

THE FOUNDATION

Starting from Nothing – The Foundation Podcast

Guest Name Interview – John Logar

Introduction: Welcome to Starting from Nothing – The Foundation Podcast, the place where incredible entrepreneurs show you how they built their business entirely from scratch, before they knew what the heck they were doing.

Now, here's your host, Andy Drish.

Andy: Welcome everyone to another episode of Starting from Nothing, the Foundation podcast.

Guys, thank you so much for all the emails. Ever since April when I switched to only interviewing people that I've been ridiculously excited about interviewing, I've gotten more email in the past two or three months than I have in almost since the beginning of the podcast. That's how big of a shift that it's been.

I know a lot of you have emailed me recently about Julie, about Anese, about Peter, Bryan and Jennifer, and more. Today is going to be no exception. Today we have on with us John Logar.

John, welcome to the show, man.

John: Thanks, Andy. Great to be here.

Andy: John was the number one student in this past year's Foundation class. Number one based off of the amount of sales that he did. John did just over \$90,000 in sales over the course of six months. So last year we had Josh who did \$22,000 and John just blew him out of the water this year by doing \$90,000 which is unheard of.

What we're going to do today is we're going to walk you step-by-step through everything that John did over the course of the six months in the Foundation to give you a real inside picture into how his mind works, first of all, which is very, very different than most people that I've talked with. And then strategically and tactically, what were the things that he did differently to make such massive progress in such a short period of time.

John, again, thank you so much for coming on today. It's 8AM over there in Australia?

John: Yeah, yeah, it's 8AM.

Andy: 8AM. He's been up since 5, still just rocking it.

John, if you were to take me back, how did you first hear about Foundation stuff?

John: I came across Dane's interview with Mixergy I guess where a lot of people connect with The Foundation.

Look, it's really funny. I listen to that whole audio and there was a business that I had a few years before that where I actually pre-sold about half a million dollars into a product that hadn't even been developed. I guess what grabbed my attention was my product that I sold back then was a physical product and Andy was talking about software and I'm thinking, "Hey, that's just such a leverage opportunity."

So, I kind of have an affinity to the idea of pre-selling, an idea before you actually have an idea or have a product. I guess that's what really attracted me to the Foundation. I went to the blog and started listening to interviews and I was hooked. I was in.

Andy: Do you remember when you signed up?

John: I signed up in November. In actual fact, it was 2012 when I first came across Dane and yourself. I was actually on vacation when you did the 2013 intake so I missed that. I got back and went, "Oh man," you know? So, I thought -- I'm already doing sort of stuff around the concept of The Foundation so I'll just wait for the next course. I didn't realize the next course was going to be a year later. So when it came around I was like "I'm not missing out on this one. I'm definitely going in."

So I was kind of really excited. I'm always investing, I guess, in my education, in my learning, and I saw one of the things that really struck a chord with me with the Foundation is this philosophy of helping people learn, grow, and discover their freedom, and to be able to take some skills, some significant skills, and start a business in almost any imaginable industry I'm in. That's just the phenomenal opportunity there. So, you know, I pretty much jumped on. I couldn't wait to get started.

Andy: So you joined this year's class. What were you up to before The Foundation?

John: I ran two businesses. I have a mentor in course that I run for consultancy specializing the marketing industry that use the internet marketing skills. So I work with a group of those people around the world.

I actually have an agency. I have a strategic digital agency. A little bit different from your every day internet marketing agency. Mine was more focused on end-to-end, looking at what a business is aiming for as a business where it's heading and then online strategy to actually go and focus and generate those types of clients and build those businesses. It wasn't just about building a website or doing a SEO, it was actually looking at the whole strategy.

And so I booked that agency to a fairly significant level where I then sold it on to a very large digital agency. I kind of like the idea of building the value and then selling.

Andy: Yeah.

John: Because I like the idea of realizing profit. And so I figure I don't really want to wait five years to realize something. I'd like to capitalize on the good work and if there's an opportunity then go for it.

I guess I moved into the game of the serial entrepreneur.

Andy: Yeah.

John: I'm looking for opportunities. And a big part of what I've learned this year with The Foundation was just kind of opened my eyes a little bit more to the fact that I'm looking at opportunities in areas that I never would have even thought that I would have even traveled to.

Andy: Like what?

John: Well, pharmaceutical industries, storage industries, I'm looking in the engineering fields. I've been keeping my eye open for opportunities in several areas because I'm pretty proactive in engaging and talking to people. My listening skills have improved dramatically since I've been in the Foundation. I thought I was a pretty good listener as a consultant but, man, I knew nothing until I got to The Foundation. Now I just hear.

I could be in an event and somebody will say something. I thought, "Wow! That's really interesting. I've got to do a little bit of research in that area," and then lo and behold somebody pops out of the woodwork. Before you know it, you're talking about an opportunity.

So, yes, that's me in a nutshell.

Andy: So you joined the Foundation. What was the first thing that you did after you joined?

John: You might find this really funny. I was really jumping at the bit to get in the content in the Foundation.

Andy: Oh yeah.

John: There's an introductory email that comes out that kind of just steps out the process. These are things you're going to go through. I've been in the content and you visit, getting started [unclear 00:06:56], doing the mindset stuff, and picking markets and all that sort of stuff. I kind of stopped very quickly because I kept going back to the email, introductory email, and I went, "Well, there's the steps," so I'll just do that because I couldn't wait to get started.

So I really didn't spend a lot of time with the content although there's a lot of great content in there. I kind of pick through what I needed to know at the times that I needed in the process. For me it was like, "Great. I want to go and talk to some people." So I selected the three markets very quickly. I went in engineering field, the plumbing services, and then I went into green building which is environmental construction.

Andy: Yeah.

John: And so I picked those three markets, not because I had any affinity or any knowledge in those markets. Actually my thought process was to go in markets where I had no experience. So if I'm going to take this as a raw experience and just go to learn a little bit about industries that I really haven't spent a lot of time in. So I went through the IE process.

For me -- it was really funny -- listening to people and their strategy of collecting lists and sending out emails. For me it's like a fast game is a good game. I like to connect with people and talk to people fairly quickly. I figured from my old marketing days, the phone, email, phone strategies are very powerful strategy. For me it was phone, email, phone. So, find out who I need to speak to. If it's not phoning it's generate that information through research. Send an email direct to that person, pick up a phone and say, "Hey, do you mind if I ask a couple of questions?"

And so I got through my equals pretty quickly and then I broke all the rules in accordance with the Foundation.

Andy: Which is what we love. (Laughs)

John: (Laughs) It was really funny. Dane reached out to me. I think I put some content in the community with regard to selecting niche markets and Dane want to say

hey. We got on the call and we're having a bit of conversation. He's saying why in the Foundation I'm saying, "Hey, learning, growing. Love what you guys do. Really excited about building a business with a software."

And he says, "Where are you having any challenges?" My challenge was that I'm very commercially minded. So, if somebody got a real problem and I can see it, I can anchor that problem to a significant cost then my head goes, "Well, why wouldn't I deliver a solution?"

Andy: Yeah.

John: Why am I going to go and talk to 50 other people when somebody is sitting here saying, "Hey, I've got a real pain and I really do need help with this area. It's costing me significant amounts of money to manage an inefficient process." Well, my head went straight. I went sort of -- skipped a few beats in the Foundation and went ahead and went, "Okay, pre-sell, sketch out the problem, go and find a developer, get the cost, give it to the client." So I kind of went, "Okay, great."

My question to the first person I built some software for was -- after I realized the problem and we sort of looked at the cost that they're incurring which is about \$400,000 in this particular problem. So over a five-year period they're going to be investing \$2 million of a problem. I'm thinking, well, surely there's software that can be developed that's a lot cheaper than \$2 million.

So, yes. So I just asked them permission to go and speak out a solution and they went, "Sure." (Laughs)

Andy: So, there's so much wisdom and so much beauty in this, guys. If you're listening - - So what John did is instead of building one SaaS thing and getting a hundred customers at, say, \$100 a month, he figured out one custom solution for one customer and charge them a premium for that and then did this over and over which is such -- This is what I love about having the community is like the rules get broken and then everything evolves and then there's a whole new model of how to go about doing business.

Who was the person that you reached out to and how did you get in touch with them?

John: It was an engineering firm that specialize in doing design and construct of commercial green building. So buildings that actually have sustainable energy models that kind of transfer their power to their solar panels on buildings that they manage their electronics. They have their own little central palace station that runs all the IT and all that sort of stuff.

So the really high-end, modern, technologically advanced engineering firms that specialize in this area, the market was really small. It was only about 200 players worldwide in this particular area. There's a lot of innovation, a lot of growth, and it's an up and coming field. There's a lot of buildings, a lot of cities around the world starting to look at this type of construction for energy efficiency and naturally environmental and social responsibility. I don't know why I picked this niche, I just went, "Hey, it'd be really cool to find out what's happening in the innovation of green energy."

I had a list and found a senior partner within the firm and just sent him an email and said, "Listen, I have no idea what you guys are doing but I'm pretty excited about the industry you're in. Is it okay if I just ask you a few questions about, you know, just understanding the day-to-day and how things are working in your specific industry?" The guy just gave me an hour-and-a-half of his time. End of the hour-and-a-half it was --

Again, it's really funny. The problems that I'm finding just through the nature of asking the questions and listening and I come up incidentally. So it's not like they are really sitting there thinking about the business really significant problem. In actual fact, I want to avoid talking about it in most cases. Most people have to run away from their biggest problems. So, it's almost like they're living with the challenge, you know?

In this particular case, it was purely an issue of the fact of using multiple resources and multiple people travel and communicate with their clients and with their associates where the budget -- they were spending a fortune sending people all over the world to work on these projects when there's this technology called Skype. (Laughs)

Andy: I've heard of it.

John: And video conferencing. It's also the ability to transfer documentation in the cloud is a really big thing. It just amaze me that these guys just had no idea, you know, because they're traditional engineers, they come from their backgrounds, and it's like they're innovating technologically from a building perspective as from a communication perspective, they're really not doing very well.

I sat there and said, "Hey, let's modify a platform where you can communicate more effectively, efficiently transfer information, be able to generate collaboration and feedback a lot faster and actually be able to monitor that from one place." He went, "That's exactly what we've been talking about for the last six months but nobody's ever said that to us." So I said, "Hey, is it okay if I find out how we can do that?"

We're just pasting a few third party pieces of programming and I've got a program to connect to all that properly and [unclear 00:14:19] serve a network for it to make sure that it worked efficiently and it was back up and storage.

The hard cost of that development was less than \$6,000. I actually sold it to them for \$30,000. When I built that, there was no way to go. The only thing I could add to that was support. And because it was such a significantly unique scenario for this particular business, it wasn't really -- I'm sure the model could be SaaS-ed in some way but the market wasn't -- I didn't have a market that was ready to look at these solutions so I built a custom solution.

But, in this process, I built five pieces of software and two of them are extremely Saasable. In fact one of them, at the moment, I'm starting to pay a little bit of attention to in relation to marketing. The opportunity is extremely perfect for SaaS and that never would have happened if I wasn't asked to build it for a client (crosstalk).

Andy: For the first person.

John: Yeah.

Andy: So it cost you \$6,000, charged them \$30,000 for it.

John: Yeah.

Andy: So Senior Director at a big engineering firm. Why do you think he said yes to spending an hour-and-a-half with you?

John: I don't want to overthink this. I guess, for me, is I kind of like to dumb it down. So I want to play to the philosophy of naiveté a little bit. What I mean by that is that it's the old Stephen Covey principle and it's a principle that the Foundation speaks about and that is seek to understand and then seek to be understood.

Andy: Yeah.

John: So I really approach to say, "Look ..." I kind of played to the ego a little bit saying, "Hey, you're a player in the market, you're innovating, you've certainly got my attention. Do you mind if I just ask a few questions about what you're working on, what you do specifically in this industry just so I can gain a little of understanding. Because essentially what I'm trying to do is I'm looking for opportunities where there may be challenges or problems or areas within an industry where perhaps that I can find solutions to those problems. I'm willing to share that with you." Most people are pretty cool with that.

Andy: How did you know what questions to ask?

John: For me it's really funny. There's a very large portion of the Foundation that has a lot of questions. I actually avoided reading those questions. (Laughs) For me it was like, "Well, tell me about ... The first thing I want to understand is tell me about the business, you know? What is the business doing? Who are the business clients? Where is the business heading? What are the trends in the industry?" So it's almost like I'm doing research questions on understanding the essence of the business in itself first.

Andy: Yeah.

John: Then I'll move into specific question say, "Hey, on a day-to-day basis, how do things work? What about your day? Where do you spend significant amounts of time, energy, effort?" And then one of the bug beds. I'm trying to find where somebody almost -- I can feel the jolt or the squint over the phone, right? There's just a hesitancy to say something and so for me I'll just walk into it. Tell me about a situation that's similar to what you're feeling right now then they'll start unraveling, you know?

Andy: What was it for this guy? Do you remember having that experience?

John: For him, I was realizing that they had eight engineers traveling around the world and there was this huge combination in travel bill for a specific project. Then it was like this guy had gone to this place six times in the space of less than a month. He's sitting thinking why is this guy traveling so much? He was looking at the project and then he was looking at the communication that was going on and saying, "There's got to be a better way to do this?" because it was all about security and documentations. They have to actually have print -- The part of the industry is regulation, there's a lot of compliance. So they actually have to have a lot of actual physical documentation as well. It can't be just electronically stored; it has to be physically delivered.

An engineer would be delivering a document for a signature. How has that happen, you know? Well, you can get electronic signatures these days. I'm not saying this to him. I'm actually holding back and letting him unravel all of that. In that I'm saying, "Well, you know, if there was a better way of doing this what would you do instead?" And then the guy went, "You know what would be cool, if you can just put everything in one place or have somewhere where you can actually distribute this type of documentation and also manage our communications with people more efficiently in relation to how we can connect in all of this in internet and the database, you know?"

Andy: It sounds like you ask the questions to understand the business; you're following where those pings are of, like, "Oh, that sounds not fun." It sounds frustrating and diving into those more and more.

John: Yeah.

Andy: And then as you pry into those and get clarity on where problems are, you're almost allowing them to come to the conclusion themselves. I remember you said this week, we just had our live event in Colorado Springs and John's talk was one of my favorite to listen to. That was one of the things you said when you were talking about the other piece where you said you let them come up with the solution. You don't actually come up with that. Even if you know what the solution is.

John: Absolutely. The thing is if I come up with the solution that means I'm going to be selling and I don't want to be selling my solution. I want them to come up with the idea and saying, "Hey, I think that if we can do this, this would be really cool." So it's their idea, it's much easier for them to buy it." It's my idea, I'm going to sell it because I came up with it, you know?

Andy: Totally.

John: It's really funny -- and, I guess, this is another thing that I've learned in the skills that I've learned through the Foundation -- is that it took a lot of, I guess, frustrating times to be sitting there and just be quiet and allow people to actually have that moment. I talk a lot, I talk fast, I'm in the business. I'm a sales guy, man. I'm a professional sales person, always had been. So, in the old school days, we used to do a lot of talking but in the consulting game, you learn to do a lot of listening. Through the Foundation I actually improve that skill. So much to the point where I can actually see the magic in silence, you know?

Andy: Yeah.

John: It's almost poetic to see it happen. When I paid attention to it and just allowed that space for that person to breathe, that moment where you know that they're actually connecting to something, you can almost see what's going on in their mind. And then just letting them extract that or allowing that person to have their peace or have that moment is huge. And the connection that you have between the person yourself when you give them those spaces, is an extraordinary connection. There's an incredible exchange of energy and the person literally just gravitates towards you when you allow them that space.

Andy: It's so fascinating. I notice this when coaching people. If you're coaching somebody and you might see the blind spot that they're missing, kind of like you're seeing what's missing and what the solution could be. You simply just ask them questions that lead them to them discovering the answer on their own. When they do, it's such a profound impact versus if you're just like, "Well, what about this?" And if you say that it just rubs all of the magic from the moment.

John: Yeah, yeah. Sometimes you may have a preconceived idea by allowing them to articulate in their own word. Sometimes that articulation is going to be far more concise than what I would come up with as an idea or a solution. So I try and avoid like the [unclear 00:22:21] to interject or to say, "Hey, what about this thing or do you think of it?" The word "if" doesn't enter my vocabulary when I have a conversation with people in idea extraction. It is all about what, where, why, how but there's no "If this happens" or "If there was something do you think ..." Because as soon as you go into the "if" you're automatically going to multiple solutions and that's the trap.

So, yes, I've really learned to sort of sit back and allow the person that space.

Andy: When people are asking you why you're doing this, what do you tell them?

John: I'm actually quite open about it. I sit there and I tell them, "Look, I've been in business for a long time. I've worked in a lot of different areas. But I'm specifically taking an interest in their industry and to be able to understand it, the best person to speak to or people who have that experience [unclear 00:23:20]."

Andy: When they ask you why you're etched in their industry, like why engineering or why pharmaceuticals or why green certified [unclear 00:23:24]?

John: Again, going back to the fact of taking interest but with the opportunity to perhaps, you know, looking for solutions and looking for opportunities. Most people kind of get that. It's really funny. I never had anybody really question me that significantly on why I'm doing it.

Andy: It's so funny to me because I think that's a fear that people have is that they're going to ask, like, "Oh, why are you doing this?" and it's like, "Oh, I just want to start a business or whatever." But when you're focused on their problems and you're focused on helping them solve their problems, the question doesn't really come up that much.

John: No. Some people have kind of asked me to repeat why I'm talking to them but I'm sitting and saying -- Again, I'm playing to the individual's ego by saying, "Hey, look, as far as I'm concerned you're an expert. You've been in this game for five, ten, 15 years. You probably forgotten most of the things that you already know about this industry. But the reason I'm calling is I'm just trying to listen and understand from people's own personal experiences, or your personal experience, about what you're going through in this business and where it's heading. So, is it okay if I ask you some of those questions?" Most people are really cool with that. It's a very non-threatening approach.

Andy: Oh yeah.

John: I've been saying to people, "Look, I'm not here to pitch you anything or sell you anything, I'm just here to understand and to listen" And at the end of that, I'm talking to your peers, I'm talking to competitors, I'm talking to other people in the market to just understand. I guess the other opportunity is to find solutions. If I can find a solution to a significant challenge or issue that the industry can face then there's opportunity to that. But right now it's really about you."

Andy: Beautiful. Beautiful.

John: It's pretty subtle.

Andy: How long did it take you in the Foundation to get your first \$30,000 sales?

John: Two weeks.

Andy: Two weeks.

John: Yeah. I kind of -- Again, when I was doing idea extraction, it was probably my sixth call in that I got the opportunity for the software. But I realize that after building that software or working with those people is there is a thought process of is this market big enough, you know? So my head listening to, "Man, there's only really 200 players in this market so there's not a lot I can do."

And then the other thing also, it was a challenge dealing with engineers, you know? This is no disrespect to engineers but they are an interesting breed of people. They have a very different mindset and they come from two different angles. You have a traditional, professional mindset. It's how they come through their industry. Younger people, a little bit different, they're a little bit more dynamic, more focused on change. So I really struggled with that grip and that's why I walked away from that industry. But they were happy with what I've done for them. They're a great bunch of guys and so to me that was a learning curve.

So I was two weeks in delivering the solution. It took me about two-and-a-half weeks to get the solution made up for them so it's fairly quick. But then I moved into the solar industry, so solar retail.

Andy: Let me get this right. Two weeks to get the sale and to get clarity and this is where we're going.

John: Yeah.

Andy: Get the \$30,000 pre-sale. Another two to three weeks to get the product made, delivered, and send to them.

John: Yeah.

Andy: Within five weeks, you know, [unclear 00:27:08].

John: I always continue idea extracting while I was also going through development.

Andy: Oh, beautiful. So even as you're still doing more idea extraction.

John: Yeah, yeah. It's only two hours a day. My thing is I used to write up on a whiteboard what I need to do to move or progress through developing a software solution. Idea extraction is a high value activity for me because that's where the opportunities are. So I just kept idea extracting. I just shifted market, that's all.

Well, same thing happened. Like within a week I had a company that needed specific help with a particular customize solution. It was actually a transfer of data between a manual process into an electronic process. I sold that for about \$15,000. It was about \$1500 to make.

Andy: Man!

John: Yeah. It was not that hard to sell because I basically anchored the actual value on what it was costing to be efficient.

Andy: But what's the problem?

John: The problem was they'll almost triple handling data entry. What was happening is sales guys had almost -- they're on the phone doing calls. Rather than having computer in front of them, they didn't want them to be distracted by computers so they're given pads and so they write all the startup, you know, this information about the client and all the specs and everything like that. Then that information would be given to a process so that process will have to determine some very specific.

So even the data that we're collecting was not accurate enough so it wasn't really clean. There was a lot of time spent making sure that they actually got specifications and measurements correct and so there was time in that. Then the next person would get the correct measurements and give it off to another person who will put in to a data system and then a inventory, that invoice would be sent to the client with all the specs and then proposal and then there would be a follow-up process.

It was really manual. I couldn't understand. It was like a factory that had, like, it was three T's and I'm sitting here saying, "Why don't you just give people one standard form and actually give them the questions exactly that they need to ask?" Answer those as you're talking to the client electronically. You can give people iPads if you want to. You don't want them to be on computers. Block out

iPads and just say “This is your form,” and that’s it. That’s the only connection I have to utilizing the technology.

But then you can shift that documentation straight through the person that provides the actual invoicing system. In fact, we connected the system directly to their invoicing system and then it automatically shut out the proposal with the invoice.

And then the second part of that was that we stuck in an autoresponder sequent and there were two reminders: one for the sales person to call and one for the customer to be reminded that they’re actually being given the proposal. And so within about six weeks they saw a significant increase in conversion to sales.

Andy: Wow!

John: So it was pretty cool. It was a very simple system. I use Zapier as the connector of a few different dots and they’re happy, they were delighted.

Andy: So you just plugged a couple of things together and that’s pretty much it?

John: That’s it. Then, again, the solar industry is a bit of a cowboy industry. There’s a lot of high pressure selling and all that sort of stuff. The people that were running the show have come out of phone or copy or sales and really full on sales process-driven organizations because for them it’s all about getting the numbers in the door. So it’s a very sales-focus structure. Which is really cool but I just sometimes find when you work with sales people they know too much, you know?

Andy: Yeah.

John: I try to minimize my friction. All of a sudden when I hear people knowing too much I kind of block them out. So I just found that I was dealing with car sales people in a lot of ways. There’s no disrespect to the solar sales people out there who are listening to this but it can be a bit of a churn and burn industry. I just saw it, are their problems big enough. I just didn’t have the affinity so I just changed markets again. So I went to plumbers of all places.

Andy: So, let me see if we got it all this straight. So five weeks in you’ve got first \$30,000 sale, costs \$6,000 to build, netted \$24,000 and took five weeks to deliver. In the meantime, you start having conversations with the companies building green buildings and got that ready for \$15,000 for a presale plus \$1500 to deliver -- how long did it take?

John: That one took about two weeks.

Andy: About two weeks deliver?

John: Yeah.

Andy: What next? You said plumbers.

John: Next is the plumbing industry and it's really funny. I've always been a big believer of targeting a certain type of business, or size of business, because certain sizes of businesses have resources. If you're going to sell something to somebody you need them to pay for it. You don't want to deal with companies who can't afford these.

Andy: Yeah.

John: So I have a criteria that I use to select the type of businesses that I do idea extraction on. Generally, if I do idea extraction with these sizes of businesses, I'm dealing with people who actually open to the fact that they do have challenges and they do have to address them within their companies. And so when somebody allows them to talk about it then they're more open to it.

For me, my selection criteria of companies have ten plus employees but turning over between -- probably more around the \$5 million plus mark. And at the same time they've got physical assets so they've got offices, buildings, equipment, those sorts of things.

The other thing also is that they spend at least 5% of their revenue on marketing. So, if it's a \$5 million company, anywhere between \$250,000 to \$500,000 on marketing. The reason why is that companies are actually investing in marketing or investing in growing. Growing companies, they need systems, they need support.

Andy: How do you know if they're investing 5% of marketing or not?

John: It's really easy to find that out because you can sort of see -- I look at industry trade shows -- To actually display at an industry trade show, if you're looking at a sizeable display, it could cause you \$20,000 to \$40,000 just to be there for a few days. And that is one significant marketing strategy for a company. But then that would invest in -- you got brochures and websites (crosstalk).

Andy: Everything else to go with it.

John: I do a little bit of a footprint check on what marketing the company is doing that I'm sponsoring the sporting events. So that sort of stuff cost money. You can very quickly work that with a bunch of these online marketing.

Andy: If you're listening, there's so much brilliance in this because what happens is you're just going to -- people who are naturally less price sensitive like --I used to do speaking gigs for colleges around the US and I would charge \$3,000 for a talk.

I just got off the phone the other day with a friend who -- he does it for corporate executives, exact same type of thing, and charges \$25,000. Purely because larger companies can afford it and they just don't even blink an eye at stuff like that. The thing that you eventually have to learn how to do is get comfortable asking for big numbers like that which is --

Dan Kennedy when we're at one of his seminars, he was teaching chiropractors to instead of charging \$50 to \$100 a session to build \$5,000 to \$10,000 packages to charge people. He said the first thing that he had to train people on was how not to smile when they were asking for the sale. That was the first thing above everything else.

John: Yeah.

Andy: So there's so much wisdom in this idea of narrowing who you're targeting down to. People who are turning \$5 million in revenue, 5% of money go into marketing, 10 plus employees -- What were the other criteria?

John: Physical assets.

Andy: Physical assets.

John: The cars, equipment, all that sort of stuff.

So plumbing companies -- It's really funny. There's not a lot of plumbing -- If you go to plumbing companies [unclear 00:35:34] \$5 million to \$10 million, it is a relatively sizeable company within a city. It doesn't have a lot of competitors. However, there are a lot of plumbing companies that fit that criteria around the world. It wasn't hard to find them. For me, any company that had more than five to 10 vans on the road was pretty much it.

Andy: How do you find them? Where are you getting these lists of plumbing companies from and how do you know how big they are?

John: Plumbing associations. I look for the award winners in plumbing associations.

Andy: Genius.

John: Generally it costs money to --

When associations hold award nights for innovational growth or service or best excellence within an industry, the companies that actually go into those awards tend to apply. To apply, they have to provide a business plan, they have to provide their marketing materials, they have to provide their strategy. So companies that have invested in a business plan strategy and marketing, those things are expensive. When you sit down and start spending time on doing that,

some of these companies would be spending \$50,000 just to get themselves into an award to actually see if they can be a finalist basically, let alone win the award.

So, it's really easy to find, I guess, business leaders or progressive companies within associations. And so I just look the awards list and then pick the companies from there. Then I hop on the internet, find out about who the managing director is, what their philosophy is, send an email and say hi.

Andy: Simple.

John: It's pretty simple.

The other thing also I found with this particular plumbing business because a service-based business is based on -- especially trade-based businesses are based on quotation or request for proposals for projects. Their business totally grows by the more proposals you have, the more opportunity you have, the more sales you make. So the numbers are going to take over and they're going to take over big.

Now when you got 10 vans on the road you need lots of phone calls, right? But there's a lot of inefficiencies when you have several people in the business. So, when I was sitting down, this particular business is smart enough that they were targeting a specific niche in the realty market with a specific product. So they specialize in hot water services.

So, when I sat down, I actually physically did a face-to-face idea extraction, not a phone idea extraction to this person, because I just want to see his business. I'll go, "Hey," they're innovative, a lot of people talking about it, however, he's far away from where I lived. So I thought I'd make a time and say hi to managing director. He was kind enough to accept that invitation which is a very dangerous thing for him to do but anyway. So I went and sat down.

When I sat down with him, he was just getting off the phone call and he was fanning a presentation folder. One of these plastic cover folder with a transparencies where you put A4 sheets in them. It was quite big. That was like 50 pages in this thing. I said, "Oh, wow, what are you working on?" He says, "Oh, I'm just getting some costings on these folders because it's costing us a fortune." There was an emotion "in costing us a fortune" bit.

Andy: Yeah.

John: Right? I said, "Ah, what do you mean?" He said, "Oh, well, you know, we target the real estate industry for a specific service where we give property management people [unclear 00:39:00]. A realty office might have five to 10

staff, we might have to give five to 10 folders. One of these plastic folders cost us \$60 per folder. If you got five folders, that's like \$300 per office or \$600 per office. And I said, "Wow! That's a pricey folder. He says, "Yeah, yeah. So I'm just looking at ways we can print this up and distribute."

I'm sitting there thinking, "Oh, okay." That's going to solve the problem is halve the cost or cauterize the cost. He said, "Well, not really. My big problem is pricing." I said, "Well, what do you mean by pricing?" He says, "Well, in our industry, in the hot water industry, pricing structures change almost week to week. So if we put a price, what we're trying to do with the system is to help the reality companies get a price very weekly for a vendor who has a problem with hot water service at home. That was the deal. They need to get three quotes and so we want to be the first quote. Basically, that's the whole strategy."

I thought, "Well, that's a cool idea and a cool strategy. But if the price changes, then the quote is going to be inaccurate, you're going to be ticking a lot of people off." So I asked him, "How do you deal with the pricing thing?" He says, "Well, what we're thinking of doing is putting a sleeve in this printed brochure where our sales guys will go out and actually change the prices accordingly. We got two guys. We got about 120 agents so they can go out relatively quickly and change the price."

I said, "How long does it take to go and visit an agent? You know you got five folders." So I'm feeding back to him what he's getting to me basically. "Yeah, yeah, five folders or 10 folders so you got to take in five or 10 piece of package, change little things, say hi to everybody and say, 'Hey, just letting you know there's a new price change' then walk out the door then do to the next person."

So you got two guys running around serving 60 agencies each, changing five to 10 folders in each agency, and all of a sudden you've got huge cost. I said, "How much do you charge your guys per hour?" I just started working out. I'm saying, "You're spending four-and-a-half grand a week just on one person. That's \$9,000 a week just doing this," you know? "How many hot water systems you need to sell to cover that cost?"

Andy: Mm-hmm

John: He says, "Well, we do get quite a few request. We get a lot of requests. I say, "Well, what's your average sale on a system?" he says anywhere between \$2,000 and \$4,000. I said, "So every week you're pretty much going to sell ..." I'm talking about profit now. "You've got to pretty much sell 10 systems a week just to cover the cost of two guys running around changing price lists. I said, "What does that feel like?"

His first response was, "You know what, I never really thought about that way." I said, "Man, that's \$180,000 that you're spending a year just servicing people with pricelist. Let alone the cost of documentation, let alone taking into consideration the fuel cost and time and all that sort of stuff."

My question, "What do you think would be easier?" His response was, "You know it'd be really cool if we could actually get them to come to one place and find that information." I'm thinking, "Well, I think I've heard of something like that before. It's kind of called the website. (Laughs)

Andy: (Laughs)

John: But in this particular case -- He's saying, "Well, the problem with doing something like that is I don't want my competitors to see the pricing in the thing." I said, "Well, cool." "What do you suggest that we do about that?" "Well, I know what to do."

Andy: Oh yeah, totally.

John: I know what [unclear 00:42:38] was but I'm saying, "Well, what do you think?" "See, what would be really cool if we actually sort of have some sort of password protection and give them direct access." I say, "Well, that sounds really cool." So what you're talking about is internet with password access and then you can put all the information there and you're saying you want that on their desktop. Because they're on the road or they're out there dealing with their tenants, they're immobilized. He says, "Yeah, it'd be really cool if you could put an app on the iPad or on the iPhone." I said, "Wow! Yeah, that's interesting."

I'm telling him, "What do you think something like that might cost?" I'm asking him, you know? And he said, "Oh, man ..." he's sitting there thinking, "Oh, probably \$50,000 or \$70,000, \$80,000. I said, "Well, you're spending \$180,000 a year, you're going to spend \$900,000 in five years on this problem, you know? Is it worth investing \$50,000 to get this off your plate? Because right now you're spending \$20,000 a month anyway. So in two months you pretty much cover the cost of any sort of creation of something like this." I said, "Have you ever thought of pricing it?" He said, "Well, no, this is the first time I ever thought of that." I basically said, "Look, I'll tell you what I'll do. Is it okay if I go and get some prices for you to figure this out because this is a ridiculous problem that you've got?" He went, "Yeah, sure."

So I went away and I was a little bit sneaky. I went to two development companies -- actual in software engineering firms to get to costings on this particular project. One of them came back with an \$80,000 fee, you know? \$50,000 to \$80,000, that's where the guy wants, \$80,000 fee. Another one came back with about \$70,000 fee but with a \$1700 a month service package for

database management and all that sort of stuff that went with it. So they kind of went a bit far.

I went and took that information and went to Elance. I picked five star developers. I only picked the premium developers who are charging like \$100 an hour plus on Elance and then I said, "Hey, I've got this project. This is what needs to happen. Can we piece some things together and get that going?" He says, "Yeah, we'll just use this thing called OptimizePress 2. We'll use S2 member to manage the password protection and then we've got a little bit of coding back for the price changes so they can do instant price changing on the system so it will make easy for them and then all we need to do is host it."

I said, "Well, how much you would charge me doing that." He came back and we process \$1,600. I said, "How quickly can you do that?" He says because all the content was in the folder [unclear 00:45:03] content. I mean just dump that, give you the content, and all I need from the client is the layout of what they want and how they want that to work.

Andy: Yeah.

John: Then he said, "Yeah." He said, "We can do that for \$1,600." I said, "I'll tell you what, I'll pay you \$2,000 for it." I said, "How long is it going to take you to deliver?" He says, "We can do that in a week." So they came back to me in six days.

When I went back to the client and gave them the price point, \$18,000 I charged for the software or for the component that I was delivering. Hard cost to me was just \$2,000 or \$2,500, I think, all up is what I spent on it. So there was a nice chunk of profit in there.

So I went back to them and said, "Listen, I've got some prices from [unclear 00:45:47] development companies and they quoted me some ridiculous prices. But I got a guy here that came in with a fairly good solution that's very simple, easy to implement. We could probably have it up and running in about 30 days. It's going to cost you \$18,000." "Anyway, let's do it." So, that was cool.

I had the solution in my head in six days and I held on to it. I didn't go back to the client and say, "Hey, I've got your solution ready to go." [unclear 00:46:16] what I promise is in 30 and I got it in six. It's going to sound a bit silly. Such a fast development is going to raise some questions about the validity of what I've put together.

Andy: Yeah.

John: I kind of held on to it for a few days for another four or five days and then went to him and say "Hey, I got a bonus; got the beta up and running, let's have a look at it. Let's go and run it." I did use my little marketing hat. I said, "Look, we have to get agencies to use this technology because right now it's pick up the phone or go to a filing cabinet. We need to help them to actually go to this portal and make it easier for them to use this."

So I created a simple business card that it just have the URL. It was a specific URL for the actual product and then there was instructions at the back. So we ran a little competition for -- this is a free [unclear 00:47:09] inside the front, inside the actual software itself when you open it up, when you actually subscribed. There was a QR code that allow you to scan and take the app directly to your phone essentially or to your iPad. So it automatically put the device on the iPad and iPhone and I gave away some movie tickets for each person that subscribes. So it cost them like \$20 per subscription.

Andy: Yeah.

John: A hundred and twenty subscribers within three days which is their market. So it was only three days. I did it all by phone. They sent a letter to all the agencies saying, "Here's this thing that's going to make your life a whole lot easier when it comes to the service. They take [unclear 00:47:49] really quick which was cool and they were happy.

Now, just to give you the feedback on how well the system is working, right now the system is generating about \$40,000 worth of sales per month automatically for this business.

Andy: Wow!

John: So that was the part that I really think about because my head was in solving the problem. My marketing brain should have went, "Hang on a second. This is going to make money for them. \$18,000 is a little bit cheap."

Andy: Yeah. It's so interesting. I was just so wrapped up in the story. There's so many points I want to hit on of going back.

First thing. When you're walking me through it, I'm like [unclear 00:48:29] I'm like, "Oh yeah, dude, \$18,000. For the value that you're getting out of it is worth it times 10." And then zooming back out for a moment and looking at it and really all -- you're building a simple membership website in WordPress, you know.

John: Yup.

Andy: It's understanding the value to the customer is so much different than just like the things -- What am I trying to say? The value that things have is based in the perception of the customer, based in the minds of the customer. I think so often as business owners, entrepreneurs as marketers, we get wrapped up thinking about what is the value to us not actually what is the value to them. And so we priced up based off of what we think not actually what other people think. It's a giant cause of frustration.

John: I think if you allow people -- A lot of ways learnt to not judge what people can and can't say yes to in terms of price points. I learned a long time ago. The deals that I do from the digital agency market -- [unclear 00:49:34] five, six-figure deals. I don't do any \$5,000, \$7,000 deals. I'm always doing \$30,000, \$50,000, \$60,000, \$100,000 deals. A \$100,000 deal is just a deal with the three zeros on the end of it. The actual process and delivery is going to be pretty much similar that you're going to deliver to a lower-end client.

Price, to me, it's -- I want to accentuate the problem in relation to how much it actually cost. To me this is a significant realization for the person you're talking to. So I want to sit there -- they're telling me. I'm not sitting making up numbers out of the sky, He's saying, "Wow! It costs us \$50 an hour. Okay, there's two employees. How many days a week will they do this?" "They'll spend about 30 hours." So 30 times 50 times 5 times 2, that's the number, you know?

Andy: Yeah.

John: Then from there it's like, "Well, what are the other actual cost? Vehicles? Well, how much the cost to put a vehicle on the road every week?" They know that. It's costing us \$1,500 a week or [unclear 00:50:36] a week per vehicle. There's two vehicles, that's another \$1,800.

Andy: Yeah.

John: So, \$1,800 on \$4,000, it went already up to \$6,000 a week. Every 10 weeks we're spending \$60,000. Every 15 weeks we're spending \$300,000, you know? We're actually doing it without even realizing we're doing it. But again --

Andy: It's all him describing the numbers to you. It's not you coming to him saying it. The other thing that's just so genius is at the point where you're like, "Well, what would make that really easy for you?" Then he's like, "Well, if we had it on a website." He's like, "Ah, but we don't want competitors seeing it." It's like, "Well, how can you solve that problem?"

Even though you know the answer it's like the difference. If you just think about the difference of you asking "What would you do to solve that?" versus if you were to like, "Well, what if we put a password protection on it?" and you'd be

like, "Oh, yeah, that might work." That's generally the response and then all of a sudden people feel this defensiveness because they feel like it's your idea you're pushing on to them as oppose to the other way around.

Just the way that you go about it is so beautiful because at the end of the day you're just like, "Well, do you want me to run a quote on this and see if we can do something?" You cannot say no to that.

John: It's really [unclear 00:51:55] when I'm sitting there. I'm sitting there pretty calm just like, you know, it's really cool but inside I'm screaming. It's like [unclear 00:52:02].

Andy: I know, right?

John: Yeah. That comes with time as well. One of the things that I found, and even talking to people in the Foundation, going through the process of idea extraction, it can be very intimidating speaking to people for the first time that you've never met and sometimes in another country, sometimes in another language.

I'll tell you a story one time about the hearing impaired idea extraction I did but anyway. I went [unclear 00:52:36] onto this one. That was an interesting process. The thing was you have this moment where, "Okay, I'm speaking to a stranger.: But at the end of the day, they're just like you. You're just asking for simple permission that you're permission is based on saying, "Look, I value your time but is it okay if I ask you a question?" Most people go, "Yeah, you can ask me a question."

Andy: Totally.

John: You're not going to say, "Go away, I'm not answering any questions."

Andy: Yeah.

John: Some people will ask me "What are you selling me? Well, I'm actually more interested in what you're doing and what you can sell to me." Then they go, "Well, what do you mean?" and then I go into explaining what I'm doing and then it calms them down.

But, yeah, if you can just get over that hurdle of that initial connection and for me I've got to have a reason. Look, I could just pick up the phone and say, "Hey," but I would much rather -- For me, it makes me more comfortable to call for a purpose and the purpose that I'm calling for is the piece of information that I've shared. Now whether they got it or not is completely irrelevant. It just starts the ignition of the conversation.

Andy: Yeah.

John: So yeah.

Andy: So end of the Foundation, where did you end up overall?

John: Built five software products for a few different niches. I presold into the digital agency niche. I presold about \$12,500 for a particular solution that already existed unfortunately and it kind of backfired on me. So I then was faced with a situation of just basically refunding the pre-sale. However, that didn't happen because I sat down and thought about all the other problems that I found out through the idea extraction process and came up with another solution and so they actually gave me more money to work on another solution for that particular industry. So I raised another \$20,000 on top of the presale.

Andy: So you did \$12,500 and a presale.

John: Yeah.

Andy: Got into it and realize, "Oh, crap, this isn't going to work."

John: Yeah.

Andy: Instead of refunding the money you went back to them and presold them on another idea and got another \$20,000 in presales. Is that right?

John: Yeah. Well, what I did was I went and said to them, "Look, I'm going to give you your money back but before I do, I just want to recap on something else that I discovered in your industry and just to see if that was significant enough. But I just want to confirm that. The reason I'm calling you is the idea that we're coming up with, they're a bit of solutions, a lot cheaper. You weren't aware of them at the time. So, here's a solution but I'm happy to give you the money back."

In saying that I'm saying, "Hey, you know, it's really funny that when we spoke, this is something that came up as a common theme. Is this your experience?" They said, "Well, yeah, it is an experience but we really never really thought about how to approach that." I thought "Okay. Then, again, if you were to approach something like this what do you think would work for you guys," you know?

And then I came up with the whole thing of automating sales process and I really understand sales process so automating sales process is relatively easy.

Andy: Yup.

John: In the internet marketing world, we all know how to do that which is cool. They're these marketing tools called autoresponders and see our [M 00:55:56] systems. And so I sat there and said, "Look, if it was a purpose book based on what you're saying is you want a very specific industry focused strategy to leverage your sales process electronically." They went, "That's exactly what we're saying." I said, "Okay."

I said, "So, I went through that extraction process again. Well, what do you think we could build?" I knew what the solution was but I came back and said, "Hey, it'd be really cool if we had something to tag specific clients and then we could just plug that in and then open up the door to inbound marketing."

Andy: Yeah.

John: I said, "Yeah, that's really cool. I think I know something about that. Do you mind if I go away and just work on a little idea or a concept?" I went away. I knew what I was going to do or what the solution was and came back and worked at what the physical costs of implementation. So I worked out what the components were that were involved, how much the cost was. I came back and said, "Look, I can -- we've got the opportunity to correct this but I need you to give me another \$4,000." Now, how much is -- What's this worth to your relation of the business? Well, that generates one client that kind of pays for itself straight away.

Andy: Got it.

John: So, I've actually built at the moment in the beta construction of an automated responsive sales and marketing process for digital ad agencies that are actually specifically targeted to the niches that they're selecting to work in. So, the actual structure of the SaaS is designed that it is actually relevant. So for that, I just see what's the auto industry then we have a structure to just purely target the auto industry. If the ad agency was doing the trade services industry, we have a sales process that specifically target to the trade service industry. So it's really easy to plug that in and easy to sell that.

Andy: We have to do another interview and go deeper on that one. (Laughs)

John: (Laughs) Yeah.

Andy: So, a total of five products that you built over the course of six months. How much in sales?

John: \$120,000.

Andy: \$120,000? I thought it was \$90,000.

John: Yeah, yeah, we had more cash come in.

Andy: (Laughs)

John: (Laughs) From some of those projects.

Andy: Oh my God, dude!

John: Come in, yeah. That's six months so what's that work out to be? It's like \$20,000 a month. That's not too bad. I only work half-a-day, Andy.

Andy: Yeah.

John: I only work half a day. So I kind of choose whichever 12 hours that is.

Andy: Yeah.

John: So that's my philosophy, work half-a-day and you can fit a lot of things in.

Andy: Yeah.

John: Get up a little earlier than the next guy and it enables you to give you a little bit more time. It's wonderful at 5 o'clock in the morning. It's really quiet. I get more work done in the four hours leading up to 9 o'clock than I do from 9 o'clock to 5 o'clock in the afternoon. So to me that's my edge. This is what I focus on.

Andy: In like 30 seconds or so because we got to get wrapping just for time. But in 30 seconds or so, what do you think separated you from everybody else whose went through the Foundation? You just crushed any records that we've ever had.

John: (Laughs) I didn't even know that, man. I'm thinking there's heaps of guys out there that have done heaps than I have in the Foundation. I actually never even thought of that.

To me it's really getting clear about what you want to do and get focus, you know? And I'm only looking for the next logical step. My philosophy is what do I need to do right now? What happens after that is completely unimportant. It's what in this moment I need to doing idea extraction.

Right now I'm looking at a SaaS project and a bit of a joint venture in a new market that I'm really excited about that I think is going to explode. For me, my concentration now is to really articulate and define that problem significantly. I'm going to speak to two or three people a day in that industry to make sure I know and understand implicitly what they need. Even though I'm six months in, I'm still idea extracting. I'm idea extracting all the time. It's part of my life now. It also is something that's created huge opportunities.

I've been invited to quote on a software for a national tennis association and it was purely by referral because I came up with an idea for somebody who's part of that group and the solution for them -- They're looking at a solution that's probably in a \$120,000 mark but the cost already know, the dev cost is about \$30,000, you know?

Yeah, for me it's all about focus, get really clear about what you want to do, and make sure you focus on the next logical step. To do that you've actually got to complete the current step that you're in and that's the fastest way to get through this.

Andy: Got it.

John: For me, you're whole green glasses concept is huge. Open your eyes. If you will ask enough questions, people will actually come to you with goal.

Andy: Beautifully, beautifully put, man.

If you're listening to this interview and you're all in treat. If you've never heard about the Foundation or you have any interest in going through our next program, check out thefoundation.com and apply. Just check it out. Go through the application process, we'll see if you're a good fit or not.

If you're really serious about getting started soon where John mentioned the last three years we've done one course a year and then people who didn't get in during that course would have to wait an entire other year. So, we've got a lot of angry people pounding at the doors waiting for us to open up more often and so we're going to be switching to doing more enrollments so a couple of times a year. The next one we're going to do is going to be in August. We're only going to take a hundred people and we're going to test what it's like doing multiple courses at once.

And so if you're interested in that, please just checkout thefoundation.com/summer-2014 and we've just got a simple little opt-in box there. Nothing crazy. Just like if you're interested, we'll let you know ahead of time when that's happening and you'll be one of the first people to know. If 100 people don't sell off of this then we'll notify everybody in the email list. But that's basically the plan. So, if you're interested, please check that out. Again, thefoundation.com or thefoundation.com/summer-2014.

John, thank you so much, man. Your story is absolutely rad and I'm so excited to see what happens over the next six months for you. Like if you did \$120,000 in six months, I can only imagine what's going to happen over the next six to 12 and -- It's wild, man.

John: I'm looking for multiple six-figure presales. That's my goal.

Andy: Multiple six-figure presales. We're talking about this before. He's got a plan for six-figure presales plus doing an exit in 18 months. Is that what you [unclear 01:02:51] 18 months?

John: [unclear 01:02:51]

Andy: Dude, we're going to have to have you back on in six months or so. We've been talking about having John come on in and teach content inside the Foundation so we're going to -- I would not be surprised if we have you back on in six months or so and go a little bit deeper with all the stuff you've learned by doing your six-figure presales.

John: Absolute pleasure, man.

Andy: Dude, thank you so much, John. Amazing. If you're listening to this, again, either -- If people want to get a hold of you, John, where can they email you?

John: Calljohnlogar.com.

Andy: Calljohnlogar.com. We'll put that in the show notes and everything, guys.

If you dug this interview, if you got a lot out of it, please, again, shoot me a message. We went down the rabbit hole for a little bit talking about all of this crazy energy and stuff but now we're getting back in to strategies and tactics and real hard-hitting stuff. I feel like we've got a good balance going on but shoot me an email and let me know what you guys think.

John, thanks again, brother. Talk to you soon.

John: It's always a pleasure, man. Thank you.

Closing: Thank you for joining us. We've taken this interview and created a custom action guide so you know exactly what action steps to take to grow your business. Just head over to thefoundationpodcast.com to download it for free. Thanks for listening and we'll see you next week.