.

The faster you can progress an idea and test it, the faster you can decide whether to pursue it or dump it. Here are two ways to progress ideas:

## 1. Operate at low resolution rather than high definition

What's the minimum version of your idea? The smallest, simplest version?

When I'm coaching, people often come to me with enormous mind maps they've spent years researching, scheming and perfecting.

'Here's what I'm going to do,' they say.

It's easy to get caught in analysis paralysis—the mode where you keep adding, refining and modifying without ever getting to the next stage. Your once simple hand-drawn notes end up looking like the wiring diagram of a NASA spacecraft.

That's why I respond with, 'Whoa! Okay, let's put a circle around that first node on your massive mind map. Let's do just that.'

Going back to my first venture, the smallest version I started with was, *Can I find someone struggling to build a website, and sell them software that makes that job easy?*

That was it. My first \$100,000 of online income came from just one product, and it wasn't even mine. I was just an affiliate for it.

How's that for a simple, low-resolution idea?

## 2. Go low tech

I've already mentioned my friend who doesn't have a business card, business name, website or fancy sales page.

You don't need them at the moment either. You just need human contact.

While watching my kids play soccer, I'd talk to other mums and dads about online marketing, and how interesting it was. I'd show them things on my phone, and send them my affiliate links if they were interested in building their own website.

When you keep things low tech, you reduce your investment (i.e. time and money) in the idea. This means you can quickly test ideas, and move on from the bad ones.

## Filtering ideas

Of course, the hardest thing about having all these ideas is deciding which ones to progress. Here are some of my favourite filters:

### 1. What's the EHR?

This is the best filter to try first on any idea.

Let's say you're an expert at something, and you're thinking of offering a coaching service. If a client pays you \$1,000 a month and you spend ten hours a month servicing them, that's an EHR of \$100. The client paying \$5,000 a month might seem better until you realise you'll be spending 100 hours a month servicing them, which gives an EHR of only \$50.

### 2. Can it scale?

You can't filter on EHR alone. You should also look at whether your idea can scale.

Let's go back to our coaching example where you're charging \$1,000 a month and spending ten hours per person.

In any given month, you can dedicate around 180 hours to your business. If you spend 80 of them organising yourself and doing what it takes to run a business, you only have 100 hours left. Which means you can only ever service ten clients each month.

Ten clients paying \$1,000 each month comes to \$10,000 a month, or \$120,000 dollars a year.

But you can't scale it, so your annual income is capped at \$120,000.

To increase your income, you'd need to change your offer. That could mean:

- Coaching one-to-many instead of one-to-one
- Charging more
- Spending fewer hours with each client



Now you can see why EHR is such a great tool, especially when combined with scale.

### **3. Does it offer recurring income?**

Can we make it a recurring offer? My best offers are evergreen—the income never stops. Once the hard work of the sale is done, you keep getting paid over and over again. (I'll talk about this more in Chapter 8.)

### **4. Can I sell it later?**

Are you building something you can sell? I avoid building businesses around my personal brand. I want to make sure I'm always in a position to sell.

### **5. Is the market growing?**

I prefer growing markets. Look for emerging popularity. What are people optimistic about, starting to use more, or excited about? Be wary of going into a declining market. The bottom might fall out of it just as you get your idea going. What a waste of time and effort.

### **6. Is there demand?**

Yesterday a customer asked me if they should invest \$50,000 in a project they're considering. My first question was, 'Who's already in this market selling this stuff?'

They found a company doing somewhere between two to five million dollars a year in the same market with almost the same product. That made me a lot more comfortable about the business. If people were already selling and, most importantly, buying the product, there was a market for it.

Advertising is another good indicator. Are there ads out there for what you're selling? If there are Google searches for the product or service, there's a good chance people are buying.

## **7. Can you access the customers?**

In some markets, customers ‘cost’ a lot more. For example, you’d pay a lot more for a prospect in the legal market than you would in the sporting market where you could get more volume at lower rates. It’s harder to get yourself in front of Fortune 500 CEOs than it is to get in front of parents.

Before chasing an idea, make sure the barriers between you and the market are absent, or at least surmountable.

## **8. Does it fit a passion?**

There’s a time for eating beans and crawling over broken glass. In other words, doing things you don’t love.

I’ve lugged wet timber out of cargo containers. I’ve dug holes with a shovel. I’ve driven around collecting money from late payers. I’ve done all sorts of jobs that weren’t high on my passion meter because I had kids to feed and bills to pay.

That’s why I love the fact that now, a decade after starting my own business, I’m in a position where I can work on things I want to work on.

If you’re in the same position, passion is an important filter. Don’t pursue ideas just because they can make money.

## **9. Will the customer be better off?**

What’s the most recent thing you purchased? Whether it was food, fuel or business coaching from SuperFastBusiness, you bought it because you wanted to be better off.

If your product or service can make people better off, it’s a good idea.

## Before putting together your offer

Once you've narrowed down your list of ideas and decided which offer to make, it's time to make it. But first you need to be able to answer these questions:

### 1. Who is your customer?

What's their age, gender, household income, family status? What are their problems?

### 2. What is your actual offer?

What problem will you solve for the customer?

### 3. Who are you?

Why should the customer choose you to solve their problem?

### 4. How much is it?

What are you charging the customer to solve their problem?

## Pricing your offer

One of the most vexing questions is how to price an offer. It depends on the market, your industry, and you. Here are some things to consider:

### 1. Comparison

This is most useful when you have a current reference point. For example, if you're selling TVs, you could walk around a store or go online and see what other TVs cost. Do your research as if you were buying your own product. What choices do you have?

If you're coming into this kind of market, one strategy might be to find the top three choices in the market. You can then come in at a premium price that implies you're the best. (You'd need something to back that up.)

Or you might come in cheap in a race-to-the-bottom-type market you're trying to undercut. (This is always a difficult game, and I generally advise against it because Amazon will beat you.)

Slotting in at a similar price point is another approach. If you do this, make sure you have something to differentiate your offer from those of your competitors.

## **2. Cost plus margin**

This is where you work out what something costs you, add a margin (it should be quite a lot), and come up with a price.

Let's say I know a brilliant artist who designs t-shirts, and they charge me \$20 to customise a t-shirt. I might think, *I need to make \$50 for every t-shirt I sell, so I'm going to sell these beautiful, custom-made t-shirts for \$70.* That's a cost-plus-margin deal.

Other costs will be coming out of your revenue—staff, advertising, logistics, rent, electricity, design, etc. You need plenty of margin to cover them.

You'd be surprised how many businesses have higher costs than what they sell their products and services for. And when they add them all up at the end of the year, they discover they've made a loss.

Don't be one of those businesses. The easiest way to make a profit is to earn more than you spend.

## **3. Value to client**

This is a good one, especially in coaching. I offer six months of coaching for \$10,000. Someone considering my offer is already making \$200,000 a year. So I'm suggesting they invest five percent of their profit to help generate far more than the \$10,000 they're spending.

The reality is I can do that easily—usually within a few months. It's a smart investment, and an easy choice to make. That's why the conversions are ultra-high.

## **4. Make it up**

If you can't find anyone else in your category, or you can't decide on a price, just choose one and go with it. It's better than not making an offer at all. See if anyone buys it at that price. You can always change it later.

## **Communicating your offer**

Okay, so you know what your offer is, and you know the price. Now it's time to let everyone know about it. Here are the five key elements you might consider when doing this:

### **1. Strong headline**

It doesn't matter how amazing your offer is. If you can't grab your market's attention, they'll never find out about it and you won't make any sales.

### **2. Address the problem**

What pain is the customer experiencing? What are their challenges? What's stopping them from being successful? What are they struggling with? What keeps them up at night? What problem are they desperately trying to solve?

### **3. Address the implications of not solving the problem**

Remember, people buy to be better off.

So what will happen if they *don't* buy what you're offering? Will their problems get worse? Will they miss out on something? Will their life stay the same?

### **4. Make a relevant and results-based promise**

You know who the customer is. You know their pain points. And you have something that addresses that pain.

Now's the time to promise what your offer delivers. Ideally, you should tell your customers what results they'll get, and how quickly they'll get them.

For example: ‘Increase your email list by 500 subscribers in 30 days.’

How do you know if your promise is relevant? It has to pass the ‘So what?’ test. If you make an offer to your ideal customer and they say, ‘So what?’, your offer needs refining.

## 5. Tell them how to buy

This is important. Tell them very clearly how to buy what you’re offering.

‘On the next page, you’ll see the checkout. Simply fill it in and make your purchase.’

By spelling things out, you’ll get more conversions.

## Enhancing your offer

The five elements I just mentioned are the minimum boxes you need to tick when telling everyone about your offer. But you can enhance your offer by adding any (or all) of the following:

### 1. Set a deadline

Rather than buying it ‘someday’ you want them to buy it ‘right now’. So tell them why they should buy it now rather than later. Having a limited number of spots, closing registration after a certain number of days and offering a time-sensitive bonus or upgrade are all ways to set a deadline.

### 2. Emotional story

If you reach your customers on an emotional level, your message will be more powerful.

This point is also worth keeping in mind when following people up. Instead of asking what they *think* about your offer, ask them how they *feel* about it.

If you ask them what they think, they’ll give you a logical answer. But if you ask them how they feel about it, you’ll be able to tap into their emotions.

### **3. Logic**

Occasionally you'll encounter 'spreadsheet buyers'—the accountant types who pull all the facts, figures and numbers together before they make a purchase.

Give them a logical reason to buy your offer, such as a guaranteed ROI (return on investment) figure.

### **4. Proof**

You've said all this stuff about your offer. But can you prove it? This is where an existing customer talking about it (i.e. in a client testimonial) is far more powerful than you talking about it.

### **5. Trust**

Can you include a certificate of authenticity or security seal? These kinds of trust elements will enhance any offer. Testimonials from previous customers will also help potential buyers trust you more.

### **6. Desire**

Have you built desire?

If I'm looking at surfboard reviews, I want to see the board from all angles. I want to know what options I can get with it. I want to see it being ridden in the water. I want to know the dimensions. I want to know which superstar surfers use it. These can all help build desire.

Show me video of the product in use. Let me use it, or at least imagine myself using it.

## **In summary**

Focus on creating an offer that converts, and you'll make your business transition faster and smoother than most other business owners.

Park your ideas to the side until you validate your market with an offer people will pay for. When you find an offer that converts, you'll have discovered the closest thing business has to a holy grail.

Think of Apple. After almost a decade and \$100 million invested in the failed Newton, they eventually found an offer that converts. As I write this, Apple has sold 46.68 million iPhones. They changed the game for Apple, and continue to scale as fast as the market can consume them.

## **CHAPTER BONUS: How to have a SPIN conversation**

How do you know whether someone needs what you're selling them? Have a conversation with them, and employ the SPIN technique.

I learned this sales methodology (developed by Neil Rackham) at around the same time as my first sales role. SPIN stands for:

- Situation
- Problem
- Implications
- Needs (Solution)

A SPIN conversation involves asking questions and taking a genuine interest in the customer. Here's what you'll find out:

### **What's their SITUATION?**

Why are they looking for a solution? Before finding the website-building software XsitePro, my situation was that I had a new business and no website.

### **What's their actual PROBLEM?**

Sometimes the person thinks they have problem *x* when they actually have problem *y*. If you offer them something that solves problem *x*, you're doing



them a disservice. (And doing yourself a disservice, because you'll never see them again.)

It's your role to ask questions that get to the bottom of what their real problem (and thus pain) is.

When I had a new business and no website, my main pain was I didn't have any money to pay someone else to build one for me. So I tried doing it myself and found it very frustrating.

### **What are the IMPLICATIONS for the person if they don't solve this problem?**

The implications of having no website for me was people wouldn't be able to find me online. Which is a problem when you're trying to start an online business.

### **What are the person's NEEDS?**

What will actually solve their problem? The people selling XsitePro would have been rubbing their hands together with glee if they'd heard me say, 'If only there was software that people with no coding skills could use to build a website that looked good and worked well'.

That last bit of the SPIN conversation is the best bit. If your solution is right for the customer, they'll tell you how your product/service benefits them. They're basically writing and delivering your sales copy for you. And ordering from you without any pressure because they know they'll be better off.

## **CHAPTER BONUS: SCAMPER framework**

The SCAMPER framework (named by Bob Eberle from some questions Alex Osborn developed) is a creativity tool that helps you come up with new ways to get results. You could use this tool to bring new life to a stale offer, or turn a flabby idea into a firm offer.

Ask yourself:

- Can you **Substitute** materials, resources or rules in your product?
- Can you **Combine** things differently? You know, like a waterproof camera and a mount. (GoPro.)
- Can you **Adapt** something, and use it in a different way to what it was designed for? Once they put cameras into phones no-one needed those tiny digital cameras anymore.
- Can you **Modify**, change the shape, or distort things slightly?
- Can you use something for another **Purpose**, or in a way you hadn't previously thought of? Coconut oil used to be a cooking ingredient. Now it's used in body scrubs and all kinds of crazy things.
- Can you **Eliminate** something to make it better?
- Can you **Re-arrange** or Reverse elements?

When you apply these ideas to what you currently offer, you'll be surprised at what you can achieve. I had a client whose offer was making him \$30,000 a month. After doing an inventory of his assets (talents, skills and access to a particular market) he modified it and turned it into something new. Using a particular technique he was very good at, he helped his clients achieve real results.

Within a month he went from making \$30,000 a month to making \$300,000 a month. It was crazy.

## ACTION ITEMS TO INCREASE YOUR EHR

1. List potential markets you have access to.
2. List products or services they are already buying.
3. Shortlist one for research.
4. Create your offer.
5. Offer it to someone and collect payment.
6. Create your low-resolution solution.
7. Deliver it.
8. Scale your offer.
9. Refine your offer.

## WANT MORE?

### Get the whole book here!

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*Work Less, Make More is a dense delivery of solid systems and sane advice. It's not 80/20, it's 80/20 squared. Every few pages, James punches you in the face with an instantly actionable hack.*

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