



THE MILLION DOLLAR STRATEGIES PODCAST WITH SHAUN BUCK & FRANK KERN

Shaun: Hey, everyone. This is Shaun Buck with your Million Dollar Strategy Podcast and I have a very special guest today. This is a gentleman who I've been following for years and just recently started to get to know personally, Mr. Frank Kern. Frank, how are you doing today?

Frank: I'm doing awesome. Thanks for having me. I knew that was you following me. I was like, "Who is that guy?"

Shaun: I was the only guy for a long time but now you have a whole massive amount of people who follow you so it worked out well for you.

Frank: Yes. It's a lot of people. It's hard to get a reservation with that many people following you around.

Shaun: I'm telling you. Frank, most people in marketing maybe you want to-- You have one of the best-known names in marketing I have actually come across and a lot of the other gurus not as well-known as you, so I know I'm blowing your ego up here a little bit -- which is going to be difficult for later -- but for the three people who are listening who don't know who you are, can you give us a little bit of who you are, your background and what you're up to today?

Frank: Yes. Sure. My name is Frank Kern. K-E-R-N. I have zero credentials of any kind. I do have a high school diploma and then I did go on to University of Georgia because I had a pulse and a check, and then they kicked me out. It was academic dismissal. Prior to being kicked out though, I did get to take a vocational assessment test where they told me I was best suited to be a garbage man. No kidding, they really did say that and it's probably not a bad job, really.

I'm a level 50 introvert so I think the reason they told me I was best suited for that because I answered every question basically whatever it takes not to have to actually meet any strangers. As a result of being kicked out of college and never trying to do anything with my life, I had no marketable skills. So, when you're in that position you're either going to be a salesperson or some sort of a laborer or an entrepreneur and I tried all three. I was a laborer first and then I was a door to door salesperson and while being a door to door salesperson, I was horrible at it as you can imagine being an introvert.

I did a Google search for how to sell things on the Internet, and that's when I saw my very first ad for a class or a course, rather, telling me I can get rich on the Internet and I bought it. I did what it said and it worked and I was stoked. It was like, "I'm Corey Rudl." Yes, that was 1999 and I've been doing it ever since, which is probably why I'm well known because it's not because I'm so great but because I just won't go away.

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Shaun: I remember Corey, he was an amazing marketer. I never met him personally but back in the day, man. Corey was the top dog.

Frank: Yes. He was cool. He's a good dude.

Shaun: What are you doing now? What are you working on? I mean you obviously got rich on the Internet so it worked out well for you. Hopefully, you enjoyed that course. Hopefully, you paid a lot of money for it because it seems to be worth it, but what do you do now?

Frank: We've got a couple of things that my company does. Our primary business, we have something called the Kern Inner Circle. It is a \$400 a month continuity program where I publish a newsletter every month for members and then I get on live video conferences with members twice a month and just help them analyze their marketing campaigns. I served the "actually doing stuff" market of business owners, whereas a lot of my contemporaries served the start-up market, I don't. There's nothing wrong with the start-up market, I'm just not very good at it.

That's our core business and then we have two other offshoots of that. One is called the Private Client Group which you're a participant in, (I'm grateful for that) which is full, and then we have another one called the Flagship Program. These are both programs where we meet with entrepreneurs in person multiple times a year, help them stay focused and keep them on track. We really find through all of our work that the answer ultimately is to do less, which I know it totally sounds like marketing hype, but I guess if you've boiled everything down, my job is to tell people what *not* to do more than it is to tell people what to do these days, which is kind of cool.

Shaun: Yes. That is cool. Awesome. That's very interesting. It's been fun, your Private Client Group is a great group. Let me ask you this. We're talking beforehand a little bit, we're talking about million-dollar strategies, right? Just what's crushing it right now and so what have you found? What's the latest and greatest thing that you found that you've been working on that is just killing it for you?

Frank: Man, so much stuff works. I guess one thing I'll put out that direct response started with-- Well, it really started the 1700's and I forgot the dude's name but the most famous founder of direct response was Montgomery Ward in 18-something, and even the Direct Marketing Association was started in 1917. Marketing stuff that we do, which is a direct response. I mean I just do it primarily on the Internet. What we don't actually -- well, you do a lot of online stuff too -- but all the stuff that we do, it's been around forever. Rarely is there a new tactical thing, you know. There can be another application of proven principles but it's extremely rare that a new principal actually evolves.

Kind of if you look at music, there are only 12 notes in the chromatic scale of music period. So when someone writes a new song, it's going to be a derivation using a multitude of those 12 notes various combinations. The same thing goes along with marketing. What I found that's working extremely well is from a strategic standpoint -- I'll give you the strategic answer and then tactical because everybody likes tactical (which pays the least by the way).

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-- From the strategic standpoint is to take a step back; actually, probably take about 50 steps back from the business and really look at it as a whole and see which of your processes in business are working the best and then to do more of those, improve those, and focus only on those. So that's the big thing number one. Then whenever we help people do just that and really maximize that they see significant growth. That's the answer nobody really wants to hear but I'll give it to them anyway.

The fun "shiny toy" answer is we have tested something new and exciting on a tactical level, which is data sorting, which is kind of interesting. And what that means is to get a little bit more information about somebody when they first come into your sales process. Ours is an on-demand class, for example. What I mean by this, I'll just walk you through our process to kind of illustrate it. Most online campaigns usually begin where someone says, "Hey. Give me your name and email address and I'll send you some free stuff, and then I'll try to sell you stuff later." Word it a little better than that. Made the decision strategically that we didn't want anybody on our list or even deal with anybody who is not at least got a six-figure business.

Not that we have anything against those folks, it's just that we're not really a good match for people who don't have momentum. We're way better suited for people who were actually doing stuff so we can maximize the momentum rather than trying to start from scratch, you know. I built in this little thing where when they-- I got their name, I get their email address, and then there's a little drop-down box on the opt-in form, and it says, "What were your gross sales for the past 12 months?" And they can choose. If their choice indicates that they're under 100,000 bucks, we don't mess with them really at all. In fact, one of my biggest things right now is to try to figure out what to do with these guys, because about 60% of them are still in that under \$100,000 in gross revenue.

What's really cool is that by deliberately not doing anything with those people and only focusing on the smaller quantity of people that are better suited for our services, we've been able to develop a really, *really* simple sales process that is working like gangbusters. The takeaway from that is, number one, know who you want. Number two, ask them questions at the point of entry which would be basically you're going to go, "Hey. Are you who I want?" If they're not who you want, don't mess with them, and if they are who you want, give them all a lot of focus. And that's working great.

Shaun: That's great. I think that what some people are going to be thinking right now is, "Hold on, Frank. Hold on. We've always been told to get the least possible amount of information like just an email address, because that way we get the most number of opt-ins." And so what you're saying-- I happen to agree with, wholeheartedly we get full contact information at least and I believe actually based off of our mean, I think we added this. If we didn't it's on the list of stuff to add is revenues.

I'll have to double check after this podcast, but what would you say to that? Because that's what everyone else is teaching, right? Or a lot of other people are teaching.

Frank: Yes. It's logical, and so you're just going to end up with a whole bunch of people and then you're going to be making offers to them blindly. Imagine I didn't do that, and I'm offering our primary product right now that we're focusing on is our Flagship Programs, 12

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grand a year, and I'm putting under a \$100,000-people into the funnel that sells that, not knowing that they can't really afford it and they're a terrible fit for it. Then, I'm devoting manpower to follow up with them. That's dumb [laughs]. Right? I'm wasting my time. Our process is a lot more than like, "Here's an email to a sales letter."

If somebody has questions, we set up appointments with them and there's a lot. We don't do outbound phone sales or anything like that, but we do interact with our prospects a lot if they are qualified for that. If we didn't do that data sorting, we would be really spending a lot of money, and that would be bad.

What doing the data sorting is allowing us to do is know if someone is worth pursuing before we actually expend the energy to pursue them. If you got a one-size fits all offer, like if you're selling dog food or something -- I randomly picked that-- then yes, you probably shouldn't do this. But if you're a cosmetic dentist or a higher end attorney or something like that, and you only really want to spend man-hours and energy and time on a certain type of person, then you should find out who that person is.

The people who say that collecting extra data at the point of opt-in reduces your conversion rate, well, they're right, it does. But I can't go to the bank and cash a conversion rate; I can only cash a return on my ad spend. The only way I can get a return on that ad spend is to follow-up with the right people in the right way at the right time. Collecting that information of, "Hey, are you worth following-up or not?" is kind of what I'm really doing, you know, that allows me to do a better job.

Shaun: Yes. It makes total sense, especially if you're putting out effort. For example, we do have an outbound call team. When someone opts-in and someone does a customer service call, if you're adding in even more stuff like that, you've got to bring it down. Otherwise, it becomes too big of a beast. Like I said, the expenditure is so high. It's not the number of leads on the list at the end of the day, it's the number of clients.

Frank: I'll tell you, our funnel, just to illustrate this, our primary thing that we offer right now, we conserve a monthly thing, is relatively self-managing. The newer thing that we offer right now is this flagship program, it's 12,000 bucks. We do a lot of advertisement for it. Right now, we're pretty lucky. Over the past four or five days, we're spending about \$21, on average, to acquire the main e-mail address and phone number of a business owner who is self-identifying as having this successful business of over six figures per year. If I was selling something like little e-books or whatever, that would be terrifying. I'm selling stuff that's relatively higher ticket, it's 12 grand.

The way our funnel works is this, they'll opt-in, they'll then be sent to an on-demand training, which is just a video, they don't have to register for a webinar or anything like that, and I track whether or not they watch the video. Then, the video gives them the opportunity to apply to have a conversation with us about our program. We spend about \$993, actually, it is \$993, per approved application. That's what it costs me to get someone who is successful and who wants to work with us to raise their hand and apply to talk to us about working with us.

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We sell about one out of three of these people. If you do the math, we're paying \$3,000 to get a customer. I'm making four times my money, and I'll do that, that's okay. But the only way I can do that is by knowing that, okay, if this person, for example, sees the class and then he clicks the application but he doesn't fill out the application, I'll have a team member follow up and say, "Hey, do you need any help?" If I allowed anybody to even see that application and click it, that means my team members will be following-up with people who were not capable of even ever joining my program to begin with. Does that make sense?

Shaun: Well, it makes perfect sense, but if you did it the wrong way, then, Frank, you could join the club and have 60 team members like I do, and a management team. You could enjoy all of the fun that comes with that. I'm not sure why you don't do that.

Frank: Yes [laughs]. I don't know. We have a very small team that is pretty cool, so I'll keep having a small one.

Shaun: Okay. I guess to each his own.

Frank: Yes.

Shaun: Every time I talk to you, I learn new stuff. I always love hanging out with you and talking with you. I tried to get into your program of like, "Be adopted," and come and stay in your house, but you denied me that application, so I'm sad about that, but this is the next best thing, having you on the podcast. Super pumped here.

Frank: Well, you just eat a lot.

Shaun: That's true.

Frank: I'm not sharing my food.

Shaun: Fine alcoholic beverages, yes, I guess it's expensive, and I understand that. All right. Let me ask you this. What's not working right now? What are seeing out there that-- Maybe it's something that people are really hot on, there's a lot of hype maybe in the media or whatnot, maybe not, but what are you or your clients seeing that just seems to *not* be working so well in marketing at the moment?

Frank: I really don't know, because anything that's not working I ignore it. I'm not really in the mental space of trying to find something that doesn't work. If there is something that doesn't work, I'd just throw it away and forget about it because we've been taught to work on our weaknesses, but that's all it says. If you do that, you'd end up with a lot of really mediocre weaknesses. I don't know. I would have no idea.

Shaun: Okay. I get that. What about this, do you have a recent marketing failure that you've seen, or was something that you guys tried that just didn't crush it for you? Do you have anything along those lines or just--?

Frank: I do. Actually, yes. It wasn't a strategy, it was just copy. We got this Facebook training class for people who want to start using Facebook. It's really cool. I created an offer for the class. The offer was, "Here's what happens when you spend 52,342 hours and eight days --

or whatever it was -- on Facebook." The pitch for this class, which was really cheap, by the way. The pitch for the class was framed up as a case study because it was a case study. I'm showing them like, "Here's where we spend all this money and all this stuff." It was so cool because we learned so much cool stuff.

In the pitch, I'm teaching them the cool stuff. Then, I'd make the pitch for the class. Essentially, it's like, "As you can tell, we know what we're doing over here. This is the kind of money we're spending just on these tests. None of this is theory. Here's where you can get the class." I released it and it totally bombed. It was horrible. [laughs] Nobody—well, not *nobody* bought, but the conversion, it was dismal. These guys said okay and I rewrote the pitch. Then, I just rewrote the pitch as "Here are five things you need to do in order to make Facebook work." I left out the part about, "Here's how much we spend on Facebook." It works like Gamebusters.

The takeaway was that you are not your customers. For me, I want to get to where I can spend 500 grand a month on Facebook because I get a positive return. I want to get a positive return on as much money as possible. Many of the people that were looking at that, that would terrify them. Even the idea of spending 50,000 would terrify them, even though in the pitch, I was like, "Hey. I'm not telling you to go spend 50 grand. This is just what we would spend on this test. You need to start with a smaller budget."

Still, they translated that pitch as, "Okay. He's telling me I have to spend this much money on Facebook." Even though I really didn't. That was, for the millionth time, maybe hopefully for the final time, I've learned that lesson, but probably not [laughs]. I'll probably make that same mistake again.

Shaun: I think that's so important because I think a lot of people don't realize-- like you said -- that you're well-known, especially in the internet marketing circles, and here it is: even Frank Kern had copy that didn't convert. How do you tweak it and then make it work? That's everybody, but I think sometimes that point is missed because all we hear about is the successes. All we hear about is the launch that did \$7 million dollars and 53 cents in 37 seconds and crashed every merchant processor that they have. We never hear about like, "Yes. Well, we tried this. Didn't go so well, but we have to try it again."

I think this is a really important 'must' and very valuable for people listening. No matter how great you are, you're not going to knock it out of the park every time. You're sometimes going to get a base hit, and then have to run it in.

Frank: I always tell people like, "You know what? What we call it when it works the first time, there's a technical term for it, and that is miracle." [laughs] It never-- I remember telling you in our last meeting, "Here's what I recommend you do, blah, blah, blah. By the way, this is going to be horrible."

Shaun: It going to take at least nine months, I think you said.

Frank: Yes. If you prepare yourself for it to be a pain in the ass, you're going to be able to have a lot more mental bandwidth to get back up and get back in the ring. It's when we

have these weird expectations that, "I'm going to test this new promotion, it's going to work immediately." That's where you end up kind of setting yourself up.

Shaun: I think that's what people expect, right? They expect to ad spend the first time and for it to work immediately and never have to look up again. That's good to hear. It is all of us. It's the same thing for me. We put stuff out there all the time that doesn't go great the very first time we try. In fact, the majority of the time it doesn't go great the first time we try it.

Frank: That's why it makes sense for people to get things like your newsletters. When you do them for people because you've spent so much money doing this for so many years, you can shortcut that stuff that doesn't work. That's a big part of why we're able to sell the services we do.

It's not like, "hey, you're going to get rich quick" or anything. It's more like, "hey, this is going to be much less horrible because we've already made so many of these mistakes that we can help you *not* make." It is good. I think anyone that says anything in business is going to be easy, maybe they know something that I don't. Or it could be, dare I say, shenanigans.

Shaun: It's possible it's marketing hype. It could be. I don't know. We won't pass judgment on them here. We'll let someone else do that. Right? Let me ask you this, you've got your Inner Circle membership. Your membership program, that's 399, 400 bucks a month, right?

Frank: Yes.

Shaun: Talk about that a little bit. Tell me are you marketing it the same way? Are you driving them to, well, is this a downsell offer for people who aren't taking one of the coaching groups? How are you selling that? Talk to me about that a little bit.

Frank: We've changed the way that we sell that. Number one it's relatively — what's the word I'm looking for? — relatively self-managing so I don't have to advertise it very much. When we do it is not really positioned as a downsell or an alternative. The way we sell it these days is, "Hey, we've got this thing — it's pretty good. I don't know if you'll like it, but if you want to take a trial of it, here's what we'll do for you." Then the offer is: "give us 100 bucks, my team will get on the phone with you and they'll see what you're trying to accomplish. And then we will prescribe you any of my trainings that will be helpful. You can just have them for free and then you can have 21 days of access to the Inner Circle. Our hope is that during that 21 days you'll start getting some of the results you want. You'll remain a member. If you don't, no problem, you cancel. If you do then you can stick around."

That works pretty well. It works really, really well. As a matter of fact, the way we grew it to where it is today -- it's multi-six figure month thing, so it's doing pretty good -- is I would offer trainings of mine as bribes to get people to join outright. Not to take a trial, but to get people to join. For example, when I told you about that Facebook class, I don't sell that Facebook class. The only way you can get it as if you get it for free as a bribe to get you to join my inner circle.

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We used that forever. These days I don't really focus on acquiring new people for Inner Circle as much because it's fairly full and we'll probably do maybe three big promotions for it per year. Its real function is, of course, delight the members first and foremost, but from the strategic standpoint and the business its function is just to pay the overhead, so we can continue to grow our other programs such as Flagship and Private Client Group.

Shaun: Very interesting. That's been amazing. I took a ton of notes. Any last parting words of wisdom here for you that you'd like to share, and where should people go to find out more about you?

Frank: If they want to get some cool free stuff, they should go to frankkern.com/class. It's an on-demand class so you don't have to really like wait or anything. I just need your email address so I can follow up with you 7,000 times and try to sell you my Flagship program.

It's a very, very good training that goes through some of the ways that we have found to grow companies by actually reducing the amount of work and stuff that is being done in the company. That's where they can get some free stuff. If I were to give parting advice, I would really give a couple of pieces, if I can.

Piece number one is, look, there's this old saying that says, "the less I do, the more I make." And to a degree that's actually true. It's not true from the standpoint of let's just sit around and do nothing. Then the more nothing you do, the more money you get. It is true from the standpoint of the money is not actually in doing stuff.

The money is in thinking very, very strategically and then taking very powerful and decisive action that gets extremely significant results, and it's almost completely impossible to do that if you're overwhelmed with "stuff." So figure out a way to get out of the business as much as you can so you can work on the business strategically.

That's thing number one. Thing number two is no matter what business you're in, the real business here is in the business of multiplying capital and doing so by leveraging assets. If you think about it every person that gets rich does so through that same process. The Warren Buffet, he multiplies capital by leveraging the stock market. Same with guys like Carl Icahn or whatever.

Trump did it by leveraging real estate. He multiplied capital. Invested in real estate to multiply capital. People never think of entrepreneurship in that same way, but as entrepreneurs, that really is all we do. You can even take the most basic situation like a guy that buys used cars on the weekends from auction, washes them and then sells them at a profit.

He's not doing anything other than multiplying capital by leveraging assets. The capital he multiplies is the capital he spent buying the car to resell. The assets he's leveraging is number one, the car that he bought. Number two, the systems he has in place for cleaning up the car, making some enhancements to it, and then reselling.

All businesses are exactly the same. It doesn't matter what you're selling, we're doing the same thing. If we accept that as truth, then direct response advertising when you acquire a

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customer at a profit is probably the most powerful example of multiplying capital in the world, because it's not unusual for someone to spend a dollar -- or let's really make it more realistic -- to spend \$10,000 on a marketing campaign and get \$20,000 or \$30,000 back as a result in a 30-day period or a 60-day period.

If you look at that on the surface it seems like, okay, that was pretty cool -- Yay! But if you compare it to the richest people in the world and type of returns they get on their investments, it is explosively better. I don't know how many 100% ROI that is, especially if you were to annualize it, but it's way better than 20% a year, 30% a year, et cetera.

It's a couple 100% over 30 days, which is a big deal. I would really recommend that instead of thinking tactically we really start to shift strategically and really look at the business for what it is.

Shaun: That's great. I think people they do miss that. They miss that's what they're marketing is. This is what the whole company is all about -- it's there to multiply their capital. Hopefully not divide their capital. That's usually sad when that happens. Thanks again. Definitely go to frankkern.com/class.

Frank: Yes -- C-L-A-S-S.

Shaun: Absolutely you should go there. All of your stuff is -- everything I've ever consumed of it -- has been top notch, so they should go check that out. Thanks again for being on the podcast. I appreciate it very much.

Frank: Thanks for having me.

Shaun: All right, we'll see you guys on the next podcast. Everyone have a great week.