



## SPI Podcast Session #149 - Dane Maxwell Interviews Pat Flynn

Show notes: [www.smartpassiveincome.com/session149](http://www.smartpassiveincome.com/session149)

This is the Smart Passive Income podcast with Pat Flynn, Session #149.

**Intro:** Welcome to the Smart Passive Income podcast, where it's all about working hard now so you can sit back and reap the benefits later. And now your host, who once paged himself just to be one of the cool kids, Pat Flynn!

**Pat:** Man, I can't believe I did things like when I was little. I mean how little self-confidence I had that I had to actually call my own pager number so that it could ring two minutes later in the room with all my friends so I could look cool.

If I could go back in time and tell myself one thing – well, it would be two things. One, you don't need a pager, and why would you need a pager? But two, it would be, "Why are you so worried about these other people and how they think about you?" Anyway, that was me as a kid, but here I am now.

This is Episode 149 of the Smart Passive Income podcast. I'm really excited for this one because we're going to do something a little bit different today. I have a guest on the show and he's been on the show before, but this time I'm not interviewing him, he's actually here to interview me and to get deep into the insides of my brain and figure out why I do the things that I do with this particular topic. We're just going to dive right into it.

I'm not going to waste any more of your time so let's get right into this interview with Pat Flynn. That's me.

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**Pat:** What's up everybody? I'm so excited today to welcome someone back for a third time to the podcast. You might remember this person from [Episode 46](#) of the SPI podcast and also [Episode 85](#). Episode 46 was the most downloaded, and still is the most downloaded podcast of the Smart Passive Income podcast. This is none other than Dane Maxwell from [TheFoundation.com](http://TheFoundation.com). Dane, welcome back to the show.



**Dane:** Thank you. It still baffles me that it's so downloaded. I think it speaks to a real deep need that people have.

**Pat:** It was a great episode. You brought a lot of great advice to people and also a lot of inspiration. Plus a lot of people who've heard that episode have shared it just because it's so crazy. If you haven't listened to that yet, after this one you should definitely listen to it. That's [SPI Podcast Episode 46](#).

Today we're doing something a little bit different. We're always doing new fun things here on the SPI podcast. Today I am not interviewing Dane. What's going to happen today, Dane?

**Dane:** This is going to be so much fun because today, instead of the usual – having Pat interviewing someone – I'm going to be your hopeful host. Hopefully you'll put up with me and learn something, and I'll be interviewing Pat. I thought people would wonder why, so I kind of wanted to go into that.

**Pat:** Let's do it.

**Dane:** Why is Dane interviewing Pat? Pat's making a new addition to his approach in passive income. If you've been following him you'll see he's beginning to get into what I like to think of and refer to as the new frontier of freedom, which is software. If you zoom out you'll notice a lot of really, really smart business men and women have been pivoting their business over to software.

I think it's also a time, Pat, for you to get interviewed so we can learn from your genius. I think sometimes you're interviewing people that you're doing better than, and I think it's just going to be a really refreshing twist for the audience to see how you think and more about where you come from.

**Pat:** I think software is a really interesting thing definitely with a lot of opportunity, and we can talk about those things in just a second, but I think right now it's very big on my mind and I wanted to do something different so you can get into my mind, instead of this being a solo show where I'm just talking about these things.

You'll see a solo show next week about sort of my new routine and how that's helped change in terms of my productivity and focus, which has just been tremendous ever since connecting with [Hal Elrod](#) and [The Miracle Morning](#), but we'll get to that next week.



This week I thought it would be interesting if we had somebody who was very successful in business already with software, and who knows the ins and outs and all the faults and all those things that people go through, because not everybody who starts a software business is successful.

Dane has been successful many times over with building software and helping other people build software, so I thought it would be interesting if he came on and interviewed me and kind of try to break me down – not necessarily try to make me cry, that's not what I mean by that, I mean break down sort of what's going on in my business and my head in terms of this new software product that I have, so we can help the business flourish but also help everybody out there who's thinking about starting with software or maybe who has a software business already think about things in a different way.

**Dane:** Like Pat said, I've become the guy that people go to when they want to start a software business. I'm the creator of a program called [TheFoundation.com](https://TheFoundation.com), which you've probably heard of if you listen to any of the other podcasts. This is where we teach people how to get into the software business.

I just wanted to say in my experience and for those I've taught, software tends to be a more reliable source of income. It's defensible, meaning it can't be ripped off easily, meaning you don't have to be secret about a niche site that someone could copy and paste.

It's also really consistent in revenue from my experience. If you have 100 customers at \$100/month, that's a \$10,000/month business and it's not too difficult to find a small little niche product with 100 customers paying you \$100/month. It's a bit more challenging than an ebook or a niche site business, but like anything it is learnable and the skills you pick up can be a really significant income stream.

I like to think of software as growing a tree. It starts out small, but over time and over years the tree grows and grows and eventually provides you a lot of shade. I want to look at what your newly planted tree is and introduce people into this lucrative business of software ownership.

**Pat:** This is going to be a lot of fun. There's a lot of different components and parts to it, from the idea to the validation of that idea, to testing and minimum viable product, which I've sort of gone through already.



Maybe we'll be able to go back into time and look at how I was able to approach that, and maybe what I could have done differently based on what you were thinking about, Dane, but also looking ahead. I have a product that's out now. We just released out of beta. How can I take it to the next level? What am I doing right? What am I doing wrong? We're just kind of putting the product on the line to see what happens.

**Dane:** Yes, absolutely. I want to equalize and level the playing field and let people know that you don't need experience in software to get started building software. You're not going to be learning how to code. I imagine we'll get into this, but we outsource coding.

**Pat:** Yeah, I don't code.

**Dane:** We'll be learning the business of software and how to start software from scratch, using Pat Flynn as an example. Nothing else I've seen has helped me build my entrepreneurial skills more than owning a software business. This has been my experience with the five products I've built.

Like I said, I'm the creator and a partner at [TheFoundation.com](http://TheFoundation.com), and one of my software products is also [PaperlessPipeline.com](http://PaperlessPipeline.com), which is approaching around \$80,000/month in revenue, and I didn't come up with that idea or risk any of my own money.

It's not only been my experience that we have this, but it's also been the experience that we teach students over at The Foundation. We in fact had our first millionaire student who's now going to be interviewed all over the internet.

**Pat:** That's very cool. Is that somebody I know?

**Dane:** His name is [Dan Corkill](#). He's the creator of [FollowupBoss.com](http://FollowupBoss.com). He was in our first cohort of 88 students three years ago.

**Pat:** I thought you were going to mention maybe Carl. We had [Carl Mattiola](#) on the show before, who was a graduate of The Foundation who has done really well for himself too. I thought that was maybe the person you were talking about.

**Dane:** Carl will be there very quickly. With the skills that he's learned and all that stuff, he just had a significant product launch, launching a \$2,000 or \$3,000 information



product that he didn't come up with the idea for and that he didn't create. I don't know if I can mention the numbers but he made in a day what he'd probably usually make in Tesla in a year.

**Pat:** He used to work at Tesla. He was our guest on [Episode 82](#).

Again, this is Episode 149 of the Smart Passive Income and you can find the show notes at [www.smartpassiveincome.com/session149](http://www.smartpassiveincome.com/session149).

That was a good episode and you'll hear Carl talk about his experience leaving Tesla and starting his own software business and stuff. I've heard through many people that he's doing really, really well now, so it's very cool to see he's continuing to move forward.

Why don't we get started. Are there any few things you want to lay on the ground before we kind of dive into this?

**Dane:** A couple real quickly. One, Carl is actually my roommate now in San Diego, just north of San Diego.

To zoom big picture, what we're going to do today is explore Pat's new venture into software, why he did it, how he did it, what his results have been so far, and then one last piece of context.

At The Foundation, while we teach software, our framework applies to building any kind of business from scratch. If you're not feeling called to build software, you can use this framework that we're going to use with Pat to build any kind of business. We're going to refer back to this framework:

1. Mindset
2. Idea extraction
3. Sketch a solution before you build it
4. Pre-sell the idea before you build it
5. Build it
6. Go into growth

A big reason why we see entrepreneurship being seen as risky is because people skip to Step 5 where they go straight to building a product, but that isn't actually until Phase 5. You don't have to remember those phases because we'll refer back to them over and



over again while we dive into that. These are the 6 phases we will guide you through to help reduce risk.

During the interview, Pat, I want to go through each of these phases and see how or if you applied them. Then my hope is eventually those of you listening to this interview are opened up into this new world of business that you didn't think was possible for you before.

**Pat:** This will be awesome. As many of you know, I already have a software that's out there so we'll kind of skip around in terms of whether I followed this process or not.

Can I ask you an honest question, Dane? Does everybody who goes through The Foundation and these six things that we just talked about – you said "reduce risk," but there's still risk involved, of course. What is the success rate that we're talking about here?

**Dane:** If you follow this process it's pretty hard to fail. What we measure as success is if you've had one paying customer in a business before you've actually built the product. Then in years people go on to scale into significant revenue, but in a 6-month time frame you're looking at anywhere between \$0 to \$1000 a month. You're looking at income replacement in about two years, and you're looking at a potential of six figures per month in 3-4 years.

In terms of success rate out of the gate at The Foundation, how we track that is a paying customer and an idea that they've discovered and a pre-sell. Our best success rate is 11 out of 15 people in one of our groups, 70%+ success rate to a paying customer. That cohort did so well that we actually pulled that lady out and hired her to train the rest of our cohorts so we could have an insanely high success rate.

**Pat:** That is really high, especially for this type of business, and I appreciate you sharing those numbers and being honest about it. Like you said, income replacement in two years. This isn't something that happens overnight. Two years is realistic, I feel, so this is all just kind of shaping and putting all this into context. I just wanted to make sure people understood that up front before we get started.

**Dane:** Oh yeah, reduce risk, not completely risk-free, but I also think it's actually a lot less risky than being an employee. Instead of being financially free in 40-50 years we like to say in 2-4 years. That's not bad.



**Pat:** But you'll have your own thing. That's the coolest part about it.

**Dane:** I thought you were going to ask if people use this to build more than software. You can use it to build any kind of business.

I appreciate the patience of anyone listening of letting us set up some time to set some context before we dive in. I just wanted to set a next level of context for us, Pat, that we're probably going to pick up a lot faster now as we dive into the specifics of what Pat's built.

**Pat:** Just so you all know, I don't know what Dane's going to ask. I just know that he asks great questions. That was understood the last time he was on the show and the last couple times he's been on the show. Let's just dive right into it.

**Dane:** Cool. Before we do get into the questions, just in general on software do you have anything that you want to say?

**Pat:** It's definitely a huge challenge. I have mentioned the story a couple times in the past, but I tried to dive into software back in 2010-2011. That was a time when a couple of my good friends came out with their own WordPress plugins, which is software. People sell those WordPress plugins as premium WordPress plugins. They have the free plugins and the premium ones, and they were making a killing off of it and sharing some of those numbers with me private on Skype and things like that.

I was just like, "I want in. I want in. I need to develop a WordPress plugin." So I thought I was smart and just came up with a couple quick ideas. I didn't validate them with other people. They were just things that I wish were done easier on my own site that I was doing on my own.

I know I was headed in the right direction but I went too fast. Then I ended up hiring a company that does WordPress plugin development to build two plugins at the same time – another mistake – and paying them \$10,000 to do that.

By the end of it when I got those plugins back they were not what I had hoped for. They didn't work like I wanted it to. I just got so frustrated with the entire process that I just kind of put it all away and was just like, "Okay, software is not for me. I'm just going to stick to content marketing and affiliate marketing," and all the stuff that people had already validated that I'm good at. So I thought that software wasn't for me.



Now I'm in software and it is going very well with the [Smart Podcast Player](#). I'm starting to see that maybe because this was a slower approach, it was a bit more mindful, and having had that bad experience in the past, I kind of did it a bit smarter.

Although I didn't necessarily validate the idea like I think you're going to talk about and get into, I was my own customer at that point. I wasn't trying to create something for the sake of money and just try to make money. I was trying to create something that was a solution for myself, which then other people had that same itch that they wanted to scratch too.

**Dane:** Dude, I love software so much. As you're explaining that process of hiring a development company and getting totally screwed, and then it's like, "Oh, software's the culprit" –

**Pat:** It was my fault, though. It wasn't the software developer's issue. I had the issue because I thought that they were magicians and could just create whatever was in my head right then and there. I didn't know about the proper ideas of sketching solutions and actually wire framing it all. Minimum viable product was not a word in my vocabulary at that point, and all that sort of stuff.

It was my lack of education so that's why we're creating this show here, to hopefully at least give you guys some pointers before you start going down a direction you might pull yourself back from later.

**Dane:** Yes. I have a saying that I kind of say to myself. "What gets in the way of our entrepreneurs' success? They do." [laughing] Tell me, why did you decide to get back into software? Why this new change?

**Pat:** It was interesting because I created this thing that became a software for myself first. It wasn't intentionally going to become something I was going to distribute, so this kind of goes into a different sequence from building something from scratch for the purpose of building software.

The [Ask Pat podcast](#) came out. I had my developer create a standalone on-site podcast player to accommodate the 5-day-a-week podcast so I didn't have to write a blog post every single time, and also to make it look nicer and have everybody be able to scroll through the other episodes and just make it really easy and increase that listening experience on my site. I knew a lot of people were listening on my site. There wasn't





anything out there that was really accommodating any of that so I had it built for myself and that's it.

When I posted it and I shared [AskPat.com](http://AskPat.com) with everybody, I started getting emails from people saying, "Where did you get that? Where did you get that?" Then for maybe three weeks I was like, "You can't get it anywhere because it's mine." I was like, "It's mine, it's all mine. I don't want anyone else to have it because this is my unique thing."

Then I was like, "Wow, people actually need this because of the same reasons why I got it built in the first place." After I think the 10<sup>th</sup> or 12<sup>th</sup> email I was like, "You know what, I'm not doing my audience any favors here. I need to figure out a way to distribute this."

That's when the sequence of events started to happen to turn it into this thing that was just coded by my developer, not even a WordPress plugin, into something that became a WordPress plugin that we could then distribute. That's kind of where the origin of this Smart Podcast Player came from.

**Dane:** Great. So before I dive into the specifics I kind of want to get a big picture of what your results have been so far.

**Pat:** We launched a beta program and the numbers were amazing. We limited the first round to I believe 350 or 400 licenses because we wanted to make sure that we took a smart approach, had a limited amount of people in there who knew it was a sort of early version of the WordPress plugin, and there was the possibility that it was going to have bugs, which it did. But they all knew that was a possibility so they were all very happy to get their hands on it early.

We sold it for about \$47 that first time because we wanted to give something for people who were sort of early adopters, and we completely sold out within like a day or two.

We launched it again and opened it up for a few more rounds of beta customers, again with new additions added on based on the feedback from the people in the first round, but not quite ready to launch for the version 1.0 release. Every time we've done that it's completely sold out, so we open like 100 or 200 at a time.

We eventually got to about 800 licenses before we kind of closed the doors for good and then added some really high-level features onto it that were based off of



everybody's requests that were going to take a lot more time because there was testing.

That's another thing that I can't even believe I didn't think about when I first started diving into software back in 2010. What if that company that I worked with created software that worked and it was good? WordPress updates however many times during a year, and there's different compatibility issues with themes and things like that. There's compatibility with themes on top of different versions of WordPress. There was just so much there.

This period after we closed the beta group for the Smart Podcast Player was very eye-opening for me because it took a lot of time to test and make sure and crush all the bugs and make sure everything was compatible.

Even though I wanted to add more features I knew I had to kind of pull back a little because they weren't necessary at that time, and also it was going to stop me from actually opening it up eventually. We could add more, but every time we added something else it would potentially break it and we'd need more testing, and you've got to ship. That's the one thing I know.

**Dane:** So 800 licenses and you launched it a little slower, a little more methodically, tested, fixed bugs, tweaked, so you launched it out in phases.

**Pat:** Yes.

**Dane:** Wonderful. What I like to do is I budget anywhere from 0-30% of my revenue for the developer to constantly iterate and add features. When I'm working on a software business I like to keep at least 50%, or usually 60-70% of revenue in a software business. If I completely step away from it and hire a CEO then I'll take less of course to pay the CEO, so that's pretty standard.

Did you find yourself feeling stressed when there were bugs? How did that process affect you?

**Pat:** Yeah. I remember getting specific emails from people, because I have a support team. That was another thing that sort of made me thankful that it didn't work out the first time, because what if the plugins were successful and then things started to break? Who's going to answer questions, me? No, I don't know how to develop. I'd have to pay these developers more money.



This time I was smart. I had people on my team be in charge of answering questions, and there was sort of a 2-tier process of that. People's questions would get sent to the initial person, who isn't technical but they're great at customer service. Then if it happens to be a technical question, those get sent to the technical person and the developer who created the plugin to be able to solve those issues.

Yes, it was extremely stressful when bugs came in. Even though I knew bugs were going to be there, things that just shouldn't have happened did happen. Again it was mostly because of the incompatibility issues.

I mean there were a few questions here and there that were mostly user errors, and those were really easily fixable. That was actually very helpful because that told us, "Okay, what can we add onto our customer support page so we can answer those questions there and stop the questions from coming in to us and taking our time away from customers who have these unique problems?"

Over time we started to see these common problems, which then would get fixed. We used Trello to discover what those bugs were, group them together, and have our developer be able to tackle those. But then there were a few edge cases as well, and I will say there were a few customers who we weren't able to help just because there was just no solution based off of the platforms they were using and things like that, so we obviously offered a refund to them.

I'm a people pleaser. I want to make everybody happy. To know that some people just couldn't use it because of something that is technical beyond me and my capability – I just have to live with that and know that it's still there helping loads of other people, though.

**Dane:** What I heard you say was that it was stressful and you're happy it didn't work out the first time because...

**Pat:** It would have been even more stressful if it did work out, and much more eye-opening too. Again, I'm very thankful for that \$10,000 education I had back in 2010.

**Dane:** One of the things that I highly recommend is that my lead developers on software projects, I usually have them head up all customer support and I pay them their developer rate. The business is making money at that point so I'm happy to use it. Then since they're handling the development questions up to about 100 users, it takes



the stress of doing the bug stuff off of me. That's one thing I recommend. How does that jive with you?

**Pat:** I haven't answered any emails myself, except for the ones that have come into me personally. I had a few moments, especially during that first go-around in that beta launch where we released 250-300 licenses, where my customer support team of two was pretty swamped for a while because certain bugs kept happening and stuff, and people's answers weren't getting answered soon enough. That's what bothered me the most.

That's when we ended up including an autoresponder response when people sent their customer service question in saying, "Hey, we got your question. We're working on a solution. We're going to get back to you within 24 hours." Then at least people who sent in their support questions know that we got it on the other end and we're working on it. We've been good at following up based off of that, but I haven't really touched or answered any of the technical questions.

I couldn't, so that's why it's really important that when you're working with somebody who's technical to create your plugin that you think about the future. What happens when there might be questions or support issues that require technical help? I think paying them to do that is something you have to do, at least having them expect that there are going to be follow-up questions and bugs that they're going to need to fix too.

It would have been terrible if I worked with that company and paid them \$10K, then support questions started coming in and they would have asked for more money. They would have done that and I would have been like, "Well, I don't have any more money because my budget was \$10K." Again, I was not thinking ahead at the time.

**Dane:** And the process of actually funding that idea yourself is not the ideal scenario anyway.

**Pat:** Right. That's why I'm really in the mind where if I'm going to start a new software in a totally brand new niche, which maybe I might do in the future because I love to experiment in that way, I would do what you talked about in [Episode 46](#) where you kind of do this sort of idea extraction thing.

I think you mentioned small businesses are a great place to start, even just looking at different ones in the phone book and calling them up. You asked this amazing set of



questions in Episode 46, which you shared, and I still remember and recall a lot of them. For example, “What’s one thing you do every day that you hate doing?” That starts to help you get into some of the mindset of what these people go through that you can then provide a solution for.

Another question I remember you asking was, “If you had a magic wand, what’s one thing you would change in and around how you do business today?” Business owners are good too because they have money and they want to spend money where they know it’s going to help pay them back in the future too, so I really like that idea of idea extraction.

I didn’t necessarily go through that in this iteration for the Smart Podcast Player, but I think there could be some great, great comments from you, Dane, on this idea extraction thing.

**Dane:** What I’m noticing is a little how random our interview is starting off and how many different areas we can go, so I want to comment on that. Then I want to fast track us into the origins of the idea and how you got the thing built to getting your first few sales.

As you’re listening to this I’d like to kind of train your mind a little bit. Like you said, in the first phase of The Foundation we teach mindset. Once you have the correct perspective – “correct” meaning whatever is usually generally abundant and not scarce – as you’re listening to this interview if you’re asking yourself, “How could I replicate what Pat’s doing or how could I make that possible for myself?” and you ask that with an open inquiry, you might find some interesting things.

For example, Pat, as I’m listening to you I’m like, “Okay, you created the Smart Podcast Player,” and what my mind is doing right now is, “How could I have done something similar?”

**Pat:** That’s a great point. I just interviewed a guy named [Jarrod](#), who created a product for PE teachers. He validated that product and was able to get other teachers to pay him before the development of that product. Then I saw a comment on that post saying, “Okay but Jarrod already had an audience. How can I validate a product and sell it before I have an audience?”

That’s kind of what you talked about in Episode 46. I think maybe what our audience right now is thinking is, “Maybe I don’t have an audience already. You had a podcast



and people were sending you emails already asking you for this product that you just happened to create. What am I going to do, somebody coming from scratch?" who doesn't necessarily have a big audience and really needs to get things done, but also maybe doesn't have a budget.

**Dane:** You guys are in luck because I happen to be one of the most obsessed people I know with how to replicate starting businesses when you have nothing. It's like my favorite thing.

When I'm listening to Pat, what I'm literally thinking is, "All right, so then I'm going to contact the top 100 bloggers who have podcasts, for example, or top 100 bloggers in general, and ask them in this email a 1- or 2-line question. 'Hey, are there any processes in your business right now that are causing you frustration? Just reply back with one sentence telling me what it is.'" Send.

That's it. Short, simple, sweet, to the point to the top 100 bloggers, consistently following up with them and getting responses. You're going to probably develop 2, 3, 4, 5, maybe 10 relationships from that if you're consistent in your approach. Then if one of those top 100 bloggers happens to implement your solution, they're probably going to blog about it and you'll probably be set.

**Pat:** I will say that the emails are fantastic. With [FoodTruckr.com](http://FoodTruckr.com) I did a similar outreach, not for a piece of software but just to introduce the blog and the launch of it, and also to get their response for a question that became their answer to a round-up post, which is still the #1 post on the site.

I sent about 250 emails out to 250 different food trucks, and I believe I got maybe 10-12 answers back, which is a very low percentage, but then I followed up with all the people that hadn't responded yet. Out of those follow-ups, 30 or 40 people responded back, so you have to follow up.

I think is one of the most important questions you could ask when you're doing research. "What's something that frustrates you?" If you keep it easy and short, people are likely to reply. If they don't, sometimes it just takes a quick follow-up because a lot of people who replied back to me that second go-round had said, "Oh, I missed your first email."

Maybe they did, maybe they didn't, but I think maybe they took me a little bit more seriously, knowing that I wasn't just some spammer guy who was just kind of



spamming these questions, but I'm somebody who cares about what those answers are.

**Dane:** First off I want to say I love talking to you. It's so fun to talk to a resourceful entrepreneur, and I love hanging out with resourceful entrepreneurs. That's what we build at The Foundation, and I also love cultivating, which is one of the reasons why I built it, in addition to wanting a lot more entrepreneurial friends.

What we do is we test and tweak a lot of stuff within The Foundation. One of the things we've found is, "I'd love to hear from you, even if it's only a sentence." If you put that at the end of your email you generally get more replies.

The other thing you mentioned is in the follow-up. There are common phrases but, if you guys want to make a fortune in your life, start following up because the fortune is in the follow-up. If you see Pat at 12, then he went to 30-40, that's literally the difference between \$100,000 or \$400,000 to \$500,000 if you're following up.

Becoming an entrepreneur is really about a number of things, and one of them is becoming resourceful. You're hearing how resourceful Pat is. You sent out 250 and got 12 replies. If you're not resourceful in your mindset then you generally think, "Oh, I got 12. That's all I could do." But since Pat's resourceful he sent out follow-ups.

He wasn't like, "Oh, I'm worried about annoying them" or "I'm worried about this." He probably thought of the food truckers like, "Man, they're probably busy. Let me just send them another email."

We've had about 1,200 students go through The Foundation now, Pat, and I love this perspective I get by watching them. What we've found is it's not about the first action someone takes that determines if they're going to get on-track or not, or whether they're going to eventually be successful in whatever it is they want to create. What we find is it's not about the first action, it's about how they respond to that first roadblock. It's about the tiny decisions that they make along the way.

I want to share this briefly because with Carl, I don't know if you got into this, but Carl was doing this idea extraction process we teach. He was sending out emails asking for pain, and he had this really hot-headed physical therapist reply to him. The PT said, "Oh, I don't have any problems. Peace."



So what would you do in that situation? It's not about the first action, it's how you respond to the first action. When you get trained on how to respond to the first action, the world just opens up to you. You become more abundant in your thinking and free.

What Carl did is he replied to him. Most students would be like, "Okay, moving on." What Carl did is he said, "Look, I love that you have no pain. I'd love to hear what you're doing really, really well because maybe we can elevate the industry of PT together." That guy became his most significant business partner. Imagine if he got that email and didn't reply to it.

I just want people to really understand it's not about the first action, it's about how you respond to that first roadblock or objection, and how you're trained in that.

**Pat:** Isn't that life, right? I like something that you said there, the fortune is in the follow-up. That's definitely Tweetable.

**Dane:** Oh, I've got lots of those little things. They just come to me. Now we've got the framework which we can totally tie back to how you started. So you've got idea extraction, you've got sketching the solution and you've got pre-selling.

When it comes to starting a business, it doesn't really matter how you get the idea. What matters is you get an idea that people will pay for. However that process happens, I don't really care. We have a predictable repeatable process called idea extraction, but there are a number of ideas to get an idea people will pay for.

Can you talk a little bit about how you came across this idea you thought people would pay for? You briefly mentioned it earlier but I'd like a little more detail.

**Pat:** We had talked about the emails that came in from people saying that they wanted their hands on it too, and some of those emails said they would pay for it, but people can say that. People say they would pay for things all the time, and then when push comes to shove they don't.

That was also another reason why we did the beta launch. If it had completely failed then we would have known not to put all the other bells and whistles in on the product and we'd move on to something else, but it was a complete hit. That's what definitely motivated us to keep moving forward with it.





I think something that some people might be thinking right now – and Dane, I’ve love for you to address this – and I’ve heard this time and time again. I’m not trying to toot my own horn here but I know people are thinking, “Well, of course people would buy it from you, Pat. There are fanatics out there who will just buy anything, so of course this beta launch for the Smart Podcast Player – it could have been anything and it would have sold out.”

Maybe my example isn’t the best example, I don’t know. I’m just thinking out loud right now, but I know people are thinking that. So what would you say to somebody who was thinking that right now, Dane?

**Dane:** I just know how sad I feel by the question, because I imagine how helpless it makes the person feel who asks it, and I don’t like to ask questions that make me feel helpless. I like to ask questions that empower, so I would just switch the question.

The quality of our life is related to the quality of the questions that we ask. If you’re asking questions that make you helpless, you probably have a helpless quality of life. It’s not always the case, but that’s just generally what I’ve found.

In this case it’s not about you having an audience and people trusting you. It’s about you finding a problem that people want to pay for. My focus isn’t on that, my focus is on how did you find a problem that was painful enough that people wanted to pay for?

**Pat:** I like that answer, and I think the whole fact that I was charging for this thing – like I could have gotten to the point where I just had a landing page that said, “Hey, this is coming. This is what I’m building. Put in your email address,” but this beta launch was a testing moment where people had to actually pay. And I don’t think they would have done that unless it was something that was completely useful for them.

**Dane:** So you’re doing the 5-day-a-week podcast and it’s kind of painful, the flow, the way it was working for you currently, is that right?

**Pat:** There was really no way to show the episodes the way that I wanted to yet. Typically when people come out with podcast episodes they have to post another blog post for each of them, and I already had blog posts and podcast episodes being posted on the blog every week. I just wanted one page with all my episodes with a neat border that looked good, that people could go through and find and share and read show notes from, and that just did not exist.



Part of the challenge for me too, Dane, is I felt like people didn't necessarily know that they had this pain, but it was made apparent because I got direct feedback from people after watching my initial beta launch webinar. I had talked about my experience on the blog.

Actually it was funny. Podcasters don't really know how many people are listening to their podcast on their blog. We just know how many downloads we have, we know our rankings on iTunes, and that is even in and of itself a mystery. But I knew that close to 50% of the people who were listening to my podcast listen just straight off the website. Or maybe they're on a mobile device, but off of my website.

The reason I knew this is because back in 2012 when I redesigned the blog I made it harder to find the podcasts. I actually put the podcasts on my Resource page because I wanted to kind of clean up the site and stop the overwhelm that people were commenting about, so I hid my podcasts because I didn't think that a lot of people listened to the podcasts on the blog.

When I did that my download numbers were cut in half, and that just totally surprised me. Then when I put it back up to where it was before they came back to where they were before. Actually, because there was a new redesign, more people started listening on the site.

Then fast forward later to this. I knew that people listened on the website, but people who have solutions for podcasters weren't really paying attention to that. It was always about, "How do we make the show sound better?" or "How do we get higher rankings in iTunes?" or "How do we get good cover artwork?" Nobody was addressing people's listening experiences in people's websites, so that was a challenge for me too.

I think the education I gave people on that webinar – that story and also sharing some of the stats and the numbers and showing people the dip on when that happened – that definitely gave people that realization. I think that's what got a lot of people who were on that webinar to purchase right then and there, was that story and example. It was me sharing that there was this pain that people might not even know exists yet.

**Dane:** There are three things that I want to touch on based on that share. That was amazing. The first is I don't care who you are, I don't care what your audience is, I want your plugin because I have to post podcasts as a page every time and it's a pain. I want your plugin. I don't care who you are. That illustrates the earlier point that your pain is so clear that I want that.



**Pat:** Thank you for pointing that out because I even said it, and I didn't even realize it, that is the pain that people have, especially for people coming out with daily shows and things like this. They don't want to overwhelm their blog audience, and it definitely solves that problem.

**Dane:** Yeah, and imagine if you had a headline on your site with, "All I wanted was a blah blah blah" and insert whatever you said.

The second thing is what my mind does when I hear that statement. I immediately go to how could I recreate the discovery of that problem that you had everywhere else in my life. My mind is like, "Okay, how could I recreate that? How could I use that?"

I imagine myself talking to people who are having a frustration and I'm like, "What do you just wish you could do?" Then you'd have a guy like Pat say, "I wish I could just have all my podcasts on one page blah blah blah," and now you have your pain and your solution when you're having these conversations with people.

The third thing is I want to talk about what happened for you when you had a few people showing you their WordPress numbers. You saw the numbers and then you said, "I've got to get into that." I wanted to just kind of talk a little bit about the motivation that you had to get into software. It seemed to be primarily financial in nature.

**Pat:** It was completely, and I've talked about this in the past before and after that situation. Every time I've been a money chaser, all of those things have completely failed. Money just has this way of blinding people, and it did so for me then at that point in time.

It was because I saw my friends doing amazing things and getting these fat paychecks from the software that they were building, software that was great, that worked and was amazing and it totally solved somebody's pain, including my own. I just wanted to follow in their footsteps, but not for the right reasons. I was looking at the numbers, to be completely honest, and that was a mistake. I was just looking at the numbers.

I wasn't looking at, "How is this person earning this much? Why is this working so well for him?" It's because they're solving a major pain. "How can I solve a major pain like that?" If I thought of that, that would have saved me \$10,000 and a lot of time, and perhaps made me a lot more money thinking about a better solution – not thinking about the money but thinking about, "Can I solve a pain like this person does?"



**Dane:** The money thing also is a lot more enticing if you're currently struggling like crazy. You see someone making a lot of money and it's even more blinding. I've been becoming more aware that the lost are more easily lost. So if you're feeling lost in your life, it's likely that you're more susceptible to become even more lost, so you have to be more careful with how you make your decisions.

We like to "un-lost" people in The Foundation by helping them rediscover who they are from a grounded space so they're doing things that are in alignment for them, which is why we have people make more than just software after they join, because they use this process.

I've found that as well. I've finally been able to break the pattern, and it wasn't because I started making enough money. It was because I became really grounded and centered and present with who I am.

**Pat:** Yeah, and we talk a lot more about that type of stuff in [Episode 85](#) so you might want to go check it out. Remember us doing that one together?

**Dane:** Oh yeah! That one was pretty fun. It was kind of woo-woo.

**Pat:** Yeah, I think we said woo-woo like 10 times in that episode, but it was a lot of fun still, and something that's definitely very important. Actually that episode alone has changed a lot of people's lives on that sort of level. So let's get back on track.

**Dane:** Absolutely. I was just about ready to get back on track, and I'm allowing tangents, just so you know, as the interviewer, where I feel like there could be a nugget of wisdom. If even one person benefits from "I'm lost, just be more careful" –

**Pat:** Yeah, and I want to point that out really quick. This goes along with these conversations that you might be having with prospective customers based off the software that you want to do. I remember one thing I learned in [Episode 46](#) that we did together was one of the most important things you can do is let another person talk. Just ask the right questions to keep letting that person talk. You get deeper and deeper and deeper.

I've found that through conversations that I have with people, both over Skype and in person, that some of the most precious information, the most life-changing information,



eye-opening information I get from people is not just the immediate answer to people's questions, but it's 6, 7, 8 levels deep, so I love tangents.

If any of you are listening to this and you're a podcaster and you do interviews, you've got to let the person you're interviewing talk. Just ask those questions to get them to talk. Don't ask yes or no questions. That's just the beginning of it. I just wanted to kind of point that out because you had just said these tangents, even though they're kind of not planned, those can be really, really cool nuggets for people.

**Dane:** Yeah, I'm happy to hear that.

I want to go back into the pre-selling. Also I'll try to remind myself that I'd like to give people our latest and greatest way to find a serious number of unlimited pains to solve with software pretty quickly. The last thing I would want is for someone to listen to this and be left feeling like, "I can't do anything with that," so I want to make sure I give people a really clear step.

What I wanted to pointed out, though, is it sounded to me like you built the product instead of pre-selling it first, is that right?

**Pat:** The product had already been built. It didn't take much effort actually to turn it into the first MVP WordPress plugin. Like I said earlier, it was just coded on my website and then we just kind of moved that code over to a WordPress plugin for early distribution as an MVP. So yes, it was essentially built before we pre-sold it.

**Dane:** How does it feel to have this product idea that kind of was just in flow with the universe? Like you put it out and then people asked for it, versus you were trying to make money and push something on the world?

**Pat:** It was really cool. Like I said earlier, initially I didn't think about it like a business opportunity. It was just kind of cool that people recognized it, they saw it, and they commented about it, and then were asking for it. Then it finally hit me and I thought it was really cool.

It was sort of like because I was building a solution for myself and for people who were like me, there was no forcing in terms of, "What can I build?" That's how it was before in 2010. "Hmm, what kind of plugin could I build?" like this sinister guy tapping my fingers together.



This time it was like I'm just building cool stuff and trying to help myself and help other people out. It just so happened that this thing that I built could be helpful for other people, so it was really, really cool.

Kind of going back to your point on pre-selling, I kind of had the product already, but one of the coolest things – and I still get tripped out over this – is when I sell one of these things and I see it being used on their site that same day, it just gives me such a cool, cool feeling.

That is one of the coolest feelings in the world because information is great and it can be life-changing, but people have to consume it. They have to put it into action, and even when they do that they might not get the same results because it's sort of varying. But with this it's like, "Okay, they paid for it, they got it, and they put it to use. They got what they paid for in the value exchange right then and there already."

That first day after the beta launch, to see it on dozens and dozens of websites already, that was just the coolest feeling in the world, and to get these emails from people saying they're increasing their traffic numbers, it just blew me away. It was one of the coolest things ever. That's why I love software more than anything.

**Dane:** It sounds like what I'm hearing is you really enjoy seeing what kind of a difference that you're making.

**Pat:** Yeah, I enjoy that with what I do in terms of information and content marketing as well. It just sometimes takes a bit longer. It's more immediate in this space.

**Dane:** Yeah, software is useful.

**Pat:** That's why we all pay for it.

**Dane:** So you really haphazardly, if you will, followed this framework. You had the idea extraction. You had this pain that you needed to solve. You just wanted to have the podcasts display this way, without having to make this blog post and have it look nice and neat and everything you said.

The second step in this framework, if you're wanting to start businesses and reduce the risk, is sketching a solution. You don't actually build and risk building a full product. What I like to do, and what we teach, is just to have you draw it on a piece of paper and just visualize what that might look like.



**Pat:** Literally sketch it out.

**Dane:** Literally just sketch it out. Since I'm a visual person I love to draw things on sheets of paper. That's like my favorite part of the software process. I have a business called [AgentCareCenter.com](http://AgentCareCenter.com) which does \$4-6K a month or so. It's been doing that for years.

I built that by spending three hours one day drawing out a UI, sending it to a developer and saying, "Make this into a product," and that's all I did.

**Pat:** UI meaning user interface, so you're essentially drawing what it's going to look like. So you come with this idea and you draw it out, which I think is really important. That would have saved me loads too in the beginning because I was just like, "This is what I'm thinking. Here's some words that describe it. Go." Then they obviously have freedom to do whatever they want with those words and interpret them in any single way they want.

With the drawing your developer sees exactly what's in your head. Even before you give it to the developer you see what's in your head, so sketching the solution is completely important. There are software things out there that you can use to drag and drop little boxes and things, but I think by hand is fine too because you can erase or use a dry erase board or something.

In your methodology, even before the product is created you pre-sell, right? Because that's how you earn money to help pay for the creation of it, correct?

**Dane:** Yes.

**Pat:** When you're pre-selling it to your potential customers, these people who you've extracted these ideas from who are interested, who gave you the ideas, are you showing them these drawings too?

**Dane:** Absolutely. The next thing we create is a sales letter essentially, but we actually don't even want you to buy a domain yet. We don't even want you to make a logo yet. We just teach a process for how to create kind of a sales letter, basically a PDF.

Then you get people on the phone and present this PDF to them on the phone, which is 8-10 slides which describes the pain, describes the problem, describes the solution, how



much time, how much blah blah blah they all save, then a carefully crafted offer to get someone as one of the first 10 champion users. We also don't actually mention beta ever.

**Pat:** Talk about that.

**Dane:** When you're just starting out in your business, sales is one of the most challenging things for people to learn, how to do it authentically, how to do it without being sleazy. Let me tell you, when you actually learn sales the proper way from a heart-based loving way, you realize how noble sales is because sales is about solving problems and sales starts with the problem. It doesn't start with the solution.

Of course you're going to feel sleazy if you go out and say, "Hey, buy my solution." But if you go up to someone and say, "Hey, do you ever experience this XYZ problem?" if they say no you don't actually go into the pitch because they don't have that problem.

When you're selling and you're still learning, you really want to stack the odds in your favor as best you can. When you use 'beta' it sort of implies that the person is buying an incomplete product and that they're doing you a favor by being a beta user.

**Pat:** Interesting. That's how I felt, actually. That's exactly how I felt. It was like, "Hey guys, you want to be part of this? I'm doing you a favor getting in early, but you're also doing me a favor because you're part of this group. We're also together going to be able to help shape the future of it." Is that bad?

**Dane:** I'm a big fan of not necessarily have a right or wrong or good or bad. Would you have liked to have felt different?

**Pat:** I was very happy with the approach but I'm interested in sort of your reasoning behind not calling it a beta.

**Dane:** For sure. It wasn't bad. It's just like I like to put myself in positions where I'm feeling like I'm doing the person a favor, which from the correct perspective you really are. What we call them is champion users, the first few people brave enough to champion this product.

**Pat:** I like that a lot.





**Dane:** What happens when you position it as champion users – and we teach all this stuff, but I'll share anything I can for however much time you have, Pat. We have this champion thing, so what happens is as a champion user you get a number of benefits.

First, you get an influence on how a product works. Have you ever signed up to a product and it didn't do something that you wanted it to do, and you couldn't influence? You won't have that problem here.

You're also going to get direct access to my cell phone as the CEO and founder, so you're going to get to speak with the direct creator of the product and you can have an influence on how it'll be.

You also get a number of other benefits where you can connect with the other champion users and brainstorm your best practices, which won't be available to the public. And there are other benefits you can do.

**Pat:** I feel like you've done this before.

**Dane:** [laughing] Maybe 1200 times?

**Pat:** Yeah. I think a lot of people are going to re-listen to that last minute there and all those things you just mentioned as far as benefits for these champion users. I really like that term, too.

**Dane:** Cool. We called it beta initially for the first year too, but we get the benefit of just having a bunch of trial and error. I'm just a fan of what works. I'm not about, "Oh, software's the way!" or "Oh, our 6-part framework is the way!" I'm just like, "Hey, it just works right now so we're just going to stick with what works," and I'm not attached to it.

That's one of my favorite parts about my approach in business, is I'm so unattached. I can work on a thing for a week and then if it doesn't work I'm like, "Oh, this doesn't work and I'm going to drop it." That sort of freedom, that sort of lack of attachment to an outcome – when you find yourself being really attached to an outcome like "This has to work. It must work," you kind of blind yourself.

When you teach people the emotional release technology to release attachment and not make it about your identity and not make it about anything other than what it is, which is it either works or it doesn't, then you can start to free yourself up.



I've had examples where a student will surrender a feeling until it's gone, which we teach them how to do. Then the next day he goes out and makes \$20,000 in sales. I'm like, "How in the world did you do that?" and he's like, "Well, it was staring me right in the face. I just couldn't see it because I was so blinded."

**Pat:** That's funny. It almost reminds me of these exercises that we do to sort of almost get purposefully rejected, to kind of not worry so much about the negative effects of trying.

We have a guest coming on in mid-April, Jia Jiang, you might have heard of him. He has a very famous TED talk where he talks about his 100 days of rejection. To overcome his fear of rejection he just started asking people random things every day, and he documented that process. It was really, really cool.

I think a lot of people might be afraid of that failure, the first week of idea extraction and sketching the solution, then not getting anybody interested. I can see a lot of people getting to that first hurdle and just kind of turning around and saying, "Nope, I'm going to go back to my regular lifestyle and not even try anymore."

**Dane:** It's a deeply devastating thing that happens, which is why we specialize on that exact issue. Rejection generally, if you zoom all the way down, it's to an unconscious identity level and there's a belief going on that that rejection says something about who they are as a person. When you dismantle that association, rejection doesn't hold that same charge. It may still not feel the greatest, but it just doesn't feel good. You're not devastated about it.

I feel really enthused and excited when I get "rejected." I'm like, "Oh, that didn't work. That's awesome!"

**Pat:** "Now I know what not to do."

**Dane:** Yeah. "Let's try something else." People said that when they watched Thomas Edison. His employees would watch him and the guy would literally get excited by "failure." They were like, "This guy must be just trying to trick us, putting on a show. There's no way he could actually be excited by failure," but sure enough. Thousands of times later they'd like, "Holy crap, this guy's literally excited by failure."



You're just figuring out if this works or it doesn't work, and it has nothing to do with you. What gets in the way of people becoming successful? They do. When you do this undoing on the identity level there gets to be a lot of freedom.

So zooming back, idea extraction, sketching the solution, and in terms of sketching the solution we usually draw the UI, but your sketch was really just your kind of early prototype for yourself. That can be considered the sketch because you didn't build a fully-featured product.

**Pat:** Right, although I will say that when we were coming up with that prototype it was all sketches. My UI guy, Dustin, who you all met in [Episode 138](#), he created a bunch of PSD files, Photoshop files, of just different ideas and ways things could look.

We definitely worked together as a team. "This is too big here," or "Maybe it would be cool if we had the podcast artwork here on this side," and "Maybe this is how this should be." It was all based off of his drawings. Now that I think about it, there's really no other way to do it.

**Dane:** Well, there are other very painful ways. [laughing] So we've got this sketch. You've really sketched this out and now you've got the pre-sell, which you didn't ask for but you've got people emailing and asking you for. That would be considered your pre-sell phase.

**Pat:** How would a person without having people knock on their doors do the pre-sell?

**Dane:** The simplest fastest way is like a one-line email to say the top 100 bloggers. "Do you wish you could post your podcasts all on one page without having to make blog posts? Let me know. Pat."

**Pat:** Nice, and then follow up.

**Dane:** Yeah, then follow up. If that doesn't work, try something else. I've never done this, but my buddy Amir Khella is launching this really cool new top secret software app and he's doing this pretty cool pre-sell where – I wish I could tell the niche, but I can't. He's actually advertising within Gmail for people that use a competing product of his.

They say, "Would you like to be able to do this better?" They click the link, it goes to a Landing page, click to sign up, and that's sort of his validation. He's not collecting money with that.



The ways to pre-sell are probably in the dozens. I want to say they're probably endless, but also likely in reality in the dozens. The process of finding that blogger and sending that email, it's just one line. Remember, selling is noble. Start with the problem. Don't go into your solution. "Do you have XYZ? Let me know. Pat." The person is going to be like, "Who is this person and what are they talking about?" They will reply to that email.

**Pat:** Would you recommend getting in contact with them in some way, shape, or form beforehand? Maybe it's somebody who knows somebody you know already, and you can go through that connection instead. Or maybe you connect with them on Twitter beforehand just so that email is not necessarily cold.

Would you say for example, "Hey Dane, love your stuff. By the way, I just sent you an email about something cool. Thought it might help."

**Dane:** That sounds awesome. That's a great idea. Anything to warm it up. Anything that's flow.

There is the whole concept of, "Oh, you've got to cold call, and if you can't cold call you've got limiting beliefs you've got to reverse." There's also just the fact that cold calling is just kind of an interruption for people so it's not always something that feels good, which is why we don't advise just straight-up cold calling.

If you're super desperate like I was, and I didn't know anything else, I cold called for six months, but that's because my commitment to entrepreneurship is greater than death. Because my commitment to entrepreneurship is greater than death and I would not want to live my life unless I was an entrepreneur, I'm committed to do anything.

So we've got idea extraction, you've got your idea, you've found your own pain. You've got sketching the solution, which was the thing for your site. You've got the pre-sell, which are people emailing you because they're seeing this.

Next you've got Phase 4 of building the product. Can you tell me about how you went about building the product and what you spent, if you're able to share and all that?

**Pat:** We spent a total of about \$20,000 kind of converting it over to a fully functional WordPress plugin. That's after testing compatibility and all that stuff. In the initial round, even before the beta launch, knowing that there were some common themes that people use, common platforms, buying those so we can make sure it works on



those and things like that. And just the time for the team to go and make sure it's all well put together and tested thoroughly. It took a lot longer than I wanted it to.

**Dane:** How long?

**Pat:** About three months. I don't know if that's long or not, but again we also had a lot of other things going on at the same time that we were all working on like the podcasts and all this other stuff too. So it probably could have been done sooner, but in terms of man-hours – I don't have those numbers with me right now but it was about \$20,000 to kind of put together. It was really cool because once we started selling it, that first day we were already in the black.

**Dane:** Very cool. Three months isn't bad. It's not wonderful but it's also not bad. What's bad is more like 6 months. If you're up to 6 months in development, oh man, I'm so sorry for you.

**Pat:** This is like you validate the product, you sketch the solution, and you have your customers already probably from people who you helped extract the idea from. Then you collect that money and you send it to a developer. Six months, yeah, that would be a very long time and painful.

**Dane:** It is not a place that you want to be. That's why you want to manage the process correctly so you don't get into that. What do you do if you get into that situation? We advise you in such a way that you don't get into that situation.

**Pat:** Where is the line in terms of features, because I can imagine I extract these ideas, there's a lot of them, then I sketch the solution and I work with these people who are going to be customers and pay for it and pre-pay for it, and they all say they want combined 50 different things. How do I determine what things to include?

Maybe that's a reason why six months is normal for a few people, because they want to include everything. Matt, my product manager, is like, "We need to pick two of these things and go. We can add more later. We can see and validate if these are things we should add, but here are the most crucial priorities. We need to go," so we did.

I don't know if you have any special techniques or ways to grade certain ideas so you can prioritize how many to start with in terms of feature additions, because the sky's the limit in terms of how many things you can add to a software product. But you can also eventually get to a point where it's just like the Swiss Army Knife of a product,



where it's just way too clunky and there's too many things going on, you know what I mean?

**Dane:** Yes, of course we have a process for this, because development is where you can lose your shirt if you don't do this correctly. Whoever Matt is, he's very indispensable to you. Just based on that one thing I would like to hire him, if he's ever looking for work, which I don't imagine he will be.

**Pat:** No, he's mine. [laughing]

**Dane:** [laughing] I feel you on that! That's a smart dude. So that's basically what we teach in The Foundation. You've got to pick a couple of these things and go.

Paperless Pipeline is a product of mine. It's real estate transaction management for a real estate company, the most boring thing in the world. Do I have a passion for real estate transaction management? No frickin' way, but you know what I am passionate about? I'm passionate about solving painful problems. I don't go out and try to find my passion. I go out and try to find a gaping pain. Then when I feel that pain I'm passionate about solving that pain.

When a broker comes to me and they're like, "Dude, I've been looking for a product for three years that just does this, and I can't find it. I have a warehouse full of paper. My office coordinator sprained her ankle because she walks through stacks of paper to get to her desk. It's terrible." When I feel that pain I'm suddenly motivated, so I become passionate about finding pains that are super clear.

That's how Paperless Pipeline was created. The guy gave me the idea by telling me what his pain was, and we built that out. That was the 7<sup>th</sup> product that I built, 7 that I can remember. I've done so much now that sometimes it's hard to remember.

That was about 8 weeks to build the first version of, and that's like my North Star. If you can build a version in 8 weeks you're doing phenomenal. Three months is good, then four to five months is really nervous territory.

When you learn how to communicate and that you can actually be completely honest, and you don't have to trick or manipulate but you can just learn that you can speak with honesty, it's one of the most relieving things in the world.



When you talk with a business owner who's like, "Hey, I want all these features," what you can say is, "Hey look, I'd really love to get this product in your hands right away, but in order to do that we have to strip some features away, so what are the minimum set of features that you would deem worthy enough to pay for this, knowing that we can innovate it over time?" Then they're going to tell you what features they absolutely need.

**Pat:** "If I have to pick two, these would be it," right? Let me ask you, for that 8-week product for Paperless Pipeline, how much did that cost you?

**Dane:** \$8,000.

**Pat:** Then you pre-sold it?

**Dane:** It depends on how risk tolerant you are. If you want to have virtually no risk you can fund it all with pre-sells.

**Pat:** Oh, is the one where I think somebody you knew pitched in to help you with this one?

**Dane:** I've had that happen. I've done it a number of ways. I had products where the first customer will fund the entire development of the product, then they'll get the product free for life. I've also had ones where we give a developer a percentage of net revenues and they build it free. There's a number of ways to do this.

What I want you to know is the world of business and success entrepreneurship is so abundant when you put on these perspectives and you get obsessed and live with this stuff. From this example of Paperless Pipeline what we did was I already had about \$15,000 to \$20,000 a month in revenue coming in from my other businesses, and I didn't want to expend the energy pre-selling it.

I asked the broker if he would pay \$8,000 to get it free for life and he said, "Well, what would it cost me?" I said, "About \$200-300 a month," so he was like, "So I'd make money back in 3 years? No, I'd rather just wait and pay for the product."

Then I was like, "Oh shoot, I've got to pay for this with my own money now," because I didn't want to go out and pre-sell. But because my risk was low, because I had cash at that point, I decided to fund it.



In your case, Pat, you're obviously financially successful. You're okay putting \$20,000 into a software product, but if you don't have the money, if you're sitting there saying, "Well, that's great for you guys, you have the money. What do I do if I don't have it?" if you're asking that from an empowering place I commend you. If you're asking it from a place that makes you helpless, please reconsider how you could shift that.

There are ways to offer net revenue to a developer to get it built for free, because as soon as a developer sees a product with customers that are already paying for it, that's pretty rare for a developer and they get pretty excited about building products that will be used.

This kind of goes into how you hire developers. Developers love working on clear products that are simple, that solve simple problems, that people will actually use. They also like being paid on time. There's a lot of things you can put into the copywriting to attract a great developer, which we're happy to share. So those are three ways that I did it.

**Pat:** That's very, very useful. Thank you.

**Dane:** So we've got building of the product. Going back, initially in The Foundation we start with mindset. Mindset is about getting our identity right, putting on the hat of an entrepreneur, embodying that identity, reversing limiting beliefs, becoming emotionally aware, becoming aware of the gaps and the dips of entrepreneurship, and learning how to love the process of entrepreneurship.

For me, when I knew that was totally free, Pat, was when I loved working on my business more than the freedom that it created. I am so obsessed with entrepreneurship and so obsessed with working because I love it so much that I actually love that more than the freedom provides. So you put on these hats where you get into these kinds of states.

Then you've got the idea extraction. For idea extraction you've got finding your own pain, sketching your own solution, putting it on a blog, pre-selling, which is sort of what you did with the emails – not quite, but close enough. Because you had the cash, you have the risk tolerance and ability to be a little bit more lenient in this area. Then you went and built the product, which you did in three months. It's not great but it's good.

I would actually sometimes say in some cases it's pretty great. Like you said, it took a little longer than you thought. I would have loved to see if you could do it in 8 weeks.





Those are the projects where you're doing something really, really right. If you can build a product in 8 weeks that you have a paying customer for in advance, that's the Holy Grail. That's what you're looking to do.

Then the next phase would be growth, where you're growing the product. What are you doing in terms of growth to grow this? Or do you want to talk about how you found your developer for a minute?

**Pat:** Yeah, it's an interesting story. We worked with a developer and we got really lucky in the process too. He worked on a lot of my other stuff before and he wanted to take on the role of developing this, so we got these sketches and finalized sort of version 1 of that and we just kind of gave it to him. This was somebody who was already on my team.

Halfway through the process, after sort of the first couple rounds of beta opened – or champion users – then he ended up leaving because he had some other things to do. We got really lucky because another developer that I have on board who was mainly used for the back-end stuff – server authorization and speed and things like that – he wanted to take on a bigger role but we didn't have anything for him until this opened up.

Now he's come on board to be the lead developer for this, and he's just been amazing and we're so thankful to be working with him. Again, I got very lucky in that regard that I had people on my team already working.

I've also kind of done software in the past in regards to iPhone apps. It's not quite the same thing, but maybe it is. I've had ups and downs with finding developers there as well. I remember my very first app that I created with my buddy back in 2009. This was again iPhone apps. We went on [Elance.com](http://Elance.com) to find a developer.

Because we were so excited and we were young kids at that time, we got like 5 or 6 developers saying they'd want to work with us on our job to build this app within 24 hours and we picked the lowest bidder. So we ended up spending three times more money and three times more time than we had initially expected, and we learned a lot from those mistakes as well.

Then we went back on Elance and did our homework and waited a few days, and actually communicated with the people who we were going to be working with potentially, looking into their portfolios, seeing how many repeat customers they've had



in the past, which is a sign that they were good. We found somebody from Russia who turned out to do really well for us and became sort of one of our lead developers for all the other iPhone apps that we created as well.

I don't know what people listening to this can take away from that, but that's sort of been my experience with developers.

**Dane:** Pat, your mind is such a blessing to the world, I just want to say, because even as you're saying that you're wanting to make sure it's useful to people, so I just say thank you for existing and having that kind of mind.

**Pat:** That's why I'm here, man. That's why we're here today.

**Dane:** What I'm hearing from you is that finding a developer is a challenging process. Developers are the hottest thing in the market right now. If you wanted to make a guaranteed six figures you could go to a development school that exists, then likely get hired and earn a six-figure salary if you felt called to be a developer.

I don't feel called to be a developer, but I feel so grateful for them. Sometimes I feel like it would be fun just to know because I feel so helpless about software. I don't have the foggiest clue about how this works.

One thing that I would recommend is to go to [Meetup.com](https://www.meetup.com) and look for local Meetups in your area of software developers that are either programming in RubyOnRails or Django or PHP.

You don't really need to know what they do, but if you look at those three languages and you find Meetups where these developers are going to hang out, you can usually find a really smart, really technical guy that's so good at programming that you might even end up giving him a technical co-founder position.

You can go to these developers and they're so passionate about helping you. You can go in there and be like, "Look, I've got this idea, I've got this pain, I've got this pre-sale, and I want to build this software, but man I'm completely clueless. I don't even know where to begin. Could someone help me?"

**Pat:** I'm on Meetup.com right now and just looked up Django.

**Dane:** Actually, RubyOnRails would be my first pick.



**Pat:** Okay, so I'm searching for RubyOnRails and I see SD Ruby Enthusiasts, 613 Rubysts, and they're meeting Thursday Feb 5, and there's plenty of them going – interesting.

**Dane:** Those Meetups are actually really fun to go to, in my experience. I've only been to one or two.

**Pat:** You don't have to be a developer to go?

**Dane:** No. I wasn't. I don't know what all the rules are. That would be funny if they make you do like a programming test before you can come in. "You cannot come unless you..." – and then you're like, "Thanks for that advice." That's a good question. You might want to ask about that, but my experience is that people that love what they do want more people to do the same.

I would really recommend going to something like that to get the in-person comfort of it. Guys, you can literally be helpless and literally be clueless and hold your hands up to the developers and be like, "I so badly want to build a software business, and I know how to get ideas. I know how to get sales. I know how to get a UI put together," because you're learning the skills of the software business within The Foundation, or you can learn it in other places too. The Foundation isn't the only place for that.

You go in there and say, "But I just don't know how to build the software and I really need help with that." You will get people that are so eager. In my experience, that's what's happened for me. That's one real simple practical way to find developers. There are others.

You found results on Elance. People find results on Odesk. Developers are a challenging breed. I recommend trying out a Meetup.

**Pat:** That's interesting. Then you can meet them in-person and kind of understand them better than behind sort of an avatar online.

**Dane:** This comes down to what are you standing to represent in the world? Are you just wanting to make \$10,000 per month so you can then just go and do whatever it is you want? If you want that kind of business you can do it, but if that's your goal from the get-go you want to be really clear about that. You want to be clear about that with the developer.



If you want to put a dent in the universe, if you want to change the world, if you want to leave some sort of legacy that's really calling for you, then you want to know that from the get-go too.

Maybe you just want to get your basic needs taken care of. Let's say you want to make \$10,000 or \$20,000 a month initially. Then you get your basic needs taken care of and then you realize there's something more for you.

That's what I find most entrepreneurs are doing these days that I meet. They get into entrepreneurship for selfish reasons. They want to make money for themselves, and then they usually shift into being very service-oriented and wanting people to have the same. Whatever you're wanting is perfectly okay.

I also want to say that whatever you want is okay to want. If you ever want something and someone asks you why you want it, your answer is, "Because I want it." As soon as you go into justifying what you want you lose the power of the want.

"I want \$10,000 a month."

"Why?"

"Because I want \$10,000 a month." Experience how that feels.

"Why do you want \$10,000 a month?"

"Oh, I want to travel, I want this, I want this," versus staying in the power of "I want what I want because I want it." When you can stay in that frame, your dreams that you have in your life are sacred. Your desires are sacred and what you want is sacred and it can be whispered away within a whisper. That's how fragile they are.

When you're talking about your ideas and what you want around people who don't support you, and you haven't built that into success or sustainability yet, that idea is so fragile. I want you to know that the desire that you have sitting inside of you for freedom, the desire that you have for more, there is an answer that exists in the universe because there's a law of balance, a law of yin and yang in nature.



There cannot be one vibration without the matching vibration of another, so that desire that you have for what you want inside totally exists. That's why it's in you and you can go and create it. You want it because you want it. Sorry for the little tangent.

**Pat:** It's okay. Let's kind of bring it on home here, Dane.

**Dane:** Let's land the plane. You've already got the mind, Pat. You're committed. You're just committed no matter what. Does that fit for you?

**Pat:** Always commit.

**Dane:** Yeah, always commit, such a simple answer.

**Pat:** How many words did you just say? And I'm like, "Always commit."

**Dane:** Always commit. If you have fears or identity-based issues around committing to something because your fear of failure is so great that you don't want to commit, that can all be corrected with some subtle – or maybe in some cases drastic – identity shifts. That's all possible to change.

You get in the mindset, you get your mind right, then you go into idea extraction. You go and find a pain to solve. Then when you find a pain you can sketch the solution. Maybe the pain is a workout facility that's like CrossFit, but maybe my pain of CrossFit is I injure myself so much, so maybe you come up with CrossFit...

**Pat:** In water.

**Dane:** In water, right? Who knows? Maybe you sketch that solution, so you kind of draw out what that facility might look like, how it might look, and then you can present it to people and pre-sell it and get them to be the first members to ever experience this kind of a workout, and have them pay in advance.

Then you can go out and sign a lease and then put a place together. Or maybe you just go out and rent an existing studio to keep your costs low. Then once you've got it launched, then you're ready to grow.

This 5- or 6-phase framework literally enables and empowers and levels the playing field of entrepreneurship so that you're able to start something from scratch and repeat it over and over again and make it inexhaustible.



Pat, that's what I want people to get from this. This is so much more than software that you build. With that, before I go into the final close I'd like to ask you is there anything that you would like to leave people with today?

**Pat:** For people who are listening to this and they're excited, they want to dive into software or maybe they are already but just kind of aren't sure what their first steps might be, what would you say to them, because we've talked about a lot here obviously. Yes, step 1 is the mindset, but what is that literal first step that they can take?

**Dane:** Step 0 would likely be to join The Foundation, but only if that's a fit for their situation. There are other programs out there. You can find one that maybe fits you. The Foundation is the only place I know that provides the other content with the community, with the coaching, with the limiting beliefs and helping you get unstuck.

Really what I'd encourage people with is even beyond software, if you wanted to be part of The Foundation, for example – and it's okay if you don't – you could totally be a part of the program and use this framework to build more than software. I don't care if you build software. I care that you're happy and that you're building what you want.

If people do have an interest in learning this model of entrepreneurship and how it applies to software and maybe even using it for something else, we'd love to have you apply for the program. You can go to [TheFoundation.com](https://TheFoundation.com) and click on Apply there.

There's one thing I wanted to give people to give them an endless supply of ideas to solve, too, but I wanted to have you chime in for a second first.

**Pat:** Thank you for that, Dane. I don't want anybody to think that this is purely an episode that's a pitch for The Foundation. I am friends with Dane, obviously, and I know a lot of people who have graduated from The Foundation. I know it works, but I know it's also a huge commitment as well. This isn't sort of a low-level online membership site sort of thing.

**Dane:** This is like your life will never be the same, you better gear up for it, 6 months.

**Pat:** Right, it's a huge undertaking and it's not for everybody, but I also want to say that it has been life-changing for many people. I'm not an affiliate. I don't get anything for sharing this with you. I just love what Dane's doing here. It's a different approach



than a lot of the other things we talk about on the show so I wanted to share that with you.

Why don't we close out, Dane, and we let everybody enjoy the rest of their day.

**Dane:** Yes. Real briefly, there is a way that you can find an endless stream of painful problems to solve, and that stream is inside someone's email inbox. Within an email inbox, basically every email is a problem waiting to be solved. There's an approach and a framework for going about that, and some questions that surround it. You can't just go into an email box. You need to know a few things.

What I'd like to do is offer that free just for your listeners at a special URL at [TheFoundation.com/pat](http://TheFoundation.com/pat) so they can get the full instruction on how to implement that correctly.

**Pat:** I thought you were going to be like, "Let me go through your email inbox and I'll help you figure out...."

**Dane:** I won't do it right now, but that's essentially what you're doing.

**Pat:** I know, but you Dane are not going into everybody's email inbox, right?

**Dane:** No, there's a number of ways that you can do this. You can do it on the phone with someone and say, "Hey, just read the top 3-5 emails or scan through your email inbox and tell me the ones that you dread replying to." There's a lot more to it.

You can actually even turn this into an income stream and become an email inbox consultant and get paid to help people reduce their inbox while you're helping them solve problems to build a scalable product later.

**Pat:** That's really interesting, and my assistant Jessica would probably be really good at that because I pay her to help me with my inbox and she was thinking about potential business ideas. That's kind of interesting, actually.

But I just want to make sure this thing that you're giving to everybody listening wasn't, "Hey, I will go through your email inbox." You're helping people discover how they can go and dive into other people's inboxes – not literally like get granted access into there, but just have conversations where they can discover what's there, right?



**Dane:** Correct. And now I've got to go make that thing for people, but it will be there and I hope that people enjoy it.

**Pat:** That's at [TheFoundation.com/pat](http://TheFoundation.com/pat). Cool, Dane. Thank you again for coming on the show. For those of you who haven't heard Dane before and you want to listen to more of him, you can check him out on [SmartPassiveIncome.com/session46](http://SmartPassiveIncome.com/session46) or also [Session 85](#).

This is Episode 149. The show notes will be available for you there at [Session 149](#).

Dane, thanks again for all you do and all the inspiration and all the great students that you have in The Foundation as well. Good luck to everybody. We'll have to have you on again. We had you on in 2012 and 2013. We missed 2014 but here you are in 2015, so we'll see where we go from here.

**Dane:** I'm happy to serve your audience for days.

**Pat:** Thanks man, appreciate you.

**Dane:** You too.

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**Pat:** Thank you so much for listening to that interview of me. Thanks again to Dane Maxwell of TheFoundation.com for doing that. It was actually his idea and I thought that was pretty cool and something a little bit different.

For those of you podcasters out there, I know a few of you have done this already but it was actually a lot of fun. I think you might want to challenge yourself if you have a show, and I know a lot of you do, to have a guest come on and interview you.

Some of you might remember [Shane and Jocelyn Sams](#) from [Episode 122](#). They do this on their podcast every once in a while, but they have somebody who's in their audience come in and interview them to sort of dig into their brains and figure out how to help this person, and I think it's a really cool idea.

Again, just flipping the switch a little bit, changing things up. That's how you keep things going and keep things interesting, and hopefully this episode was interesting to you.





Head on over to the blog. Go to [SmartPassiveIncome.com/session149](https://SmartPassiveIncome.com/session149). Enter your comments there and we'll see what happens. I'd love to know what you thought about this, so let me know what you think. Thank you so much for listening in today.

I also want to thank today's sponsor, which is [FreshBooks.com](https://FreshBooks.com), the super easy to use cloud accounting solution that's going to help you organize all of your business finances. 5 million small businesses are using FreshBooks to help organize their finances, and you should too.

It's one of the things I wish I had gotten involved with sooner because I was using things like Excel to keep track of spreadsheets and keep track of finances back in 2008. FreshBooks just makes it so much easier. And guess what? They're giving away a 30-day free trial for all SPI listeners.

If you go to [FreshBooks.com/spi](https://FreshBooks.com/spi), then during checkout use the code SPI, you can start your 30-day free trial and check that out. Again that's [FreshBooks.com/spi](https://FreshBooks.com/spi) and use SPI in the "How did you hear about us?" section.

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Quit with all the headaches with your finances. Go to [FreshBooks.com/spi](https://FreshBooks.com/spi) and enter SPI in the "How did you hear about us?" section. Awesome! Thank you so much to FreshBooks.

Thank you so much to all the listeners out there. I appreciate you so much, and we'll see you in the next episode of the Smart Passive Income podcast, where it will be just me – not me interviewing somebody, not somebody interviewing me, but just me talking about my new morning routine.

Those of you following me on social media know that I've sort of switched up my schedule. If you've listened to the podcast before you know that I'm a night owl, and switching to a morning routine was not easy, but I'm going to tell you and show you exactly how I go about my day now, and just the drastic change that it's made in my life. I can't wait to share it with you. Thank you, and I'll see you on the next episode.



Again, show notes for this one, and a place you can leave comments is at [SmartPassiveIncome.com/session149](http://SmartPassiveIncome.com/session149). Cheers! Thank you so much and I'll see you on the next episode. Peace.

**Outro:** Thanks for listening to the Smart Passive Income podcast at [www.SmartPassiveIncome.com](http://www.SmartPassiveIncome.com).

## **Links and Resources Mentioned in This Episode:**

### **Dane Maxwell's resources**

[TheFoundation.com](http://TheFoundation.com)  
[PaperlessPipeline.com](http://PaperlessPipeline.com)  
[AgentCareCenter.com](http://AgentCareCenter.com)

### **Pat Flynn's resources**

[SPI podcast #46](#)  
[SPI podcast #85](#)  
[SPI podcast #82](#)  
[SPI podcast #138](#)  
[Smart Podcast Player](#)

[Ask Pat podcast](#)  
[FoodTruckr.com](http://FoodTruckr.com)

### **Other resources**

[Hal Elrod](#) and [The Miracle Morning](#)

[Dan Corkill](#)  
[Followup Boss](#)

[Carl Mattiola](#)

[Elance](#)  
[Meetup](#)

Shane and Jocelyn Sams – [SPI podcast #122](#)



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