

ShoeMoney PlayBook Chapter 3 - Conception

Hey everybody, welcome to the next chapter – the conception chapter. This is one of my favorite chapters because it’s something that we go through probably at least once a week here at the Shoemoney headquarters. Now, in the conception chapter we’re going to talk to you about really how we come up with ideas and how we decide if we’re going to go forward with them. And it’s kind of like entry-level. You’re going to see me refer to my manuscript a lot. Again, this is based on a book, right? You see a lot of movies based on a book. Well, this is a video based on a book that I’m never going to publish. So I decided to just talk about the chapters and hopefully you’ll find value in that.

Alright, so the conception phase. It all starts together with really a brainstorming phase. You just kind of go nuts and just make sure you take really good notes. Literally every day I can come up with a new idea and I probably some days come up with more than one. So it drives my employees crazy, especially because they’re already working on something and – but it could be the next big idea. So you don’t want to lose that, right? So you want to make sure you have somebody who takes excellent, excellent notes. And if you’re by yourself – and for years I did this – maybe that’s just the dictaphone where you just kind of talk to yourself and you just have that away, file that away, have somebody transcribe it for pennies, and you have that available for a later date.

You know, the – the brainstorming is really – you don’t want things to spin out of control. You want to kind of – and I have a kind of a template thing. And what I do is I make myself fill out a thing that I have as a Google Docs. I have a folder that’s called ideas. And so before I present a new idea to my team I make sure that I have each one of these parts filled out.

So it kind of starts out like what is it, so I have to explain what it is. The next thing is it – why are we doing it? So – because these are questions I know everyone’s going to have. So then I talk about – then I talk about why is it needed, right? So then I talk about why people would want to use it. And then next part is how is it going to make money, right? And then I talk about a priority level, like what’s – how important is it as far as that and then a profitability scale. So like how much profit is – and this goes to something I’m going to talk about here in a second. Well, I’ll talk about it right now because [INAUDIBLE 0:02:46.2 sounds like: it really – kind of down with that part].

So this part is the three P’s, and this is something my wife came up with. I’m kind of going off script here to talk about this. But it’s the three P’s. And – because I’ve got all these ideas and all these projects and I’m going back and forth but I’m not really getting anything done, right? And this is – you know, this goes back seven, eight years ago when I was getting started and I’ve got – I’ve

got this ringtone that's making, you know, thousands of dollars a day in profit with my eyes closed. So I've got time but I - I'm like, you know, this could run out at any minute. What's my next thing going to be?

So I've got, you know, twenty ideas like I'm sure you do right now. And my wife, you know, is basically tired of hearing about every night which I'm sure your girlfriend or wife or whoever, friends, are tired of hearing about your great internet ideas. And I just - I just say to her, you know, I'm kind of going nuts because I don't know what I want to work on. And she says to me, Jeremy, you need to sit down and prioritize the potentially profitable projects.

That's actually four P's. I guess it'd be prioritize profitable projects. Because at the end of the day you need to make money, and so you can make all the cool, fun projects you want but if they don't make money then what are you doing them for? I mean - and some of you - I mean - like I - I've told you before, sometimes we do things for fun, right? As long as they're not going to consume a ton of resources, sometimes we can make projects for fun that take one day and it reenergizes the group to focus on other things. But really, if you're having trouble figuring out which thing to focus on, just go back to the three P's. Prioritize profitable projects.

Another really huge thing in the conception phase that I look at - and this is a Shoemoney mantra, if you will - this is actually a theory I came up with a long time ago. I wrote about it many, many years ago. It kind of just dawned on me one day. I was at a Berkshire Hathaway meeting. And at that meeting Warren Buffet's up there and he's talking about, you know, their - they had bought a huge share in Coca-Cola and they were going to try all these new flavors and blah, blah, blah. And it kind of just hit me right there and I made notes on my phone, is a - is a Coke theory. And this is what I call my Coke theory.

And basically the concept is this. If you make Coca-Cola, you've already got the facility to make it, then you can make cherry Coke, lemon-lime coke, vanilla Coke, and your price to do that is nothing because you just put a little syrup, make a little design [INAUDIBLE 0:05:35.0 sounds like: and thing]. You've already got everything else in place. For somebody else to make cherry Coke or vanilla Coke, pretty impossible, right? The barrier to entry is huge for somebody to compete with you for a different flavor of that.

So, how do we - well, applying that to what we're talking about here. Basically, when you're onto something - like I was onto ringtones, right? I'm big time, hot and heavy, ringtones. I'm crushing it. I understand who buys it. I understand everything about it. I know what that genre is into. I can see all the keywords that are coming in. I know so much information about it. So - and I'll get to more of this later - but it made more sense to me to make, you know, cell phone

accessories, right, because I already got all the traffic for ringtones. It made more sense for me to build applications that would help people format ringtones and stuff like that.

Anyway, my whole point is that if you're onto something and you're going on something, and if you already have knowledge – big key word there – if you already have knowledge about a certain subject, even though you might want to do something, you have this idea about something that should work, but you don't actually know anything about it, you just – it just seems to make sense, a lot of times that is a killer mistake that I've found. A big example for me is I have the Shoemoney blog. I've got Shoemoney tools. I've got all this stuff and you see there's small degrees of separation, right? Because if one does well they all do well, right?

So I've had – I had Shoemoney ads at one point which became AuctionAds, right? So I've had AuctionAds. I've had Free SEO Report. I've had Link Control. I've had Shoemoney System, Shoemoney Home – you know, the home system, the Shoemoney tools, the Shoemoney blog. I created a product called the [INAUDIBLE 0:07:27.3]. All of them have done incredibly, successful well. And then I'd started this site called fighters dot com and I lost my ass. Completely lost my ass.

Why? Well, I'm a huge fan of mixed martial arts, especially UFC style fighting. So, if you look at the Coke theory, it cost me a lot of money to get into the MMA or mixed martial arts industry. I built a beautiful site, fighters dot com. The domain name I bought – I got a really good deal on it because it was right when the market crashed. And basically going forward on that it was very hard for me to penetrate that world, because unlike in the make – you know, in the Shoemoney space, the Free SEO Report, I knew – I knew I – I know everyone in the space and they all owe me favors. Or they can – I can buy stuff cheap for them or I know who to talk to.

Nobody knows who Shoemoney is in the MMA world. Nobody knows what I've done or, you know, my eight years of experience in that. I have nothing to trade. I have nothing to do anything with. I have no knowledge other than being a fan of the sport. So, I lost about 20,000 dollars a month on that site for hiring writers throughout the world to cover events. And I just – I thought it was going to work, because I love it. I thought there's a clear path to make money with it. And mixed martial arts, this is, you know, five years ago, four years ago. It was on the huge rise. Not nearly as popular as it is now, but, you know, it was just on the rise.

But I had no experience in that world and so my – 90 percent of my day is in the Shoemoney world where people – I'm an authority on affiliate marketing and

SEO and making money on the internet. But not an authority on MMA, and then all of a sudden I – but most of my future I’m betting on this – well not most of my future, but a good – you know, I’m betting on this thing. But I’m not – anyway, so I think you see the point here is that fighters dot com now, the story has a fortunate ending. I wouldn’t say a happy ending, but a very fortunate ending in that I had some people buy it from me for about what I had in it. OK, so I sold the site, love to tell you that I made tons of money but I didn’t. I basically broke even. I might even – I probably lost money after lawyer fees and all that crap.

So that’s the Coke theory. And we always look at things like how – so that’s a big part of it, is how hard is market penetration going to be for this thing? Do we know anything about this field, right? Number two is this is like the three rules – this is really a huge litmus test for us – huge. And it’s something I came up with years ago and you may have heard me say it before, especially speaking in public and whatnot. But basically it’s a three rule system that I apply to anything that we do, and if something doesn’t – if you don’t get an overwhelming yes to each of these answers, I don’t do it.

Ready? Here it is. So, number one, is this something that I would use every day? OK? If you look at any one of my companies, they’re all things that I wanted to use every day because it’s really hard ongoing to sell something or market something when you don’t use it yourself or you don’t really believe in it yourself. That’s a kiss of death, right? So with AuctionAds it was something that I basically built for myself and then made it available to the world to use. With, you know – jeez – Link Control, something we just launched, it’s something I use every day. I’m our biggest user and it’s something that improves my life.

OK, so number one, is it something that you would use every day? And there’s also something to expand upon that a little more – there’s also something angelic about when you really believe in your own product and you use it yourself that is just – it’s not something you can artificially create. OK, do you know what I’m saying? So you can’t – like when you’re telling people about your product, when you use it and you’re talking about it there’s an energy about you that cannot be artificially reproduced. It just can’t, because you love your product, you believe in it, and the best of all you use it every day.

OK, number one, is this something you’re going to use every day? Number two, what’s the virality? And my wife and everyone says I made that word up but – and if I did I should get credit for it because it’s an awesome word. But what’s the virality of – or the viral aspect of the thing that you’re using? So basically, are people going to – is it going to spread without you spending money on advertising? Now, down the road you can accentuate it with advertising. But

when you start, if it's not something people are going to – you know, like what's your plan for this thing to spread without you spending a dime? OK?

So, I'll give you one of our latest companies that we sold, Free SEO Report. With Free SEO Report you signed in, you got a free report. Then it was nine dollars if you wanted another report or \$19.95 a month. But, if you – for every person you referred you got credit for another free report. OK? Really cool viral concept, because we actually never spent a dollar on advertising that whole company. Sorry, I had something in my thing.

So basically we didn't spend a dollar to get anyone. And then we had an affiliate program too, which isn't really viral but it's a way to – it's a cash flow positive way to get new users, right? So that's kind of included in that but not really. So – and – and – you know, Free SEO Report was getting hundreds of users a day just virally, because people were referring their friends. And so that's a huge part.

So then rule number two is, can it go viral? Or what's the viral plan? Boom, number two. Number three is, can it make money? This is obviously a big one. So, with all these things I had a clear path to monetization, right? AuctionAds, clear path to monetization. Free SEO Report, clear path. Link Control, clear path.

And that's it. Those are the three rules. Number one, is it something that you're going to use every day? Is this something that would make your life better? Number two, can it go viral? Is it going to spread without you killing yourself? Is it going to spread without you breaking your bank? Right? Are people going to tell their friends about it? Number three, can it make money? Does it have the possibility to create revenue? And if it does, what's your plan for it?

You should have answers to every one of these before you proceed with a new idea. I can't tell you how crucial that is. This is a formula I've come up with. It's not rocket science, but it's a formula I've come up with and I can tell you the biggest part of this formula is if it's a service that you would use every day and if it would go viral. So if I had to prioritize these, it would go is it a service you would use every day, can it go viral, can it make money.

Because if you have number one, is it a service you would use every day, nothing happens unless that one's there. Number two, can it go viral? If you have the first one and the second one in place and you're getting users at an alarming rate, the part to make money plays a lesser role. OK? Well, it always plays a role but if you have something that's appreciating at a huge rate, like Free SEO report or AuctionAds or NextPimp or any of these other properties that I've that became, you know, huge revenue producing properties, a lot of times I didn't implement the ways to make money with them because I didn't want to slow their growth. OK?

So as long as you have a basic someday we could do this or someday we could do this, I know – like with AuctionAds, my plan – I’ll just – I’ll just tell you my plan. My plan for AuctionAds was to – it was something that I needed. Boom. So there’s the first one. Number two is the virality of it, right? The viral aspect of it is basically what we did is we – if you referred somebody you got a percentage of their revenue. I mean that’s a lot, right? So everyone was getting friends to sign up under their account, stuff like that.

Also, a huge way to get people to sign up is we would actually just – I made up this thing where we would do five dollars in your account today, right? So – because our minimum payout was ten, and this should probably be in some of the other sections, which I’ll get to, is actually why we did that. But anyway, so the viral aspect of everything that we’ve done has been there. And with AuctionAds we didn’t make any money with it until we sold the company, because I knew eventually we could either take a bigger percentage, leverage a higher percentage payout from eBay, or we would sell the company.

Fortunately we sold the company, right? And it’s a good thing we did. So – not because of anything else other than the fact that it was producing so much revenue and there was so much customer service stuff and all that stuff, I was way over my head. But that’s – that’s what we’ll get to – how I would do things differently now and what I learned from that. And that’s what we’ll get to later in this video series. So, if things are – if you’ve got number one – which just to recap very quickly, one, is it something you use? Two, can it go viral? And three, can it make money? Alright? So those are very, very important things. Another part of the conception phase is talk to regular people about it. Don’t talk to just your tech buddies, because guess what? The people who are going to use this, those people are not you. And they’re not your friends. They’re probably just going to be main – if you’re – especially if you’re building a main – like a mainstream application, right, you want to actually go out and ask people. Just go outside. You know, talk to your dentist. The next time he’s working on your teeth just say hey, you know, would this make your life easier? Would you use something like this?

Don’t tell him it’s yours. Just say yeah, I saw this thing, you know, the other day. It did this. What do you think about that? Would you use something like that? Just see what they say. You know, just get the main people’s opinion. There’s – and you know, maybe they’d give you ideas on how to improve it. But if they tell you they wouldn’t like it then ask them why. Why wouldn’t you like something like that? Or what would that thing have to explain to you? Right? A big thing – we’ll get to this in the marketing phase, but sometimes you just don’t explain what the product is right. So you need to have a real reality check, right, with the

product eventually and going through all this stuff is really – is this – because you’re – you’re putting all your resources behind it, you know.

Not – some of you may quit a day job to try something because you want to do an idea. Before you do, jeez, I mean really have a reality check. Is this something that – and honestly, before you do anything drastic – and this is still a conception phase pretty much – before you take out money, before you borrow money, before you do anything else, you really, really want to actually take a hard look at it. And is it producing money right now? Is it something that’s going right now? Because it – and this is – this is – the cool thing about it is the opportunities that we have right now. There’s so many free platforms. There’s so much – all we have is time.

I mean I know so many people with kids, full time jobs, who developed a website over time and crushed it. I mean I know a guy who had a poker blog that sold for millions of dollars. And then he started a mixed martial arts site, that son of a buck, because I failed at it. Well, I shouldn’t say failed. It was a great experience, right? But he went on to sell that thing for millions and millions of dollars. And he just doesn’t miss. And the whole thing is – I mean he kind of just does things he’s passionate about and writes about them and they’re proven to make money.

And he finally quit his day job, right? He’s got kids, got a wife. And people who say well gosh, I just don’t have time? Bullshit. All we have is time. And if you’ve got an hour a day you should be able to develop something. At least get started and see if there’s traction there. And if there’s traction, then proceed accordingly. OK?

So, the conception phase, covered a lot of stuff here. You know, the really – you want to, you know, listen to a lot of people’s feedback. Also while you’re coming up with conceptual stuff, I want to talk to you about this real quick, is that branding and domaining. NextPimp was the name of my cellular community. Now, I could have called it, you know, something ringtones, like Jeremy’s Ringtones or Get Ringtones or Free Ringtones dot com or Whatever Ringtones dot com. But I chose NextPimp because it’s like pimp out your next cell phone.

Doing something like that can hurt you initially, right, when you pick a brand, because people are like next what? But in the long run people will remember that a lot more than get dash ringtones dash for dash free dot com, right? So don’t be afraid to pick a name that has nothing to do with what you’re doing. I don’t care what anyone says. I can show them millions of dollars that says they’re wrong, OK?

So pick something that is unique. Well, that's what I've found anyway is that when I've picked something that's unique - I mean Shoemoney, you know, I mean that's the brand I chose for myself as a nickname that I had from high school. That's worked out pretty good for me.

The domaining aspect of it, when you're concept - when you're doing conception, I mean - the whole domaining thing is interesting. When you choose a domain name for your website you want - I mean just if you can go with a unique name obviously you want it to go with your brand. So the dot com is really important. Sucks that they put so much emphasis on dot com or commercial stuff but, you know, I'm not a big fan of the .ly or the stuff.

But I've got to tell you, it doesn't really matter what I think because those sites are very successful. Delicious, one of the most successful social bookmarking sites in the world is like del dot iou dot something, us or however the hell you spell delicious. The - who would ever type that in in their right mind? Nobody. But yet it's one of the most popular websites on the internet. So Google, where'd they make it up? That's a great example, right? So anyway, try to be unique.

So this is the conception phase. In the next chapter we're going to talk about some cool stuff. And we're going to talk about functionality. So when you - things you need to think about functionality-wise. I'm a big functionality person, [INAUDIBLE 0:22:41.4 sounds like: much over design] and stuff like that. I think that it's far more important to have a functional site than to have it look great.

A great example - I mean my NextPimp looked like shit for years. It just looked like crap. And so basically what I did is - I mean I just - but it worked and it made me millions of dollars, OK? Craigslist, Drudge Report, all these sites look like crap. Huffington Post looks like crap. I mean it's not pleasing to the eye. But it's easy to read and it gets the job done, OK?

Anyway, I'm going off on a rant. I'm going to talk all about functionality in the next video, right? So tune in for that and I'll see you in the next one.