



**SPI 284**

# Crowdfunding Secrets for Success with Clay Hebert

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Pat: This is The Smart Passive Income Podcast with Pat Flynn, session number 284. Let's do it.

Announcer: 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—he used to have a problem reading the last page of every book first—Pat Flynn.

Pat: Welcome, and thank you so much for joining me today in this session of The Smart Passive Income Podcast. I'm really excited because we're going to be talking with somebody who I've gotten to know over the last year. He's awesome because he's helping several different people across all different niches with their crowdfunding campaigns. He's a crowdfunding expert. His name is Clay Hebert, but it's spelled H-E-B-E-R-T, but it's pronounced Hebert, so go Bears. Anyway, Clay Hebert. He's awesome. CrowdfundingHacks.com, but you know what? The URL for today's episode to get more information from him is ClayandPat.com. Actually, we talked so much about some of the ins and outs of these campaigns that I think it's going to inspire a lot of you to potentially get your idea up on Kickstarter so you can have people support it, gain new exposure, and all those kinds of things, and we are actually going to be talking in more depth later on in a webinar so you can get your questions answered and all those kinds of things. Plus, I'm actually going to be poking his brain even more specific to some of the Kickstarter-related things that I'm going to be doing related to a physical product that I'm coming out with. So if you want to learn more about that, the URL is ClayandPat.com.

Anyway, the way that I met Clay was pretty awesome. We play basketball together, and we are both around the same size. I think he may be a little bit taller than I am, but typically we play basketball with a lot of tall people, and he and I are always guarding each other, and he is just a shooter from the outside. He's just always scoring threes, and it's always fun to battle Clay, and he and I have gotten to know each other very well through that, and I'm just really excited to have him on the show. So let's cut the fluff, and let's go right into it. Here we go.

Clay, what's up? Thank you for coming on the SPI podcast. Thanks for being here.

Clay: Thanks for having me, Pat. I've been wanting to do this forever and super stoked to be here.

Pat: I've been wanting to do it forever too, especially because I've gotten to know you mostly through the basketball games that we've been playing together here in San Diego before certain events. Clay's a great guy. He's only pushed me and shoved me a couple times, but he always extends his hand to pick me back up which is cool, so that's why I love him. But anyway, as many of you know, it is crowdfunding month here on SPI which is really great because I know a lot of you are thinking about running your own Kickstarter and Indiegogo campaigns and GoFundMe campaigns. But me, personally, I'm going to be doing one very soon related to this physical product that I'm going to be launching that is currently, on the date of this recording, it's actually being tested with the 21 beta testers out there. And the big idea is to validate the process to get it to a point where it's fine-tuned, and then go big with a Kickstarter campaign to not only make money through that, but mostly to get the exposure.

So Clay, welcome to the show. Thank you. I want to talk all things crowdfunding and things like that, but before we get to that can you talk a little bit about where you came from, what you did before you got into Kickstarter and crowdfunding?

Clay: Yeah, absolutely. I'll keep it short, but my first career out of college was at Accenture doing big corporate consulting at Accenture, which I believe now is the largest consulting firm in the world, and believe me, it felt like it. I think now they have over 400,000 employees which is more like a nation than a company, but it was great for a number of years. In 2003, I was about halfway through my time there, and I was flying through O'Hare airport on a layover in between two different client gigs and needed another book to read. So I dashed into the bookstore, and they were calling my name, so I just grabbed the quickest book I could find, and it was

Purple Cow by Seth Godin, and that book totally changed how I thought about business. I didn't have a Jerry Maguire moment and quit Accenture the next day. I just said, "Oh, this is great." I felt like this was the secret scrolls of innovation that we hadn't found as a firm, and so I spent a number of years trying to bring that kind of thinking inside of this huge monolithic organization, and that's not really how they're set up or how they're set up to succeed.

So end of 2008, I was living in San Diego. I was nine or 10 years into the career at Accenture and trying to do more with marketing and creativity and entrepreneurship and things like that, and Seth blogged about an opportunity to study with him in his office. So I applied for that and was fortunate enough to get into that, which meant I had to pack up my life in San Diego and move to New York and did that for six months. Got to sit at a table with Seth and learn from the firehose for six months and then ended up staying in New York until about April of 2015. After that program, I quit Accenture, hung out a shingle. Started helping, initially, authors, then entrepreneurs, then smaller companies, medium-sized companies, and eventually bigger companies with marketing strategy, really. Just figuring out marketing. In 2009, 2010, '11, it was a lot based around social media. People wanted to figure that out, and now it's less about the tactics and more about just really figuring out the strategy.

Marketing strategy is really what I do. The Kickstarter and the crowdfunding stuff started in about 2013. A friend of a recent client called and she said, "Help. My Kickstarter is not getting funded." It was already live and I was in Hawaii, and I was like, "Well, I'm kind of on vacation. I don't really want a small client." And she's like, "Okay, that's fine. Just take a look at the video." And she sent me her campaign. It was already live and the video was just a tearjerker. It was for a documentary film called Gold Star Children, and the term Gold Star Children is about children who've lost parents at war, and the producer and the creator is a woman named Mitty Mirrer. She lost her dad in Vietnam just hours after she was born, and she was making a film to connect her generation with the current generation of kids, and so it was this amazing, awesome cause and everything. I was like, "Okay, cool. I'll help you."

That was my first Kickstarter campaign that I helped, and with very minimal strategic marketing, we were able to quickly turn around her campaign and get it funded so she could finish her film. Then the film went on to win a bunch of awards and things like that. That was my first introduction, but then as it happens, as you know well . . . then I was talking to a friend literally over a basketball game, like you mentioned, and he said, “Oh, my friend Slim is launching a Kickstarter next week. Maybe you could help him.” And then as things happened, it just snowballed, and one turned into two and five and ten, and it really just snowballed from there.

Pat: How many entrepreneurs have you helped thus far?

Clay: A year ago, it was at a nice round number of 150 campaigns and \$50 million, but then I kind of stopped there because it was a nice round number. And I think now, if I look back at the spreadsheet, it’s over 200 campaigns and about \$70 million, so it’s been a lot of fun to help these creators. And that level of help . . . Sometimes it’s a one-hour phone call, and sometimes I’m more involved in the project, but I have touched that many campaigns on some level.

Pat: That’s really cool. For those who are listening and they might be thinking, “Oh, well this Kickstarter thing, that sounds great. Why would I even want to invest and putting time and effort into that where I could promote it elsewhere?” Why, from your mouth, would you say going down the crowdfunding campaign is really the way to go?

Clay: It’s a great question. There’s actually a number of reasons why someone might want to do crowdfunding as you alluded to earlier. You’re not doing yours because you’ve got no other way to fund this project. You’re doing it for validation, for exposure, and things like that. There’s a whole list of reasons why one might want to do it. Validation is a great one, although on the validation piece, I just want to make a quick point. Much like your excellent book, *Will It Fly?*, validation on Kickstarter and crowdfunding is not just about slapping it up there and crossing your fingers. There is no validation if you just post your campaign. You have to do all the steps that

you talk about in your book. You have to do the premarketing. You have to find your tribe. You have to find the people that care. Then if you do that and bring them there, then the validation counts. Just posting a project . . . it's not like there's this magic jury of a million Kickstarter people waiting to look at your project and deem whether it's worthy or not. You need to bring the appropriate tribe.

I always say, 99.9% of people do not care about your project, whatever it is. That's not bad news. That's actually good news because it allows you to focus and find the 0.1% of people that do care. So validation is one reason. Most people do it for the funds because they need or they want the money that's associated with it, but you make a very good point, and your whole audience is very attuned to this. Doing it on crowdfunding is a choice. And it needs to make sense, because certain people know how to post something online, or create a Shopify store, or do something else, or launch something else, so the benefit of doing it via Kickstarter has to be worth it. I always say the phrase of, "Is something a good idea for crowdfunding?" A creative project with a beginning and an end in which something new gets made and shared with a tribe of people that you can identify and build permission with before you launch . . . That was a mouthful so I'll say it one more time: A creative project with a beginning and an end in which something new gets made and shared with a tribe of people that you can identify and build permission with before you launch.

If you look at Jeff Sheldon's recent campaign for Gather, a really cool Apple-esque desk organizer, it fits all of those things perfect. It was a creative project. He was making this new kind of thing. It had a beginning and an end. He actually ran his campaign for 60 days, and we can talk about campaign duration and things like that. It ticked off all those boxes, and if you look at . . . let's take an extreme example like accounting services. I've literally, over the years, had people reach out to me and like, "I want to promote my accounting business on Kickstarter." I'm like, "Why? What are you doing? There's no creative project. There's no beginning and an end." So that's the little checklist.

Pat: Okay, so creative, beginning and an end. You mentioned tribe a few times. Do you have to have a tribe before you go up on Kickstarter or crowdfund? I think a lot of people might be like, “Oh, well, I don’t even know where to start in terms of reaching out.” Is it just simply putting it up there going to help?

Clay: Here’s what I say about that. If you want to raise any substantial amount of money . . . If you’re trying to raise \$200, maybe you don’t need a tribe, and enough people are going to find you on Kickstarter. But in general, the Kickstarter audience is not your audience, so the short answer is yes, you need a tribe. The caveat to that is, depends how much you’re trying to raise. Depends how else you might promote it. We all know people who maybe don’t have a big tribe themselves, but they have a lot of relationships and people who might promote it for them. Or there’s this concept I call “flash press and cash press,” and we can get into that, but basically, the thing I’ll say about how much traffic and backers the platform themselves brings is, the platforms are not free money in the sense of . . . You’re not going to slap up a Kickstarter campaign with no tribe and no promotion and raise any substantial amount of money because the right people are not going to see it.

The people on the other end of Kickstarter, like I said, 99.9% of them don’t care about your thing, but it’s actually very easy to go find your tribe. Find the subtribes of the people who care. One of the things I teach is, define all the subtribes. So we’ll pick one of the campaigns I helped years ago was this really cool cooking iPad app called Panna. This guy named David Ellner was a music industry executive. He retired, and he got Thomas Keller’s cookbook and he made buttermilk fried chicken, Thomas Keller’s famous recipe, and it was amazing, and he was blown away that he actually cooked something that tasted so good. But what he wanted didn’t exist. He had his cookbook. He had the iPad. He had his laptop with YouTube and he had flour and chicken all over the counter, and it was a mess. He said, “I want one app where Thomas Keller himself makes his famous recipe of his fried chicken. I want him cooking it on the video. I want the recipe right next to it. I want to be able to order the ingredients . . .” So he created what he wanted to exist, and

basically, he didn't have a tribe of people. He was completely new to that game. He was not in the cooking game. He was not in the iPad app development game.

And so we worked with him, and one of the things I helped him with was I said, "It's easy to find these food bloggers to build your tribe. You don't have a tribe," and as fast as he wanted to launch, he wasn't going to take the time to build an email list. I said, "But if you think about these food bloggers, you can't just email them, tug on their sleeve and say, 'Hey, will you please write about my thing because I want you to?'" That's obviously the wrong way to do things, as you teach.

I say, develop the win-win. What's the win-win? So I said, "All you have to do is tweak it a little bit." Panna is a \$15 a month subscription, or something like that. I said, "Go to these food bloggers. Tell them what you're working on. Say, 'How about this? You get a lifetime subscription to Panna.' So if you're a food blogger, say a medium-sized food blogger, you get this lifetime subscription to this beautiful magazine with all these chefs, so that's great." And I said, "If you give one away to your audience, you can run a contest on your blog. You can do whatever. And then here's all the creative assets and the photos and the videos and the GIFs."

So I was like, "Now instead of just asking them for promotion, you've solved the problem that every blogger has, which is they need new content and they need to add value to their audience." So he basically hands them the new content on a silver platter, and then the value to their audience is they get to run a really cool campaign, and then the blogger themselves gets a lifetime subscription to this app and one to give away to their people. So with some small tweaks that really wouldn't have cost them anything, then he's able to get a bunch of food bloggers onboard. So the subscribers in that case are food bloggers, super hardcore foodies, but then also iPad app early adopters.

As you know, there's people who buy every cool, new, hip iPad app. They look at the newly released top store, that kind of thing. Also



fans of specific chefs, like I would have Mario Batali as a subtribe for that. I'd have Thomas Keller as a subtribe for that, and I'd go on those forums and Twitter accounts and things like that and follow people. Defining the subtribes is step one. If you don't already have a big tribe like you do, they need to define their subtribes. And that's the . . . who are the 0.1% of people who care, and where are the pockets where they live online?

Pat: Nice. Super actionable. Thank you. Step one, define those tribes and subtribes. What would then be step two after that point?

Clay: The three steps that I say, at a high level . . . You have to decide to lead, which is decide that this is an important project, and you're going to do it, and you're going to step forward and be the leader, which is just more of a mental thing, but it means when you hit a roadblock that you're going to go through it. Then you find your tribe and find your subtribes. Figure out where they live online.

I'll give one more quick really good example of this. I'm not a big cat person. I'm more of a dog person, but one of the campaigns I helped was called Kittyo, K-I-T-T-Y-O, and it's just the best example of finding your tribe online. Lee Miller built this . . . He came to me, and he was going to launch Kittyo on Kickstarter, and I said, "Yeah, it's a really neat device." It's a tower with a laser and a speaker, and you can play with your cat when you're not home via an app. It's really cool. But I said, "You have to do all the premarketing." I said, "How many emails do you have?" And he said, "I have two." I was like, "What do you mean you have two emails?" I was like, "Did he just put up his landing page today or what?" He said, "I use one for work and one for personal." I was like, "No, not how many emails do you use." I said, "How many . . ." And he literally didn't know. He literally said, "What's a landing page?" Et cetera, et cetera.

So I worked with him, and we built a really great landing page. He had great branding assets and things like that, and I fixed all the copy. We created this page that converted at 40% when it was promoted in the right places, so then over six months, he gathered 13,000 emails. And then when he launched, he was funded in 36

minutes. 200% funded on the first day and raised \$270,000. And he was, like some of your listeners, literally starting from scratch to the point where he had two emails. One for work, one for personal.

Pat: That's so funny.

Clay: But the point was one of the sites where we promoted this landing page was a site called Hauspanther. It's H-A-U-S-panther, and the tagline for Hauspanther is, "The premier online magazine for design-conscious cat people." And it's obscure, but it's one of the best examples I have of saying, "You build your landing page and then you have to go find your version of Hauspanther." Where is the niche of the internet where the super crazies of the people that are interested in your thing hang out? And because I'm a dog person, I've never heard of Hauspanther, and they don't have millions of views every month, but they have, let's say, 50,000 views, so then you go back to this win-win. On Hauspanther, they do a product giveaway every month. That's one of the things they do. One of the post types they have is to keep their people engaged. They say, "Enter your email to win this product." So he was able to slide into their editorial calendar in the way that they wanted and said, "Hey, will you do a giveaway for Kittyo?" And he got 2,000 emails in a weekend.

He was starting from scratch, and over six months he was able to build this great tribe to launch his product, but the point is, most people don't do the work of finding "What's your Hauspanther?" What's your site with 20- or 30- or 50,000 uniques where every single person who goes to Hauspanther is interested in Kittyo? As opposed to . . . That's what I call cash press. The more niche bloggers, not super tiny. Not five visitors a month. But the small- to medium-sized blogs where it's super-targeted, because Lee Miller was also on The View with Whoopi Goldberg, and we get taught that oh, big media. New York Times. The View. Et cetera, et cetera.

That's what I call flash press. It's flashy, and certainly if Whoopi Goldberg calls your product her favorite product of the year, it's not going to move a bunch of traffic at you, and it's because people don't go to Whoopi Goldberg for cat devices. They go to

Hauspanther, but it's good, as you know, social proof—where you cut out that testimonial, put it on your landing page, put it on your Kickstarter page, and then the people that you bring from the other channels, it'll be the social proof where people say, "If it's good enough for them, it's good enough for me." It's like when you and I see movie trailers. Let's say pre-roll on YouTube, and it says, "Best action movie of the year, Rolling Stone." When's the last time you or I read Rolling Stone magazine? But they still use it as, "If it's good enough for Rolling Stone, it's good enough for us to see." It's a trusted source. It's social proof.

Pat: That's cool, and I'm looking at the Kittyo Kickstarter page. 2,400 backers pledging over \$271,000 to help bring his project to life. That's pretty incredible, and then the other one you mentioned earlier, Panna. The pledge goal was \$25,000 and it reached \$34,000, so that's awesome.

Clay: David, I handed him this great food blogger strategy, and he's like, "Yeah, that's a good idea, but I don't have time to execute it." I'm like, "All right." I was like, "That's going to be the difference between raising \$35,000 and raising \$300,000." The strategy was there, but he needed to launch the next day or something like that so he didn't execute it.

Pat: He still reached his pledge goal. Speaking of, how do we know what our pledge goals should be? I've seen many different projects have many different goals. Part of me feels like you should just make it pretty low so that you can get access to it, because at least on Kickstarter you don't get access to that cash until you meet that pledge goal, but wouldn't that make you just want to make it like, a dollar?

Clay: You're thinking about it completely right. You want to set your funding goal low, but there's a couple different reasons why you want to do it. You want to set it low, but it depends on your actual costs for the project because the worst thing you can do is raise money, get your project funded, and have that not be enough. Let's just take a physical example. Let's say you're building a new

kind of drone. The SPI drone or whatever. If you need \$100,000 to place the order for the factory in China to deliver the drone, you don't want to set your funding goal at \$20,000 because then you'll end up in a spot where you've raised 50 and the backers think your project's funded, but you don't have enough to actually make it happen. So you have to figure out your hard costs, what you actually need to make it happen. The big psychology play here is with donation-based crowdfunding . . . We're talking about rewards-based crowdfunding. With donation-based crowdfunding, like GoFundMe projects or a well in Africa or somebody has cancer or medical bills or things like that, with those kinds of projects, people tend to slow down their donations once they hit the goal.

If you think about any kind of fundraiser, a Pencils of Promise gala or something like that. If they say the goal for the evening is a million dollars, and they get a bunch of people and then you hit the million dollars, the donations tend to slow down because they say, "Great, we hit our goal. We did our thing." When it's a physical reward, when it's a rewards-based project and you're getting a drone or a hoodie or an app, you actually want to get it funded sooner, and then people will blow past the goal.

If you look at any of the top funded Kickstarter projects it's not that people say . . . They're not donating to Eric Migicovsky because they think he's a nice guy. They want their Pebble Watch or they want their Coolest Cooler or they want their Bebo hoodie or whatever it is. With rewards-based, it turns into a store. With donation-based, if it's a cause-based thing and there's not really much of a reward, then it's, "Let's everyone get together so that we can hit the funding goal." In rewards-based it's, "Let's blow past the funding goal."

The other reason you want to set your funding goal as low as possible—again, don't get yourself into manufacturing cost issues—is because you can manufacture a bit of a press story. The press needs more and more reasons to write about your crowdfunding campaign. In 2010, 2011, 2012, crowdfunding was new enough that just an interesting project on crowdfunding was enough for the

press to write about it. Now of course they've been deluged with requests for promotion, so you need to figure out what's the hook and, basically, who are the press outlets that you even want to write about your thing, but then what's the hook? And one of those additional hooks, one additional drop in that bucket can be funded, and just like Kittyo, funded in 36 minutes. I helped a campaign just a few days ago. Kind of a unique, niche little campaign that's still live called Cartoontropolis, and it was get a digital . . . So you get a digital cartoon version of Pat Flynn, and then you could put yourself in this Cartoontropolis city which kind of looked like the posters of the Simpsons with all the characters kind of thing.

Pat: Oh, cool.

Clay: Yeah, it was a neat little thing, but we architected it with a really low funding goal so that he was funded in the first day, and then he can use that to flip and go talk to local press and say, "Hey, this is this interesting thing." But you're not going out begging saying, "Please write about me because I need to hit my funding goal." You're saying, "Oh, don't worry about. We were funded quickly." By setting your funding goal low and hitting it quickly, you can manufacture a press story.

Pat: That's awesome. There's so much involved with this. I could see why hiring somebody like you to help manage the campaign would be really helpful, but higher level for people who can't do that, what are some of the biggest mistakes that people are making with their crowdfunding campaigns right now?

Clay: The biggest mistake I see is just that overarching one we touched on earlier which is thinking that just by crafting a campaign and publishing it on Kickstarter that magically Kickstarter's going to bring you the traffic and backers. I always say, like I said, it's not free money, but it is free to use, and what I mean by that is the platforms charge 5%, and they bring you more than 5% of the traffic and backers. Now they're not going to bring you 85 or 90%. They're probably not even going to bring you 40%. I always say count on 10 to 15%. That's usually a pretty solid and conservative estimate,

and you know what? If it ends up being 30 or 40%, that's great. The biggest mistake is don't count on the platforms for the traffic and backers. Build the tribe ahead of time, and if Lee Miller can do it in six months starting with zero emails, you can too.

The second biggest mistake I see is a lack of clarity about what the thing is and why people will benefit. The best Kickstarter campaigns have what I call instant clarity, as in, everything from the title to the video, which . . . we can talk about the video, but the video should be two minutes or less. Right around two minutes ideally, even shorter, and then really clear rewards and pricing. People get clever, and as you know, most bad marketing and most things that are named poorly, the person got a little bit too clever.

As an example, I've seen a bunch of people submit rewards based proposals with oh, the Mad Hatter level and the Alice in Wonderland level, or whatever, and you're making your reader read the additional copy as opposed to just literally saying the three pack. Three of everything, or whatever, so I always implore clients to be as specific and clear as possible throughout the whole thing. We'll do a whole run through of the campaign and say, "Is the title extremely clear? Okay, now let's pretend it got shared on Twitter and Facebook. Is the title so clever that if it was shared by itself without the link . . . pretend all they saw was the title on Twitter or Facebook. Would it make sense?"

Part of it's about giving up the cleverness of the writing of the copy, and another little trick on Kickstarter and Indiegogo: You can kind of get away with saying "the world's first." "The world's best." The world's best travel jacket ever, or whatever. There's no lawyers that are . . . It's an opinion, but if you say "the world's best travel jacket," and then that gets pushed to Twitter, if someone sees that and then a link, they have an idea of what they're going to see when they get there. Some sort of someone's opinion of the world's best travel jacket, but people get too clever, so instant clarity is another mistake I see. It's tough being the creator. You know so much about your project. You've talked about this on the podcast before. When you know your thing so well, you're so close to it, sometimes you

don't back up and take the words and the clarity to explain it to the audience in a way when someone's seeing it for the first time.

Pat: Yeah, there's a lot of instances of that for sure. At least I know I've experienced that too. You've mentioned rewards a few times. Could we go into this? Because this is something that I feel can be very confusing, but also I've heard that it's also very dangerous because you can definitely have the rewards and all those pledge goals and gifts overshadow everything. And actually, I've heard horror stories of the fulfillment procedures for all that just really screwing everything up.

Clay: Yeah, absolutely. Perks are definitely a huge piece of making or breaking a crowdfunding campaign. People ask me questions like, "I read a blog post that said the average is \$25. Do I need to have a reward at \$25?" Averages like that are silly. They don't make sense. Somebody does the math across all things and they say, "Oh, the average contribution is \$25." That means nothing. It needs to be relevant to your campaign.

The biggest mistake I see in rewards is people conflate rewards-based crowdfunding with donation based crowdfunding, and what I mean by that is, go poke around Kickstarter, and you'll see about 80% of the campaigns have as the first reward level some version of what I call the expensive thank you, which is something like \$5 or \$10. And it's like, "Thank you so much. We'll love you forever. We'll tweet your name from our Twitter account we just started last week. We'll put your name on our wall of fame." Nobody cares. Nobody wakes up wanting to donate to a Kickstarter. Your mom, your sister, your grandma . . . and after that, the list is really short, and if they're doing it, they should be donating at a higher level anyway.

So what I tell people is, instead of the expensive thank you, instead of a 5 or \$10 essentially nothing, almost a slap in the face . . . which is the worst way to get someone into your rewards and pricing because you turn them off in the first chance . . . I say, how much value can you give them for \$1? And you've been doing this for years. Tons and tons of value. For \$1, what can you give them? Can

you give them a great PDF summary? Can you give them a video series? Can you give them instruction on how to use your new drone or whatever? What is digital and super valuable that you could give them? And make it as low as possible, and \$1 is as low as you can go, and I know how your crowd understands internet marketing and list building and things like that, but you get the emails of your backers once the campaign is over if you're funded. And so if you want to think about it this way, if it helps you give away more value, they're paying you \$1 to give you their email address.

Now, the magic of this whole thing is you actually don't want them at that \$1 level. You want them at a higher level, so the way you do that is now, you create a level at \$7 that includes the thing you included at \$1 plus this other valuable digital thing. It could be physical, but I recommend keeping the rewards digital until they go to physical, and that's a little different for every campaign, but if you have a handful of digital things, it makes fulfillment easier. You can just send them an AWS link or a Dropbox link to, say, reward level one, reward level two.

Now the psychology when they look at the \$7 level would be like . . . basically the question their brain is asking is, "Is what's included at reward level two worth \$6? Because I'm already getting this great deal for the thing at \$1, and it's only \$6 more." It's almost like extra value meal pricing. You'd be silly to buy the burger and the fries and the drink all separately. The extra value meal makes it worth it. So then maybe you go from 7 to 20. I mean the numbers are just examples. It all depends on the campaign, but you want to price everything what I call below MSRP. So MSRP, just . . . Manufacturer's Suggested Retail Price. It's essentially the price . . . what would something cost in the store? What's it going to cost after the campaign?

If you don't have an MSRP for your product, think of, what are you going to charge people post Kickstarter? Rewards should be priced what I call below MSRP, and that's because people are giving you money long before . . . It's not an Amazon transaction. It's not a Zappos transaction. They're not going to get 24-hour shipping.



They're going to have to wait for months. A certain percentage of Kickstarter projects never actually create their thing and never fail, so they're taking on a lot more risk, and they're the first people putting money in, so you want to give them that great early bird pricing, and so it should be priced below MSRP, and then there's early bird. You can limit the number of units at the early bird price, which I often recommend. Then even at the regular Kickstarter price, even the most expensive that whatever you're selling is on Kickstarter, it should still be lower than it's going to be sold once it's off of Kickstarter on your store, below MSRP.

Then you build these levels, and you basically want them to look at each subsequent level and say, "Gosh, I'd be silly to do the \$7 level because the \$19 level has so much more goodies and stuff." You funnel all that down, and then you want to end at what I call the no-brainer level. In a bunch of the campaigns I worked on, we just call it that. The no-brainer level. And the no-brainer level is the "everything and the kitchen sink," and it should be pretty obvious as you're going into a campaign. Let's say you're doing a new kind of drone or whatever, and if you want to workshop what your Kickstarter is, we could do that live and talk to your specifics. We could definitely do that if you want, but let's say it's a drone.

The no-brainer level would obviously include the drone and maybe all of the accessories and the video of how to set it up and how to use it and how to attach it with your GoPro and take great photos. Whatever that is, but you want to funnel people down to the no-brainer level, and then if you have higher dollar reward levels, like let's say thousand dollar, multiple thousand dollar types of packages, you actually want the price differential between the no-brainer level and the next level to be much more substantial, and what this is doing is it's creating a call to action. You can't highlight or circle the reward level on Kickstarter and say, "This is the one you want." So you do it with a combination of pricing and copy and funnel them down and say, "This is the one you want," and then the next jump is a lot bigger, so that may be for the true fans. That may be direct access to Pat. That may be whatever those levels are at a higher price. Maybe a keynote, something like that, but the "everything and the kitchen sink," the no-brainer level, should be

the highest dollar of the lower-level rewards, and then maybe 2 or 3x to jump because then you're going to get the true fans, but you want to tell everyone else to say basically, "This is the call to action. This is the level you want."

Pat: Understood. You had mentioned going through the specifics of my campaign. We can maybe do that at a later date. Maybe after we can finish up here in the outro, we can talk about maybe a webinar that people can get access to where you and I chat . . .

Clay: Yeah, sure.

Pat: And we go into a little bit more specifics, and I also know that you have a course that's going to be offered, too. We can mention that in there as well, so make sure you stick around 'til the end. We're almost finished here. We're definitely utilizing Clay in terms of a top level overview of all the things you need to worry about and think about when making the decision to start potentially going down this route, and so if you want to get more info, stick around 'til the end. I'll give you a link where Clay and I will then either have the ability to register for the webinar, or it might be a replay if you're listening to this in the future, so we'll hook you up with that later, but stick around. Clay, campaign fulfillment. Let's keep talking about that really quick. T-shirts. Do things like that work, or should the bonuses or the perks be related to the product in a little bit better way?

Clay: I'm so glad you asked that. You're so smart. You should only be offering t-shirts as a reward level if one of two things are true. One is if your campaign is about t-shirts, then obviously your whole thing is about t-shirts, and number two is if you are a person who goes into it with a big fan base and a big tribe of your own, like for instance, if you launch your thing, Pat, and it's in any way related to SPI or to you or whatever, then using the Kickstarter campaign to say, "Here are some fun new SPI t-shirts that we've never released before, maybe in Kickstarter green, et cetera, et cetera," then there's cool things you could do.

The mistake I see tons of people make, and I highly recommend against it, is don't offer t-shirts if nobody knows who you are, and

the simple way to remember this is, think about your favorite band. Whoever's listening to this, think about your favorite band. If you have a t-shirt of that band, you didn't buy the t-shirt until you either had multiple albums of that band or you've seen them live multiple times. Then you buy the t-shirt, because you buy the t-shirt as an identity thing to say, "Look, I am a fan of Jack Johnson," or, "I am a fan of whoever." You don't buy the t-shirt and then buy the CD and say, "I'm going to take these both home and listen to it to figure out if I'm a fan of this." That's the psychology that people get wrong on Kickstarter is, nobody wants your t-shirt because they don't know if they like you yet. They only buy the t-shirt once they're a fan.

Pat: I really like that distinction. Okay, cool. Thank you. What else are we missing, Clay? What are some of the other big Kickstarter-related topics that we need to talk about? I think you mentioned video, right?

Clay: Yeah, the video should be short, sweet, two minutes or less. There's a whole bunch of specific elements that you want to include in the video, and I'll just hit off some of them. One is, what's the problem you're solving? A great example of one of my favorite . . . Really, all his videos, but specifically the one if people want to look it up, and we can link it up in the show notes: Jake Bronstein, the 10-Year Hoodie. He was selling a hoodie. He raised a million dollars selling a hooded sweatshirt that really . . . nobody who bought it needed a sweatshirt. He told a story about American manufacturing, and his intro to his video was absolutely brilliant. He said, "Can I tell you a secret?" That was his opening line to the video. Now that's a question that almost nobody in history has ever said no to because we like secrets and we want to know secrets, and so then he says, "The clothes you're wearing were designed to fall apart." He was talking about H&M and Zara and Uniqlo and fast fashion like that where, yeah, it's \$8 for a blouse but it's literally designed to last two weeks. And whether that's true or not, that was the positioning, and that's the story he told in his video because his product was a \$80 hooded sweatshirt that's called the 10-Year Hoodie because it was designed to last 10 years, and then his video was brilliant—all these images of Americana and how he was going to resurrect American manufacturing and use all these great, high quality hardware zippers.

The point is, he told an amazing story in a 1:57, and if you click on his name and go to the rest of his campaigns, Jake has gone back to the well. That's another thing I want to remind your listeners of, is Kickstarter's not a one-and-done sort of thing. If you have a tribe, and if you build a tribe and if your people like you, you can go back to the well, and so Jake has run four or five Kickstarters. He's done one for jeans. He did one literally just for blue shoelaces because part of his whole thing is his company is called Flint and Tinder, and they made the hoodie and then they made the jeans, and he really is doing a lot with American manufacturing. And so just like the Livestrong movement had this yellow rubber bracelet that we all had, the American manufacturing movement that he was a big part of leading didn't really have a visual moniker, so he created these bright blue shoelaces that you could lace up your brown leather boots and say, "Hey, if you see blue shoelaces, it's kind of the Harley nod, like hey, you're in the know and you believe in American manufacturing."

Pat: This thing has 11,000 backers at 150K.

Clay: Yeah, totally.

Pat: Blue shoelaces. That's awesome.

Clay: Yeah, because it's a story, and I love that you looked that up and said that because what I want your listeners to take away is, nobody who bought that had a shoelace problem that day. They were opting in to join a movement, and they were probably already either fans of Jake or customers of Flint and Tinder, et cetera, et cetera, but watch the video. He shows this big, burly, America's Strongest Man kind of thing pulling a semi with blue shoelaces, but the whole while, Jake is narrating and saying, "Join our tribe. Join our movement." Et cetera, et cetera. Nobody bought those shoelaces because they didn't have any shoelaces in their boots. They literally took out their existing, fully functional shoelaces and inserted a story into their boots. That's the key takeaway there is, they didn't need shoelaces. He told a story.

Pat: That's cool. He built up an audience through Kickstarter initially, and

now he's been able to go back in, like you said.

Clay:

Yeah, Jake was good with media, but it's interesting. He didn't have a huge tribe or a huge email list, but he was more like, "Ready, fire, aim." He launched it, and then he hustled, and he knows how to get press and eyeballs, but more importantly than anything, he knows how to tell a story. The other thing I want to talk about, and it's funny because I was talking about this before it was the name of a conference, but there's two reasons any Kickstarter or crowdfunding campaign succeeds or fails . . . are traffic and conversion, which is also now a conference that Pat and I organize a basketball game for.

But people think they have a traffic problem. They think they need more eyeballs. I cringe as a marketer when people say the word "eyeballs" because it's an organ in your face, and there's humans attached to that face, and again, 99.9% of people don't care about your thing, so if you're even thinking about it as eyeballs, you're thinking about it wrong. You need to be thinking about subtribes and pockets and Hauspanthers and who are the small little pockets of people who care? And those people aren't eyeballs. They're customers. People think they have a traffic problem, but really they have a conversion problem, and the elements of the campaign page like the video, like pricing your rewards below MSRP, like having a digital gift at \$1 versus an expensive thank you at \$10, those things increase conversion, but the number one thing that increases conversion is bringing the people who care. Because there's nothing wrong with Kittyo, but I'm not going to buy one because I'm not a cat person. I don't own a cat, so I don't need a Kittyo, but by fishing in the pond of Hauspanther where those people hang out, and lots of other sites . . . There's another little specific ninja trick, and it's a site that you may already know of, but once you find a site like Hauspanther, so a really targeted site where . . . it's what I call cash press like niche blogger. Enough traffic, but where all your people are hanging out.

A great way to find similar sites is a site called SimilarWeb. You just punch in that URL into SimilarWeb, and SimilarWeb's pretty amazing. It will give you not quite Google Analytics-level data but one level

up, some general data, but you could probably punch Smart Passive Income into SimilarWeb or Hauspanther into SimilarWeb. It's public, and it will show you . . . here are the traffic, here are the sites linking in, where they're getting most of their traffic, here are the sites when people leave the site where they tend to go, and so from using SimilarWeb from Hauspanther, you can figure out people are going to ModernCat.net and other sites like that. That's how you build up the sites of your subtribes.

Pat: That's awesome. SimilarWeb.com. We've talked about a lot of strategies here, actionable stuff. I think a lot of people are going to be really excited about this because it's very useful, and Clay, I'm really looking forward to continuing this conversation. We're going to go, and I'm going to share with you a link. Actually, we could probably share with them the link right now. We can just change it as we go along.

Clay: Yeah, sure.

Pat: What is that link, Clay, where people can go and learn more about this and get access to the webinar, or register for it, or watch the replay and see what else you have to offer? Where should they go?

Clay: We made it super easy. It's just ClayandPat.com. So C-L-A-Y-A-N-D-P-A-T.com.

Pat: Cool. Yeah, there's a lot more questions I had for you, and we're going to get into the specifics of some of the stuff I'm working on there too, and plus, I want to know about what happens after a campaign's over. So this is a nice teaser for Kickstarter and crowdfunding. If you want to learn more, go to ClayandPat.com. That's how we know that you want to keep diving deeper into this. I would say, maybe, the last question Clay is, besides ClayandPat.com, where else can people find you?

Clay: I'm Clay Hebert pretty much everywhere online, and if you want to read some more blog posts on crowdfunding and stuff like that, I have stuff at CrowdfundingHacks.com or ClayHebert.com. Any of those sites.



Pat: Awesome. Thanks so much. I appreciate you, and we'll talk more on the webinar, and looking forward to the next basketball game.

Clay: Yeah, sounds great. Thanks Pat. I had a blast.

Pat: Thanks, Clay. All right guys, I hope you enjoyed that interview with Clay Hebert. Again, if you want to get all the links and the resources mentioned on this episode, all you have to do is go to [SmartPassiveIncome.com/session284](http://SmartPassiveIncome.com/session284). Again, [SmartPassiveIncome.com/session284](http://SmartPassiveIncome.com/session284). Clay, once again thank you so much. I look forward to rejecting you on the basketball court very soon, or it's probably going to be the other way around, but I appreciate you, and I look forward to chatting with you about my particular project in a webinar that we'll do and make it open to everybody. At the time of the recording, I'm not exactly even sure when that's going to happen. If you're listening to this far in the future, you'll probably see a replay for it, but the URL for that is [ClayandPat.com](http://ClayandPat.com).

Once again, thank you. Awesome, and I look forward to next week because we are doing an interview with the founder of Ugmonk, U-G-M-O-N-K. After I interviewed this person, I mentioned it on Twitter and everybody's like, "I love this brand. It's one of my favorite brands." And Jeff, the founder, has an amazing story about how he Kickstarted a brand new thing recently and made nearly a half million dollars doing so, but more than that, he's just a down-to-Earth guy, and I can't wait to share him with you and his product, which you may have heard of already. [Ugmonk.com](http://Ugmonk.com). Anyway, thanks again, and one more time, the link to this episode's show notes, all the links we mentioned, [SmartPassiveIncome.com/session284](http://SmartPassiveIncome.com/session284). Thanks guys. I appreciate you, and I'll see you on the next episode. Bye.

Announcer: Thanks for listening to The Smart Passive Income Podcast at [www.SmartPassiveIncome.com](http://www.SmartPassiveIncome.com).



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