



How I Made \$180,000 Profit Buying and Selling Websites Part Time

Hi everyone. This is my story, since we were talking about stories. The first thing I'd like to clarify to people is that as you hear me, I probably sound like I have an accent to you. I do. I have a Canadian accent. However, I was actually born and raised in Brisbane, so I have not really Canadian parents but they studied and grew up in Canada, and the combination of listening to them and watching Sesame Street or something like that growing up, I picked up this accent.

I was born and raised in Brisbane, so if you ask me any questions about it, I'll know the answer.

What I'm about to talk about is not what I do as a full-time business. This was something I did part-time. The reason why I guess I talk about this right now is you're all running businesses and it would be a great chance for you to possibly consider doing this as an investment strategy for the profits you make from your business, or of course you could do it full-time. In my case it was an investment strategy.

BACKGROUND

Let me ask a question. Who here knows of my blog, www.Entrepreneurs-Journey.com? Not so many. That's good. I usually speak to people who know me already, so this will be fun.

I've been blogging for four years, and this talk has very little to do with blogging, but that's how I've established my business and built up a profile online. That's how I met Andrew and Daryl and so forth, so I've made money online and taken the money I made into a strategy of buying and selling websites.

What I want to do is give you a bit of background to reach the point where I understood what it meant to make money from buying and selling websites.



As I said, I was born and raised in Brisbane. I went to the University of Queensland and studied for a business management degree. Although it sounds relevant, I really didn't gain any knowledge from that that I use with what I do today, but it was a great way to pass time. I had a lot of fun learning what the internet could do for me.

While my friends were out getting drunk and doing stupid things on Friday nights, I'd often be playing with my website. It was a little bit geeky, but I really enjoyed it. In fact, my first website I can't show you, because I don't think we have internet access, but I had a Geocities website in 1999 for a card game I used to play called Magic the Gathering. I'll talk about that later, because it has to do with one of the website deals I did.

In 2004 I began blogging. All of you people who haven't seen my blog, please remember my name or that website address. If you're not into blogging, as I said, I won't be talking much about blogging, but it's been an amazing thing for me. It's transformed my life in terms of the freedoms I've had and what kind of life I've been able to live and what kind of business I've been able to run.

I got out of the university in early 2000 and I never went on to a full-time job, so it's always been an online business for me. I've been lucky enough to always make enough money to get by and then some in more recent years, thanks to the internet.

Where am I today? I do work a couple of hours a day, and most of that time is spent writing blog content and teaching my students. I run a couple of membership sites that teach people how to blog, and I do some membership site content as well. Most of the time, whatever's going on in my life, I'll write about it or record a blogcast audio and publish it on my blog.

I don't know how many of you are from Brisbane, but I spend a lot of time at the Three Monkeys Café. Who knows Three Monkeys? I love Three Monkeys. I sit there with my Mac and do a couple hours of writing, and that's where I get my content for my blog. Most of that comes from experience of attending events like this and just doing things online, and I just regurgitate it onto my blog, and I've built up a following.



I've got about 60,000 daily readers who read that blog, and as I said it's the basis of everything I do. I've built my email list through that as well. I've got a subscriber base of about 40,000 emails as well, and it's the centerpoint for everything I've done and the exposure I've gained. It's introduced me to some wonderful people as well.

FREEDOM TO TRAVEL

I'm about to show you a slide show. Last year I spent eight months traveling around the world, and throughout that entire time I was running my business. I don't actually have any employees. I'm the content creator. I have a few contractors to do the technical side of my work and a customer support person, but that's it. It doesn't go any further than that.

It's because my business is so hands-off that I was able to spend almost an entire year traveling, and really my business did a lot better in fact than the previous year, because I was able to just spend those few hours a day to keep it growing and enjoy some success online no matter where I was in the world.

I went to a lot of places during this time, so it was quite incredible. This was the first spot, the Hoover Dam in Las Vegas. I don't know if you've been there before. I was there in the summer and that was a big mistake. It was 40C when that photo was taken and was ridiculously hot. I haven't been to the desert in Australia, but it's about the equivalent of that.

This is me at Niagara Falls. I have family in Toronto, so Niagara Falls is not too far to go. In fact, I based myself in Toronto for a couple months over the summer there and did a product launch while I was there. I rented an apartment and had a really good summer.

I'm a big fan of tennis. I went to the U.S. Open, and that match there is Roger Federer and he won that tournament that year. I've been to the Australian Open and I want to get to Wimbledon and the French Open to complete the full picture.

You should know where that is. It's pretty obvious, Stonehenge. That was fun. I'd never been to London before, so seeing England and Scotland was a great



experience. It's a really big place. I didn't realize how busy London would actually be.

I love chocolate, so a highlight for me was visiting Belgium. I don't know if you've been there before, but there's a section in Brussels where it's just chocolate store after chocolate store after chocolate store. For the first time in my life, I think I actually got sick of chocolate in that place, so I really had a good time there.

Again pretty obvious, the Eiffel Tower in Paris.

This was new for me. I'd never been to that part of the world. This is Dubai in the United Arab Emirates, and that was a desert safari trip. I don't know if you've ever done this. You get in a four-wheel drive and they take you over the desert dunes and knock you about, and I really didn't like it, so I don't recommend doing it if you're not an adrenaline junky. I'm not an adrenaline junky, but if you like bungee jumping go for it.

And just to prove that it wasn't all fun, this is me in Chicago basically doing some work. The reason I have that facial expression is I actually was a bit sick before that happened, not because I don't like working, but that's pretty much the sort of thing I'd do. I'd find a café, bring out the laptop, do some work, and get away with it.

The money has been really good. I can't complain. As I said, I have a very small operation and I'm able to make much more than the average person. Last tax year it was a quarter million dollars, and this tax year I just passed half a million dollars. Because I have no employees, there's a profit margin of about 70%, so it's a really fantastic business model and gives me the freedom to travel and come back from my travel with more money than I left with.

I own my own house. I have a house in Brisbane, Australia, and I own my car, etc. That's pretty much the background story.

THE POWER OF OUTSOURCING & CREATING YOUR OWN PRODUCT

There's a few lessons I learned along the way, and Andrew and Daryl had a big part in this. Before I met Andrew and Daryl I really wasn't making a lot of money,



and I was doing a lot pretty much by myself. I didn't have that contractor doing customer support. I didn't have a contractor doing technical things for me. It was a lot of me sitting there trying to get my blog to do what I wanted it to do.

I didn't have a product of my own, and I spent a whole lot of time essentially wasting time. It was actually Andrew who took me aside one day and said, “You should really get a product of your own, build up a following, and you really should spend some time delivering what they want. They love you already, so put a product out the door.”

I finally did launch a membership site to teach people how to make money from blogging, and that was the first time I really got some significant financial freedom. I had about 500 members join the first program, and grew it to 1,000 members, and that's why I can quote those numbers basically.

I make some great money from my membership site, from my blog, and if it wasn't for wasting a lot of time early on and then finally getting the realization that I needed to get a little bit of help – not full time necessarily, but some contractors to do some things for me – I wouldn't be where I am today.

BUYING & SELLING WEBSITES - OVERVIEW

Now I'm going to dive into what this topic is all about. Everything I just discussed there generated income for me. What I did with that income was very similar to what people do with real estate in the real world, but I wasn't into buying houses.

I didn't feel comfortable spending that much money, but I knew about the internet, so I've actually been able to buy and sell websites and make about \$180,000 in profit as a part-time activity. It has been something that's not my core business strength, but I've been able to reinvest what I do into that.

As I'm going through this, feel free to stop me if you have any questions. I have some time at the end for questions, but if there's something you don't understand, just jump in front of the mic and ask away. I love questions.

I do this part time, and what it taught me was that you can treat website investing very similar to the way you treat real-world physical investing. Just like a house



has an address, a website has an URL. The way I set up my websites was to produce an ongoing passive income stream, and I'll tell you how to do that in a moment, but you can compare that to rent like you'd receive from a house.

The difference here is the entry-level cost to buying web property, not physical property, is much lower than what it is to buy real-world properties. To get into the property market you have to get loans of hundreds of thousands of dollars. If you want to experiment with what I'm about to talk about, you can start with as little as \$500 to get your feeling around how this works, and ramp it up.

The biggest deal I've ever done was a sale of a \$100,000 website. I've done some \$20,000 and \$30,000 deals as well, but I did start with the low-level ones.

One of the key concepts with this is, again, just like real-world property investing, you can treat a website the way you can treat a house. You may go out there looking for a house that's fallen into disrepair, needs renovating, and a website has the potential to have the same characteristics, and you can renovate it. Obviously it's different. You renovate it in the sense that you build more traffic to it, you help it generate more income, and it then increases in value and you can sell it for more.

You can do this like a flipping strategy, or you can do a buy-and-hold strategy, whatever you choose to follow. I've done both. I've held some websites for several years and then sold them. Some I've just sold within a matter of months.

CASE STUDIES

I'm going to go through some case studies, and this is probably the best way for me to illustrate how this works. These are quite lengthy.

Case study 1: Magic The Gathering

As I said, I'm a little bit geeky. I was very geeky in high school. I don't know if you've heard of the card game called Magic the Gathering. Who's heard of that card game? Four? All right, my fellow geeks. It's a bit like chess combined with poker combined with a little bit of dragons and elves and Lord of the Rings style elements.



I'd like to clarify that it's not Dungeons & Dragons. When I first told Andrew and Daryl about this, they accused me of being a Dungeons & Dragons role player, and I had to clarify that there's a hierarchical structure with geeks, and Dungeons & Dragons is right at the top. Magic actually sits a little bit lower as geeky goes.

Some people did both. I only stuck to Magic, so I never progressed to the top. I just wanted to clarify that.

This was a hobby for me. During high school I saw a friend of mine getting some cards and I started playing, and it became really quite serious. I found out they have tournaments, and there's a whole range of professional Magic players, like professional poker players. There's a pro tour that gives away about \$6 million a year. Some guys make a couple hundred thousand dollars as a Magic card player and travel around the world.

I managed to visit Seattle as part of the Australian national Magic The Gathering team in 1998, so that was the highlight of my career as a professional Magic player. I also visited Japan, Melbourne, Singapore, and a few places like that.

What happened with me was I really enjoyed it as a player, but what occurred at the university is I was given this free internet account at the University of Queensland to get some dial-up access to the internet, and that's when I started exploring everything with working online, and I discovered Geocities at that time.

My core passion that I was really into was this card game, but as I was learning about the internet I discovered that maybe I could make a website about this card game. So I started a website called MagicInBrisbane, and all I really did was write reports of the tournaments I was playing in. I talked about some of the decks I had made, the cards I was playing, and it was me geeking out in a web-based format.

I'd go to a tournament and I'd write about it, and I built a following – first in Brisbane, then I turned it into MagicAustralia, so it expanded to Australia-wide – and then I did something that was really smart. This is something that's worth noting down if you can follow this strategy. I added a forum to this Magic site.



I changed the name, by the way, to MTGParadise.com. I'll show you a picture in a moment, so it's an Australia-wide website devoted to this card game. I added a forum to it and I gave people the option of basically trading cards at this forum.

When I did that, suddenly all the Australian geeky gamers like myself started coming on, selling their cards and started swapping cards in this forum, and that was a sticking point. It made this site very sticky and it grew organically through viral word-of-mouth as a result of doing that.

That influenced my strategy for website flipping many years later, because I looked for websites that had a sticky point like that, that meant people would come, create content for me, and create value for me so my asset would increase in value without me having to actively create content.

That's a really important point if you got into website flipping. You want this to be passive, so you need to find ways to develop either content or have people use your website without you personally investing the time. When I first started this website it was me sitting there writing articles. I added the forum and it ballooned and exploded.

One other thing I did with that website is it's the first time I outsourced writers, so there were other people who really enjoyed the card game, Magic the Gathering, and they volunteered on a volunteer basis to write content for my website.

Basically this went from a very basic hobby to essentially the largest Australian Magic the Gathering website on the planet for Australia, and still is today. I sold that website and we'll talk about that in a moment, but because I had people writing content for me and I had a forum running there, it was almost hands-off. I had someone running the forum. I just had to check in to make sure that content was going live, and that was basically it.

Adding Ad Revenue

It was around this time that I started seeing a lot of information about people making money from selling websites, and of course I knew that if you stick some banners on your website you can make money, so that was my next step.



I began placing advertisements on the website. I would contact retailers of this card game and say, “I’ve got an audience of Magic players. Would you be interested in advertising on my website?” and I got a handful of advertisers who said yes. I put up their banners and they began paying me \$50/month or \$100/month, and I brought that together.

It never made me rich, but I did bring it up to about \$1,000/month in income, and as a university student that meant I never had to get a job cleaning toilets, working at McDonald’s, as a news agent, or whatever it is. That website gave me money to play with.

Deciding to Sell

It was 2003 or right about then, and I was walking across the Green Street Mall in Brisbane, thinking that I was no longer interested in Magic the Gathering as a card game. I was actually enjoying running websites still, but my interest was moving elsewhere. I was getting more into internet marketing and trying to ramp up my income.

It just dawned on me one day that I could actually sell this website, and for whatever reason I had never looked at it as an asset before that moment. But when I did the numbers I thought, “Wow, I’ve got something that makes money and pretty much runs by itself. I no longer need to do anything to keep it going; therefore, it could deliver value to other people, so all I need to do is find a buyer for it.”

For me that was a light bulb movement. I guess it’s a point I didn’t really emphasize enough previously. If you have websites now that make any kind of income, especially if they’re hands off, you’ve got an asset. Either as an exit strategy or as a profit strategy, buying and selling websites is an option for everyone in this room, especially if you want to maybe leave a marketplace and you’ve got a website that’s making money. You can sell it, and that’s exactly what I did in this case.

I lost interest in Magic, I became a little bit cooler and got into internet marketing, which is a lot cooler, and eventually found a buyer. To find that buyer, I pretty much contacted the people who were within my sphere of influence within the



community of Magic – players, card store owners, people who traded cards. I got a few offers and eventually settled the deal and made a little bit over \$13,500 from selling this website. For me at the time, that was about how much money I made in a year, so it was a significant injection of cash flow and I was pretty stoked, to say the least.

Just to clarify if you've never seen Magic the Gathering, this is a Magic the Gathering card. This guy here is the Roger Federer of Magic players. His name is Kai Budde. He's German. He's won seven pro tours and made I think about \$350,000 playing this card game. He travels all around the world, and there's a bunch of guys just like him doing this all the time.

That's a deck of cards there, and this is a tournament. This is the professional tour. I believe this one was held in Kuala Lumpur and it's a bunch of geeks having a great time. I love it. [laughing] I can't describe how much fun that was.

The funny thing about this sport is it is male-dominated, but if you are a girl you have such an advantage as a player, because the guy doesn't know what to do. He sort of freaks out a little bit, so there were a few really smart guys who would bring their girlfriend along and have them stand next to them with a low cleavage top, and they'd win games just by doing that.

At the top level, this is how it works. Five hundred people fill a room, play cards, and at the end of the single elimination tournament there's a winner who walks away with about \$2,000 and that's how they make a career out of it.

What I like to compare it to is you've probably all seen a movie where you basically have escapism and you leave yourself for awhile. This is what a Magic tournament is for Magic players. You go into a place for a whole weekend, maybe like a room we're in right now, where we're basically geeking out about business right here. This is what these guys do. You leave the real world for awhile.

It's a little bit different between Magic and business. There's some women here for starters, and that was why it was fun. That's why it still is fun for a lot of people, so that's what the website looked like when I owned it. I changed the design a few times. It's very simple. It's just content. Really, all it was is content, the forum, and I spent way too much time.



If I was to say I regret what I did when I was younger with this was just spending too much time trying to play around with the look of this website. It really was a waste of time, but it was fun.

That was my first foray into buying and selling websites, or in this case selling a website anyway.

DISCOVERING BLOGGING

Case Study 2: SmallBusinessBranding.com

This next case study is a little bit different. This is blogging. This is my strong point. After running that Magic site, I moved on to running a proofreading business. I had an English school, an offline English school, and basically the proofreading business became my main business for the next few years. I really developed that into a stand-alone business, not the subject of this talk, but that business brought me into the world of blogging.

I discovered blogging because I was told it was great for search engine rankings. I could bring customers to my proofreading business by running a blog, so that was the theory and I decided to investigate whether it worked, and I started blogging as a result of that.

I tried to write about proofreading as a subject, but it was extremely boring. I really didn't like it at all, and I switched it over to a blog about entrepreneurship. I told stories about the businesses I had run, and it grew into what I talked about before.

As a part of that process I learned a lot about what it takes to build and keep a successful blog growing. So when the opportunity came to invest in a similar blog to my own, I grabbed it, and that's the second case study here.

This blog was called www.SmallBusinessBranding.com. Now my blog was about internet marketing. I had switched it from proofreading to internet marketing, and as a natural course of running that blog I got introduced to other bloggers who also wrote about business and internet marketing, and we just connected through Skype or through email. This was before Facebook or anything like that.



The person who owns this blog is Michael Pollack, and he was a web designer and small business fan. He really loves small business. He started this blog and grew it, but eventually decided to move on and focus on his design business. He told me when he was getting interested in selling it that he was thinking about selling it, and I said, “I’d be interested in making an offer for it,” and I did.

Basically he told me how much traffic the website was getting. I think at the time it was about 400 visitors a day and about the same in monthly income, about \$400 income per month.

Now I knew how that website worked and I was fairly confident I could keep it growing. I was still nervous because I hadn’t really invested that kind of money and negotiated a sale before, so I went to bed that night after I made the offer, wondering whether I was going to follow through with it. \$2,000 at the time was probably 5% of my income. I wasn’t sure whether I could keep it going.

The deal went through, I bought the website, and eventually hired a team of writers. Initially I tried to write for this blog at the same time that I wrote to my own blog, and I found out that’s just a lot of work. I like to write, but not that much.

So what I did was I restructured this blog. This is worth writing down as well. If you decide to follow a blog acquisition strategy, you’re not going to write the blog yourself, not very likely. What you can do with a blog that’s got a little bit of traction and a little bit of traffic is hire a team of volunteers.

I like to get people on board who are motivated, but I don’t have to invest and lose some cash flow by doing that. What I’ll do is I’ll incentivize them writing for me by giving them exposure on the blog.

All I did with this website, after I acquired the Small Business Branding blog, I had a designer do a redesign to incorporate a couple of sections on the author’s section of the website where they could put their own advertisements. So essentially if they wrote an article and published it on my blog, they could control the banner down the left side.



They could put an opt-in box for their mailing list in the top right corner, or do something like that. So it gave them an incentive to write and build traffic, but I owned the website. I still made money from advertising that went on the website.

As a result of setting up that system I was able to approve about five writers who'd write for me once a week each, so I'd have one each day coming out on my blog. That made that website again nearly passive, in terms of keeping it growing. One thing I didn't have is an editor, someone to check their articles and press Publish.

The fact is, I'm pretty lazy. That's the problem with this. I wanted to work on a different project and I wanted this site to be passive, so I was really happy that someone was writing content for me, but I wasn't happy that I had to go and proofread and publish the content, so this is what happened.

It was making about \$400 per month. I hired those writers, the traffic increased, I started getting more revenue from advertising, and the income increased to about \$1,500 per month as a result of that.

I then went and found a university student who was interested in internet marketing. His name is Robert Kingston, he's from Brisbane, and I said, "Would you be interested in being the head editor for this website in exchange for some of the revenue?"

I paid him half of the AdSense revenue, which turned out to be about \$500 a month, and he just managed the whole site. I kept the rest of the money and it became a purely passive income stream, and we kept growing that website.

The great thing about it is I bought it for \$2,000, and within three months it was making \$1,500 a month. I was keeping \$1,000 a month from that, so it basically turned itself around within four or five months, and I kept growing that site. I owned it for about two years before I eventually decided to sell it, so over the course of the period I probably made about \$15,000 in cash flow, which I pocketed myself.

When it came time to sell this website, I could get so much more for it because I'd set up these systems. I'd hired the volunteer authors and I had hired Rob to look



after them, so this website was passive. Therefore the value I could get for selling it was so much more than the \$2,000 I paid for it.

In fact, when I ended up selling that one, it went for \$25,000 US dollars, so it's a fantastic little case study, completely part time. I was busy writing my own blog, starting my training programs and membership sites, and this was happening all on the side.

That's an ideal situation to go for, so keep that in mind. If you start looking for websites, think about ways to systematize them and outsource the part of the website that generates the income. In the Magic site's case it was a forum that would grow virally by itself. In this case it was the volunteer writers that kept the site growing, and they had an incentive to do so because they could also benefit from getting more traffic.

That's what the website looks like today, I believe, and that's one of the volunteer authors back when I was in charge. You can't quite see, but down the right side there's advertising, down the left side a little bit too, and you could put a banner on the top as well. It's very easy to change the website design to incorporate that function to let the authors to put up the advertisements themselves.

Case study 3: Mini bikes

This case study is a little bit different, completely left field for me. This is an interesting subject. It's mini bikes. Who knows what a mini bike is? You're better than me, I didn't know what it was.

It's a miniature motorcycle, a full-fledged motorcycle that a lot of teenagers drive around on and they go on dirt hills and do crazy things with them. I didn't know anything about it, but I saw these two sets of forums for sale, so let me explain my attitude with this.

After I made some good money with the Small Business Branding site and the Magic site, I started to look for acquisition targets. I became more aggressive with my planning, and I looked for websites that had the same characteristics – either a forum that I could let it run automatically without me doing much work, or a blog I could set up volunteer writers for, something like that.



There's a few sites you can go to and monitor that have a constant stream of websites for sale. There are alternative ways to find websites to buy, which I'll talk about in a couple of slides, but in this case I went to a specific marketplace and these two websites came up for sale by auction.

One is called MiniRiders.com, and they both focus on the miniature bike marketplace. I saw them for sale and checked out the traffic statistics. I checked how much money they were making, and the wonderful thing about them is they were owned by an Australian, so I had the advantage that I was also an Aussie. It's easier for Australians to transfer .com.au domain names to each other. You don't have the competition of a lot of U.S. buyers as well, so I moved very quickly on these websites.

I got in touch with them straight away and made an offer. It's like eBay, they have a Buy It Now price, and their Buy It Now price was \$12,000 Australian dollars. I said, "All right, let me check the stats and I'll buy it."

What I did is I acquired these two, basically trading forums again. They weren't trading in this case. They were just discussing their passions for miniature motorcycles, and I knew because of the traffic the website was getting – they had an audience of 1,000 active members who were always talking every day – that I could stick some advertisements in front of them and hopefully follow through with the same formula I used to generate and increase the income.

Once again I made the offer. I was a little less nervous this time, even though it was a lot more money than the first offer I made, but I was getting used to this. I made more money, my income was growing, and I felt more comfortable with it, so I basically did the deal and purchased two miniature motorcycle websites – a subject I'd never heard of and had no idea how it worked, but I knew the formula worked.

I immediately asked Rob again to be in charge of this website, and gave him some instructions. The idea with these websites was to increase the revenue by adding more advertisers and generating more page views and getting more content, building an email list, and all these different strategies that we talked about, and that's what Rob did.



I gave him instructions like, “Rob, go and contact all the online websites that sell miniature bike products – parts, the bikes themselves – and see if they’re interested in sponsoring a website. Create some packages for them to buy,” and that’s what we did, and we increased the income again. We increased the revenue.

Again, I shared some of it with Rob, because he was looking after it, and that was another case where the actual price when I sold this wasn’t as significant a magnitude as the Small Business Branding blog was, but it was a situation where again I generated I think at the end about \$2,000 to \$2,500 a month from these miniature motorcycle sites, with Rob looking after them, so I was completely hands off and that was just coming in month after month. They paid for themselves within about six to eight months, and then they sat there as a passive income stream.

Eventually I did decide to sell them 18 months later, and in this case I sold these for \$30,000 US dollars for that sale – again, a little more than doubling my money.

It was a significant flip, a significant cash flow source while I owned them, all part time and all hands-off.

That’s the picture of MiniRiders.com and what it looks like today. The new owner redesigned it. It’s just a forum, that’s all this is, a community forum with lots of people sharing an interest. They go and visit every day and they post content for you. It’s user-generated content so it’s completely hands-off.

I love that. That’s one of the things I look for whenever I’m doing this strategy. It just makes it so much easier to generate passive income without doing a lot of work.

So these are the strategies that you can now try if you’re going to consider doing some sort of investment in website properties.

Those are three major case studies. I’ve done a few other deals with businesses I grew up and then sold. The biggest one I’ve sold was for \$100,000, and that Magic site was probably the smallest case study of about \$13,500.



STRATEGIES YOU CAN USE

1. Start from scratch

You can create a new one, build it up, and sell it, and I've done that a couple of times. The good thing about that is it's like growing a business and then selling the business when you're no longer interested in being in that market, or you think the time is right, whatever the case is, except your initial outlay is often much lower than doing a bricks and mortar business with inventory, storage and staff.

It's just a virtual property that generates an income. You build it up, find a buyer, and flip it. Some people do that for a full-time living. That's their income strategy.

2. Renovate and flip

This one I guess is closer to the real estate investment strategy. You might find sites that look like they have a lot of potential. You see there's a forum there, but maybe they're not putting enough advertisements on it. They haven't built an email list. They haven't really leveraged the potential to generate an income from the traffic that they have.

You can buy a site like that, renovate it, and then flip it and double your money. You can even make a 10-20% return. If you buy a \$50,000 website you can be making thousands a month doing that as a strategy.

3. Buy sites in your market

This third option might be one that you guys are interested in, because you have businesses already. I don't know if you ever thought about the lead acquisition strategy to actually go out and find websites that currently have your target market and make an offer to buy them.

The great thing about this strategy is you already have a conversion mechanism. You already have a way to make money through your business, and you just want more customers and more leads. For example, you've probably done searches in Google to find what websites rank well for the search terms you want to bring leads to your business.



You could find websites that currently rank well for certain phrases and make an offer to buy. That's a great way to get in front of that traffic, throw whatever lead generation process you have in front of that traffic, and convert those people to customers.

The great thing about that strategy is it's only powerful for you, because you already have that process. Other people won't see the value of a website like that, and the owner very likely won't as well, so you can get in at a very low price.

The website might be making nothing, but it's got thousands of visitors a day. If you've got a product to sell to those people, it's valuable to you and not so much the owner, so it's a good strategy for people in this room anyway.

That's kind of what I did with Small Business Branding. I already had an audience of internet marketers. I bought Small Business Branding and pretty much doubled my audience as soon as I owned that website. They all went onto my email list and I kept some value that way.

WHERE TO FIND SITES FOR SALE

Auction Sites

These are important to you. These are trading forums where websites are bought and sold currently every day, all the time, and a great place to learn how this industry works.

The first one there, the Sitepoint.com marketplace (now Flippa.com), is the best and most popular, and therefore the most competitive. It's the website where I've done most of my buying of websites.

Bear in mind, I wouldn't dive into a \$100,000 acquisition at this place if you don't know what you're doing, but it's a good place to find a blog that's making \$500 a month, buy it, and experiment with that process of growing it and increasing your return, and treat it like an investment.



The great thing about that site is you can see what other people are selling, how much they're charging, what statistics they provide about the websites, how many bids they're getting, what's popular, what's junky, what looks like fraud, and look out for those things.

The Digital Point forum is not as popular for this particular subject, but it has a lot of trades going on. Same thing for the BuySell.com website.

The thing with all of those sites is they're popular, and therefore you've got a lot of people like myself who watch them every day. I was able to jump on certain acquisitions quickly because I was watching that site. I literally would log in while I was sitting at home working on my business. I'd just have Sitepoint open to see what options were running. If something caught my eye, I'd immediately send a message to them, or do a little due diligence to see what the website was about.

There's other people like me doing that, so the problem with those sites is the competition. You do need to act quickly if you find a good deal. The problem with acting quickly is you also have to do your due diligence to make sure you're not buying a lemon, so there's a real fine balance there and an element of risk. I wouldn't jump into this unless you're prepared to treat it as an investment experience. Get some knowledge first and then dive into it and start low.

Approach site owners directly

The other way that I mentioned before is actually approaching website owners and asking whether they're interested in selling. That is the way to get bargains. That's the way you can find sites, because the person who owns them is not thinking about selling until you actually ask them.

They go, "Oh, wait a sec, I could actually sell my website," and when you offer \$500 and the website might be getting 1,000 unique visitors a day, and you can get those 1,000 people into your sales funnel that you have to produce income, it could be worth to you tens of thousands of dollars.

These have very low acquisition costs and very high return on investment for you if the numbers all line up, so that's perhaps the strategy you might choose to go for. Just Google around and see what websites are there that look like they're being run



by one individual who doesn't know much about the audience they've got. Make an offer and see if they're interested in selling.

THE RENOVATION STRATEGY

This is the renovation strategy. This is what you do if you acquire the website and you're looking to increase the value of the website. You can do all of these things or some of these things. It's entirely up to you.

The actual goal here is really to increase the main metrics – the amount of money it generates and the amount of traffic it gets. Those two things are very inter-related.

1. Increase traffic

The most common way is to add more content. That's been my strategy online. I produce content, I give away free value, and I get traffic as a reward for that. You can hire writers to do this or you can write the content yourself. You can add some sort of content generation mechanism like a forum, and that can help it become a viral content generation strategy.

2. Attract more sponsors

This is what I talked about with those other sites. I told Rob to go out there and find potential advertisers by emailing the owners of stores. One really good strategy that we used that worked well was to find our competition or similar sites to our own site and see who was currently advertising on their site, then approach those sponsors and say, “We have a similar audience. Would you be interested in sponsoring our site as well?”

3. Increase the advertising fees

This is ridiculously easy. I've bought some sites and just asked for double the money from the sponsors. To go from \$50 to \$100 is not such a big jump for any sponsor. If you've got five sponsors and they're all paying \$50, increase that to \$100 each and you've doubled your money. Often just experimenting with pricing will increase the value of a website in the income you generate.



4. Add more places where sponsors can advertise on your website.

This is actually something that pretty much any website out there that has traffic is probably not leveraging. Obviously you've seen banners before and you're probably quite sick of them, but the opportunity with banners is actually quite significant.

For example, people aren't doing this right now, but a YouTube video can be placed on a website and an advertiser can have a short commercial in the video.

You can have a sponsored audio. You might be running a podcast, or a website might be a podcast, and inserting advertising into the audio is another way to monetize that audience.

Just adding more banner spots, adding places to sell text links (people will buy text links sometimes), paid content (people will give you an article and pay you money to publish that article on the website) – again this increases the revenue streams you get from the website.

I did that with pretty much every website I own. I just added more advertising until I combined multiple channels of income and generated some good return that way.

5. Improve conversions

This is a little bit different. If you purchase a website that's, for example, selling an ebook or a membership site, there's probably a sales page and probably an email autoresponder sequence. Just do some basic conversion improvement. Improve the copywriting, test the headlines, and do some direct response marketing and you can turn a website that sells 10 ebooks a month to selling 20 ebooks a month or 30 ebooks a month.

I've got a friend who did this exact strategy. He went to Sitepoint and he found a website selling an ebook on knitting. My friend's about my age, he's a guy, and he doesn't do anything with knitting, but he knows direct response copywriting so he bought the knitting website. It came with a sales page and an ebook and a follow-up sequence. That's all he purchased.



He went through the copy, went through the emails, and improved the conversion on each of the key points, and doubled and then tripled the return he got from that. He runs that as a passive income stream, so that's another strategy, especially if you already understand direct marketing and that's your business.

6. Create a product to sell

A really good strategy is just to add more products. The same way you can add more advertising, if you're selling an ebook, just add a backend to it. You can look for a person who's got a front-end product, selling an ebook or something like that, and then just add a home study course, a set of CDs, or whatever the case may be. Increase the size of the sales funnel to generate more return on that first initial sale they're getting. That's another good strategy.

7. Add an opt-in box

This is really important. Most websites out there don't have email lists, which boggles my mind. Most bloggers don't have email lists. Just by adding an opt-in box to a web page and building a list you can sell advertising in the list, you can sell products to the list, and you can just build relationships with your customers.

It's amazing how your website can do this by nature. Take your marketing and what you already know, find these websites, add an email list, add a sales funnel, and you've got a business created.

HOW MUCH TO SELL YOUR SITE FOR

This topic is probably the hardest part for a lot of people, which is figuring out how much to sell your website for, once you've decided to let it go. I can't give you a really solid answer to how much a website is worth, because really the answer to that is what someone is willing to pay you for it.

What I've found – and this is a general rule for places like Sitepoint, like I showed you before – is that a website will sell for roughly 10 times the annual profit. Some of the websites I've bought earn \$2,000 and sell for \$20,000. Sometimes you can only double the money. The general rule, though, is to look for that 1:10 ratio and very likely it will fall somewhere in there.



A good example is that \$100,000 deal I made. That was a business that pretty much ran itself. It required a little bit of administration. It made about \$30,000 to \$50,000 Australian a year, and it ended up selling for \$100,000 US. You can see that was about three times the annual profit in that case.

The rule with this is the more passive you can make a website, the more it will sell for. So if you are thinking of selling something, try to systematize it first. Then you can make a higher return on investment because people are willing to spend more on something that requires little work. We all want things that are easy. We want hands-off easy businesses to run, so if the website is like that, then that will get you a higher price.

That being said, you can't always systematize some businesses, so you have to be upfront with this. People will see how they can systematize it and buy your website, but ultimately with this question the best thing I can tell you is to go into Sitepoint right now and just see what people are spending money on, how much the website is generating in monthly income, and then how much it sells for, and you can start to get a feel for it. That's what I did. I got a feel for it and then started to do some sales.

THE SELLING PROCESS

When it comes to selling a website, if you've got assets to sell, you can either do this yourself or you can hire a broker. I've never used a broker. I almost used a broker for the big deal, the \$100,000 deal, but I ended up finding a buyer myself.

Brokers actually are quite easy to find if you go into those forums and say, "I've got something worth considerable value. I'm looking for someone to help me broker a deal."

The broker plays an important role, because they know people who have money to invest in websites. If you can find someone who does this as part of their business or maybe a side project, they can connect you with people who have significant money, especially if your website is doing six figures plus.



Smaller deals you're not going to need a broker for. You can go directly to those forums, post your website for sale, and you'll have people coming to you with offers and just negotiate a deal.

If you're new to this I recommend you start small. That's why I said experience this first before doing big deals.

The way I've found buyers has been quite interesting. I've either gone straight to the forums and asked, or certainly within my network. One of the surprisingly easy ways to find someone to buy a website is to actually just tell everyone, and tell the audience, that you're selling your website.

I just put a post on the blog saying, "This website is for sale," and people who read it come and say, "I'm interested in buying it," and I made the sale that way, so that's a surprisingly easy strategy to find people who could be interested in buying websites. So that's your existing network.

The general rule here is just have patience. Don't take the first deal. Wait for people. You want to have a bidding war here, kind of like eBay. The more people who are interested in buying your website, the higher the price goes. If you have patience you can get a better price for it, but if you want to get out, just exit.

DOING DUE DILIGENCE

You probably have studied a little bit – maybe you've sold a business yourself – the due diligence process you go through in selling a business. Selling a website is similar, but perhaps not quite as scary, to put it simply.

Except for one deal, I have never actually used a contract. That's how easy this is. Most of my deals have been with a person where you negotiate over email, maybe a phone call, then you go to a deal. But for all this to happen, a really key point is to have a really good prospectus.

A prospectus is what gets the initial interest from people. A prospectus is actually very easy to put together. Some of this may be very technical for you, and if you're not a tech person it may not make sense, but your tech person or whoever you work with will know the answers to these types of questions.



You want to provide data that the buyer is interested in. You want to provide information on traffic, and that can be something as simple as Google Analytics. You're very well aware that one of the statistics packages is Google Analytics. Who uses Google Analytics here? Okay. Google Analytics is the de facto standard traffic statistic that most buyers are going to want to know, so I provide that.

Income is obviously very important. With income you want to show proof. You need to actually take shots of PayPal accounts or checks or however it is that you take money. People need to see proof that you're generating that income. A lot of websites sell affiliate products and you want to show shots of the inside of the affiliate payment area.

The cost to run is very important too. It's a funny thing with the cost to run, because you'll find that buyers will actually do a mental calculation on how much this site will cost to run for them. They may have servers that can host a website. They may have tech people, so it reduces the cost for them to run it compared to what you would have to pay to run it. For them, they can see more value in the website, so it's really helpful to tell people exactly how much it does cost to run the website in the prospectus.

I don't know if you've ever heard of the Wayback Machine. That's a really good website. When it comes to buying websites, people will use the Wayback Machine to assess how good your website is, so you need to be honest with this sort of information, because they'll find it out.

If they're good at what they're doing they'll look up the history, so if you can show traffic over time, income over time, everything maybe that you've hired over time, give as much detailed information as you can in that prospectus.

The important thing here though is you don't want to give this information to just anyone. The idea with this is to give the really detailed numbers to the people who show that they could potentially buy it. Only give the general audience kind of a basic rough breakdown of information.

A two-page PDF may be all you need for the general audience. When you have someone who sounds like they know what they're doing and they have some



money, that's when you give them the really detailed information and start the negotiation process.

NEGOTIATING THE SALE

How the negotiation process works is pretty simple. The buyer will make some sort of offer and you'll start to negotiate and then settle on a price, and away you go.

This is typically how it works. You agree on a price. You create a legally binding contract if it's of significant enough value to do so. I don't recommend obviously if you're doing a \$500 deal that you spend \$2,000 on a contract, but if you are doing a \$10,000 to \$100,000 deal, you might want to invest in a contract.

I obviously recommend legal advice on anything legal. Like I said, I did use a contract for the \$100,000 deal and a couple of the \$30,000-\$40,000 deals, but nothing lower than that.

The transferring of funds can be directly Paypal to Paypal accounts, bank account to bank account, or you can use a third-party service called Escrow.com, which basically holds the money for both parties. Both parties have to agree that the terms of the contract have been satisfied, and then it will transfer the money. Escrow.com is a service that does that. They take a little fee as well for doing that.

Most of my deals have been done with people who I have established a relationship with, so we haven't used an escrow service. What I often will do is pay half the money up front, take ownership of the website, have it run on my servers, make sure that it's functioning as they say it is functioning, make sure the traffic is there, and make sure the income is generating maybe over a period of two weeks to a month.

If I'm satisfied, then I'll pay them the second half of the money, so that's a good strategy just to protect yourself, instead of using an escrow service.

That's pretty much it for the transfer process.

UNDERSTAND HOW THE SITE WORKS



The most important thing here, and this is where you're probably lacking a little bit of information, is the due diligence process. You really need to understand how the website works.

Now I've never bought something that I didn't fundamentally understand the process it uses to generate income and to generate traffic, so I don't recommend you buy anything if they just tell you how much money it makes, but you don't understand how it makes that money.

You need to see a method where you can go in there, tweak something and improve something, improve their process, and increase your return on investment. If you don't see that, you either need to ask more questions of the seller, or don't buy it. That's really a fundamentally important part, because you're investing in a little business in a sense. You wouldn't buy a business without understanding how it works.

My most important point here is be patient as well. Don't jump into the first deal that you see. I spend a lot of time watching Sitepoint. I've made offers on probably three times as many sites that have actually gone through with deals, just because I do some due diligence, find out the site's not really as good as I thought it was, or the site would get a higher offer than I thought it was worth.

But when the right deals came along I'd make an offer, I'd be in the right place at the right time, I'd get the deal done, and I'd acquire the website. Those are pretty much those case studies I showed you that were all situations like that, or I've started it myself.

QUESTIONS & ANSWERS

I'm pretty much done, so I've got lots of time for questions.

Audience: How do you go about organizing a contract when you're selling from Australia to somebody in the U.S.?

Yaro: Pretty much the same deal. I sold to a Canadian woman once, so in that case it was a case of just going to my contract person here. We'd get some input from her and we basically negotiated the contract together, then both our lawyers on



each end would sign off they were happy with it. Then we'd just sign it and send it back and forth between each other.

My lawyer was satisfied in Australia, her lawyer was satisfied in Canada. I'm not a lawyer, so I don't know the specifics.

Audience: I'm a programmer, and [inaudible] applications, but about 18 months ago I decided to do my first website. I chose a domain name, but it's this long with keywords. Even I can't remember it. It's an Amazon associate program that has made me about \$13 in this 18-month period. It has traffic of about 10 people, perhaps 20 people per month, and I don't really see the point in doing it up. I'm better off to stop and throw it in the waste bin.

Yaro: Possibly. If you haven't been doing anything for 18 months, then maybe it's because....

Audience: Is there anything else that I can do to improve it? I don't know.

Yaro: You could hire someone like I did. I got Rob. Do you understand how you could turn that website profitable?

Audience: I bought pre-existing software, some \$97 software that I uploaded, and then just did all the connections directly to Amazon.

Yaro: Right, and you understand how that makes money, right?

Audience: Yeah, it's a very small commission. I know that I could put a forum on there so that people that were interested...

Yaro: The key is you're missing traffic. That's what you're lacking to turn that into a bigger income stream. If you had strategies to increase the traffic to that website, and you're saying you don't want to do them personally yourself, right?

Audience: I think with the Amazon commission being so miniscule, it's not worth paying for traffic to go to the site.



Yaro: Right. There's potentially a fundamental flaw in that strategy. It's the revenue you get from the sale, so you do want to make sure – the ebook example I gave from my mini website, it's a \$27 ebook that makes 50% profit margin – if you get a few hundred sales a month then it's a significant amount of money.

To take it further, I know of a friend who's producing CDs for sale on the back end, \$97 CDs, and really expanding out the sales funnel there, so he ramped up. If you don't see that possibility for what you're talking about there, then yeah, it's time to switch it off.

Audience: Okay.

Audience: Could you tell us what system or software you might use to charge for the banners each month?

Yaro: I use a program called Open-X. This is the one I use to rotate the banners, so I should clarify that. PayPal is how I take the money.

Audience: On a subscription basis?

Yaro: Yes. I have a page for advertising on most of my websites, and what it will do is list how much traffic the website gets, and then I'll have packages. The package will be like get this banner, get another banner, pay \$100/month. Then there will be a link there that's a PayPal subscription link.

They'll purchase that, they'll send the banners to my admin assistant, who will upload the banners to my rotation software, and then each month that money will keep coming in, unless the buyer decides to cancel their campaign, so it's very hands-off like that.

In fact, that's one of the things we did. We bought forum websites or any site that had traffic, and almost always they don't have a good page that sells their advertising.

Simply putting up a page that says Advertising, listing the traffic the site gets, how much money it costs to advertise, and giving people a button to buy and spend money instantly created an income stream, because that wasn't there before. It was



difficult for them to actually buy advertising on the website, so that's one of the first things to do.

Audience: And do you stay in contact with those advertisers and tell them how much the site's increased?

Yaro: I don't. My admin assistant does a little bit of that, but the actual software reports. What it will do is it'll spit out how many clicks and views the banner is getting, so again it's really hands-off. Open-X is a great tool. It's free as well.

Andrew: Who wants to go online live and look at that? Good idea?

While Yaro's doing that, go ahead with your questions and we can multi-task.

Audience: My question is on forums. Is there any particular software you use to set your forum up for you on the website?

Yaro: I've always used a service called vBulletin. That's basically the industry-leading service. It's called vBulletin. That costs something like \$100 for a year-long license for that.

Before vBulletin I used one called phpBoard, I believe. It was a free one. Even before that I was using Vision Board. That was the Magic site. It was called Vision Board. I think there was a license fee for that.

These are fantastic scripts. You install it and it's got instant messaging, it's got threaded subscriptions, people can go in and create accounts, spam protection – it's like a little package for a business in itself. It's installed and set up and let people use it. The hard part is getting the audience to actually start posting threads and talking about things.

Audience: If you were somebody like me who doesn't have a clue about that and doesn't want to have it, what might it cost to outsource that to somebody who knows how?

Yaro: The installation is very easy to upload the scripts, maybe \$50.



Audience: It's a \$50 job going to somewhere like Rentacoder.com?

Yaro: Yeah, Rentacoder, Elance, Scriptlance – but once it's there, that's the easy part. The challenge is getting the audience.

Audience: Thank you.

Andrew: I don't believe you guys at this level – unless you do it for fun or you've already got that knowledge – should be trying to go out and learn how to build a website. What you should be doing is to be like the captain of the ship.

The captain of the ship is not down in the boiler room shoveling the coal. He's up there telling everybody else what needs to be done to keep the ship going in the right direction.

Is there another question?

Audience: Yes, I was recently looking for a website of a particular name and it happened to be taken. It was taken by a U.S. company that serves site names. There was actually no site, no traffic, nothing else involved but the name. It had some price like \$4,000 USD.

How important is the name, as opposed to the other aspects of the site?

Yaro: It depends how developed that site is. If that domain name has a lot of traffic going to it already, then that's where the value is. If it's got no traffic going to it, then I wouldn't worry about it.

If Google lost Google.com, I think they're going to go after it pretty aggressively. I'd worry if I lost my domain name, but just starting out I wouldn't say domains are irrelevant, but they're not at the top of the list of importance at all.

Audience: So the actual volume of traffic and other aspects of the site, you think they're more important than the actual domain name.

Yaro: Traffic is money online. That's the answer. We're all into lead generation as small businesses here. That's what lead generation is online, getting traffic to a



website. That's where the value is for people, and of course converting that into actual customers and sales.

Audience: Thank you.

Andrew: We've got a PowerPoint coming on that from our point of view for URLs. What we suggest you do is to make sure that the URL relays the benefit of your site. We have SkinCancerAdvice.com and PracticalReportWriting.com, so it's clear what it is, what it's about, and *skin cancer* and *report writing* are keywords that people will search on. That will help with the SEO stuff, generally speaking.

We've never actually had to go and buy a URL, can you think of any time?

Daryl: No, we've never actually paid anything other than the standard \$10 for a URL. I guess the only exception would be if you had an offline business running and you go to actually buy your business name as a URL and it's already been taken. That might be the time that you would buy it, but if you just look around for a good name there are still billions of combinations of words, and particularly think about something descriptive, as Andrew says.

Andrew: The only other time I've thought about buying something was when somebody had my name, AndrewGrant.com. It was actually taken by some guy, I'm sure his name is Andrew Grant, in Wales or something like that. I might get AndrewLGrant, with my middle initial, or I could approach him and say, "How connected are you to this, mate?" [laughing]

Daryl: I noticed that Darren Stevens has DarrenJStevens.com because of the [inaudible].

Audience: [inaudible] is a supply company in the States.

Yaro: This is the sponsor page, just to show you. It's basically a little description of my website to start with. I actually have an email account to keep in touch with advertisers as well. Obviously they're paying me money, and there's potential that they'll be paying me more money in the future, so I'd like to stay in touch with them.



Then there's statistics, then simply the packages, so it's pretty straightforward. This is how much it costs, this is what you get, this is the list of advantages of spending some money advertising on my site, and then you see this down here. This will click through to PayPal, and that's it.

This is really passive. That's the beautiful thing about this. I have an admin assistant who gets the PayPal email, gets the banners from the sponsor, uploads the banners, and I don't even know who sponsored my site most of the time. It's completely hands-off for me, so it's a nice little passive income stream.

Daryl: Yaro, what's the link for Entrepreneur's Journey?

Yaro: www.Entrepreneurs-Journey.com/advertise. This is the template I teach pretty much all my blogging students, because being bloggers they're very much into generating income from advertising. As much as this makes sense to me, most people don't do it. It's a simple trick to increase the potential income you could make from a website by giving people the opportunity to give you money.

Daryl: Yaro, about how many visitors a month do you have to Entrepreneurs Journey now? How many subscribers?

Yaro: 58,791. That's actually also my email list too. I can reach most of those people through email, so I do a lot of direct response marketing to that list.

Andrew: What that actually means is that people have come to your site and actually signed in and subscribed, because they want to hear from you on a regular basis.

Yaro: That's right. That's why I'm usually a top affiliate for product launches in this marketplace. Just recently Jeff Walker's *Product Launch Formula* was released for this year. I was the 5th affiliate among hundreds of affiliates, and I think it was around \$40,000 in income from me sending basically one email and one blog post, so it's a fantastic business model once you've established that list.

Andrew: How long did it take you to get that blog going?



Yaro: If you go back to the Wayback machine, you'll see it in its infancy in late 2004, but it really started off in 2005, so four years. And I didn't learn this lesson myself. I only started list building two years ago, so I built up that email list of 50,000 in about two years.

Andrew: Two years, okay. What would something like that go for?

Yaro: To sell it?

Andrew: Yeah, and I know you wouldn't.

Yaro: I couldn't sell my baby! [laughing]

Andrew: I know you wouldn't. It's like taking your Magic cards away from you. [laughing]

Yaro: I have thought of this, being a businessperson. It would be tough to say, because obviously there's some intrinsic me in the website, so they'd want to keep me as part of it.

Andrew: Let's just take that out of it. Just say something similar to that. It's taken two years. What sort of value should somebody get out of that?

Yaro: How much is the site generating? Let's say I'm doing a quarter-million a year in profit from the website, so probably somewhere between \$1.4 and \$1.5 million?

Andrew: Okay, so if you sit down and put a little bit of effort into something for two years, you can get a million-dollar return.

Yaro: I'm taking offers of \$1.5 million. [laughing]

Andrew: It's making that sort of money. The reason I wanted Yaro here today was I want you to get the idea that these are real assets. This is like a house that you purchased, painted, built in underneath and done the renovations and some of that. It actually increases in value, just the way you measure it by.



This way is about the number of people that are there. Remember the list that we talked about the first day? It's got the value of its list and the systems are automated, and the money that it's bringing in.

Audience: Yaro, a blogging question if I may. This blog's obviously got a lot of mileage. If you were to start all over again, is there anything you'd do different, and what would [inaudible] most of us have small blogs with not really much of a following.

Yaro: As I mentioned before, I'd make sure I captured the email addresses. That's just a strategic thing. You want to be doing that.

In terms of getting the growth, I believe in establishing yourself as a maven in your industry, and the best way to do that is to do what they call “moving the free line,” which is delivering excessive value up front for no cost. That's what I do every day with this website. I produce great content.

So if I was going to go back and do this again, there are two things I'd probably stick to. One is regular content production of all multimedia, so video, audio, and written content. If you do it daily that's going to get out there quicker.

Everyone here has got a small business and you probably know something to a more finite detail than the average community does. That's where your value is, so you need to be delivering that to people through a blog.

The second thing I would do is I'd give a free report or a free incentivized something – either audios or videos – as quickly as possible too, because even a small blog, if it's 100 visitors a day, you can convert 10-20 of them onto an email list, and at the end of the year you've got 3,000 to 6,000 people on your list.

For a lot of people, a niche list that you can turn into buyers is a profitable business, so I would start by just sitting down and giving out great content. I'd interview experts and get as much traffic coming in by doing that and start building a list. That's basically it.

Audience: Can I keep grilling you?



Yaro: If you want.

Audience: What about from a social media point of view? Are you doing much in the way of social media of blog posts when you write blog posts?

Yaro: I'm prolific on Twitter and Facebook, but they're very easily linked. I'll write a blog post and go to Twitter and tweet my blog post. The tweet automatically goes to Facebook. That's all hands-off. It's done for free within Facebook and Twitter.

The great thing about that is it gives me multiple contact points to get my content exposed to people. I think you had someone talk about Twitter earlier in the workshop? Obviously when I tweet a piece of content, it gets re-tweeted virally, and that brings new readers to my blog.

Facebook, same deal. People are seeing this stream of updates. “Yaro's got a post.” It's uncanny actually. I just finished doing a launch, or it's happening right now. I produced a little short video from home, basically a slide show like I showed you guys with my travels, but I stopped at the point where I was in Toronto, Canada, doing a launch of a blog product back in August of 2008.

I said that this launch ended up making \$200,000 in membership payments, and I put that on my blog and then I did a tweet about it, and that went to Facebook.

Facebook is full of people who aren't exposed to me as a marketer. I've got my dad, I've got my high school friends, and I've got some of these people going, “You make \$200,000 when you're traveling overseas?” who never, ever could imagine that we're in this business doing this kind of money. That was because of the social media aspect, so they're going to start talking about me and sharing the links and bringing traffic.

So I think social media is exceptionally powerful when it's used how it's intended to be – not as a marketing tool, an overt marketing tool. It's more of a subtle one. It's personal, a social tool, so the idea I guess is to make use of it as a social tool.

Just deliver content. I remember I sent a tweet out about this. So many people fail at online marketing because they're not very good at delivering value. Most people



who actually put adequate effort at writing a good free report will get a fantastic return from that, but most people don't do it.

It's great for people who do it, like us, because we stand out from the crowd simply by providing good information. That's the philosophy I've built that blog on.

Audience: One last question. When you're capturing your leads into your autoresponder, how does that integrate with the ebook?

Yaro: That's separate. That's an Aweber list. I've got a series of 52 emails that come out weekly with blog tips. That's the automated follow-up process. It's basically 90% tips and 10% "join my blog training program."

Audience: So you've got 52 emails and it's sitting in a queue somewhere, which automatically sends them out. You don't have to sit there and send them out.

Yaro: That's right. That's the classic internet marketing formula. If you guys aren't doing that with a website, you should be. It's so automated. I also have affiliate promotions go out automatically.

If I were to draw a diagram, a person does a Google search for a topic and my blog comes up as the search result, they go and opt in to the box you see on the bottom right corner, and now they'll get my free report. That puts them straight onto that list, which has 52 emails that automatically go out to them over a year, and it takes them through a process of building a successful profitable blog.

In I think it's week 3 or week 4 I have a promotion for my coaching program. A couple weeks later I have a promotion for an ebook of someone else's that I sell as an affiliate, and it goes through this process. Every day I'm waking up to some sort of notification of an affiliate sale or a sale of my membership site product.

Sometimes there's a time-sensitive launch on, so that means that only for a week I'll send a broadcast to that list. The numbers always astound me. That list has about 50,000 people on it. If I can get 50 of them to buy a \$2,000 product, that's \$100,000. That's 50 of 50,000, so that's a .1% conversion rate to produce that kind of income.



Once your list has got them in, then it starts to become a real automatic income stream.

Audience: Thank you very much.

Andrew: Yaro’s one of these guys who does the combination of a big list – so the value of Yaro’s site comes from the size of the list, and what was the other thing that you had to get? A relationship with the list. Yaro puts a lot of effort into maintaining the relationship with his list. That 50,000 number wouldn’t be worth much if he doesn’t maintain that relationship, or if he abuses the relationship, would that be right?

Yaro: That’s correct. You can see the first blog post I wrote was published this morning just to make sure there’s a little piece of content going out, and that was an interview with another membership site owner.

This is the sort of thing I do not every day – I do it maybe two or three times a week now – but when I started it was every day, and I just put a bit of content up. This was an interview with a friend of mine, Daniel Scocco, and he runs a membership site of his own. He’s in Brazil living like a king because he makes \$10,000 a month from his blogging and his membership site. \$10,000 US a month is a lot of money in Sao Paulo, Brazil.

I grabbed him on Skype and recorded the telephone conversation, put it on the blog, and the content helps build the traffic even more.

What I like to say is this website builds trust for me 24 hours a day, 7 days a week, whether I’m there or not. That’s the trust. That’s the relationship that helps for when it comes that time to say, “Would you like to buy something I recommend?” That trust brings in the conversions. That’s so important.

Andrew: Most of these guys here have traditional brick & mortar businesses, and some of the internet is a bit of a foreign thing. What’s the application of a blog to a traditional bricks & mortar business?

Yaro: It’s basically a marketing tool for you guys. It’s an extension of the specialty that you provide right now. I love to use the plumber example. If you’re a



plumber and you were going to start a strategy that involved a blog, you'd teach people how to do the things that a plumber does – fix leaking taps, fix toilets. You'd do videos and show people how to do that, and put that video on your blog.

People would come to that. They'll type in *how to fix a leaking tap*. Your blog will show up in the search results, they'll watch your video, and they'll go, “Wow, this guy knows how to fix leaky taps. Where's his phone number? I don't want to do it. I can see he knows how to do it. He's built up that trust with me, because I've seen him do it on the video,” and they call up and get that done.

The great thing for you guys, you're probably very much local-oriented businesses. It's so easy to rank well for local service results with a blog. You don't need to do masses of link building campaigns and ongoing marketing processes because you have very weak competition usually online.

A blog with some regular content going out, just a little bit of consistent work, can get you the #1 results for *Brisbane plumber*, *Sydney plumber*, or whatever it is you're going for in your marketplace. It is a marketing tool at the end of the day.

Audience: I had a question about Wordpress. Is your blog run with Wordpress?

Yaro: Yes, it is.

Audience: So that's a good basis?

Yaro: I use Wordpress for pretty much everything. That's www.Wordpress.org, if you don't have a blog yet. Don't get it confused with Wordpress.com. With the .com service you don't own the script. You want to use the .org and have your tech person install that for you and get your blog up and running with that.

Andrew: This is a real important point then. Just repeat that again and explain the implication of the other one.

Yaro: Do you know what Blogger is? Have you seen blogspot blogs before? That's the common service for user blogs. Basically you go to a service like Blogger.com or Wordpress.com. You fill out a form, they generate a blog for you, and you start writing it.



The problem with that is it's not your own. Blogger or Wordpress own that blog. You want to have a domain name and install the software from Wordpress.org and have it on your own server, so that if something happens you're in control of it.

I've heard some horrible stories of people who were making good money -- \$2,000 or \$3,000 a month -- on Blogger (blogspot), and the people who own that service (now it's Google) decided there was some sort of fraud going on, or they thought there was, and it flagged a warning there. Their websites were shut down overnight and that income stream was basically eliminated.

They tried to get the sites back up, but they couldn't, and that was the end of the deal. The websites were gone. If they'd owned the domain name they could have just moved servers and been back up in 24 hours or less.

Andrew: So if you're not sure which one you've got, you must be able to put it onto your server and control it. If you can't put it onto your server and control it, then it's not the one you want.

Yaro: The difference would be like Geocities that I mentioned was my very first website, and then I bought that MTGParadise domain for the Magic website and I owned that. That was my 'house.' I wasn't renting anymore.

Daryl: Can we maybe just wrap up by talking about the lifestyle that you have now. One of the things I love about what you do is you are living the four hour work week.

Who's read Tim Ferriss's book, *The Four Hour Work Week*? Most of you haven't read it? Wow. Put it on your list, guys. It came out probably 18 months ago. It was a best seller just about everywhere. *The Four Hour Work Week* by Tim Ferriss.

Yaro: I actually have an interview with Tim on the blog, too, in the podcast section if you want to hear that.

Daryl: It's an absolutely awesome book about leveraging and outsourcing all the crap out of your life. What I love about what Yaro does is he has taken -- well, you were probably doing it before Tim actually wrote that....



Yaro: I was, yes. Tim came to me and said, “You doing what I’m doing? We should get to know each other.”

Daryl: Just the value of the power of outsourcing and the lifestyle that it’s given you – I know for example last year you traveled eight months of the year?

Yaro: Yeah, as you saw on the slides I went to Fiji, Hawaii, America, Canada, Europe, down to Dubai, Singapore, and back home over eight months. I rented apartments or hotels throughout the entire trip. All I had to do was make sure there was internet access wherever I was, and my assistant Angela was back here in Brisbane. She’s a stay at home mum with two kids. I’ve got a business partner, Gideon, who was home in Brisbane in his house.

We did launches and I wrote blog posts. You know what it’s like when you travel. You can’t be 9-5 working because you’re traveling and you want to go see things and experience it. I’d wake up in the morning and I might write a blog post, or I’d come home at night and do it, and then the rest of the time was spent eating a lot of Belgian chocolate. [laughing]

Andrew: It’s a great lifestyle, and the income is primarily passive, isn’t it?

Yaro: It was. It’s information products. That’s something really important here. I think most people in the room might have businesses that if you left you would be in trouble in keeping it going, so converting some of what you do to some kind of information-based business that sells online is probably what you’re here for.

For a lot of businesses it would be a very sound strategy and a good diversification strategy to generate more income. That’s what website buying and selling for me was as well – just another income stream, another way to diversify and make myself less dependent on something that I had to be there for.

I had an English school and I had to be there to make sure the students would come in and the teachers would come in, and I hated having to be in the office 9 to 5. That’s having a job. That’s the reason I got into small business, was not to have a job.