SPI Podcast Session #46 –

**Building a Lucrative Business with No Ideas, No Expertise & No Money
With Dane Maxwell**

Show notes at: http://www.smartpassiveincome.com/session46

This is the Smart Passive Income podcast with Pat Flynn, session #46! Alright, you got this one.

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 was born in Connecticut and for some crazy reason, he misses the winter, Pat Flynn!

Pat: Sometimes. Sometimes I miss the winter. I mean, 75 all year long is great, but sometimes you've just got to mix it up, which is exactly what we're going to do today. My name is Pat Flynn, welcome to session 46 of the Smart Passive Income Podcast. I'm super-stoked to be hanging out with you today, so let's get right into today's content!

Like I said, we're mixing things up today because we're bringing on a guest who approaches online business a little differently than most people do, at least here in the solopreneur space. A lot of people who teach this online business stuff, including myself, talk about picking a topic of interest, preferably something you're passionate about or at least are very interested in, and then becoming an expert at it and sharing that knowledge with others who would consider you an expert just because you know a little bit more than they do.

And really, that's all it takes to become an expert. You just need to know a little bit more, have a little bit more experience than others who are looking for information about that thing.

This is how I started my online business with my exam website in the architecture industry. I didn't consider myself an expert personally. It wasn't like I could answer every question that was thrown to me in an instant, but because I was a person who took the exam, passed it and published helpful tips, guides, summaries and things like that online, I was SEEN as the expert, which made selling an eBook eventually--which really changed the course of my life--a year and a half after I started that site, much, much easier.

But today's guest says "forget the whole become an expert in a particular field model" and focus, rather, on the pains, needs and desires of those in various industries and help solve those problems. Become an expert at understanding problems.

You don't even have to know that particular field in order to do that. You just have to dig deep, which is exactly what this guest teaches us to do, and then building software to solve those specific problems. He has some very successful personal examples, as well as some very successful and interesting examples from his own students.

I must say this is probably the most radical but at the same time most eye-opening podcast yet on the Smart Passive Income Podcast. Our guest has also been featured on mixergy.com, on one of the most popular viewed and talked-about interviews over there with Andrew Warner, so I'm happy to have him on as a guest today. So everyone, let's welcome Dane Maxwell.

What's up, Dane? How's it going?

Dane: What's up, man?

Pat: So for everyone out there, if someone came up to you and said "Dane, what is it that you do?" If they met you at a conference for the first time and said "Dane, what do you do?" how would you respond?

Dane: It kind of depends on the time of day that you ask me. Right now I would probably tell you that I run the most lucrative business on the planet, which is software as a service.

Pat: "Software as a service." Explain.

Dane: Well, I really like the margins of product-based or web-based businesses combined with the recurring revenue of utility companies, and having around 80% profit margins without actually having to service the customer because they actually use the application. So, it's very easy to get, say, 100 people at $100 a month and make $120,000 a year just servicing those 100 people with your software. It's a lot easier to build than you'd think.

Pat: So you're talking about software as opposed to...what I talk about a lot, and what a lot of other people online talk about in entrepreneurship is, becoming an expert in

something and then teaching people how to do that, correct?

Dane: Heh. That's what the entire Internet teaches!

Pat: But you're saying build software. Now what kind of software are you building? Give us some examples of stuff that you're doing.

Dane: Yeah. I'll give some examples, and I kind of want to talk about why people don't get into software, because I don't know how to write code, I built my first software product without spending any money, and I didn't even come up with the idea. The first version was built in six weeks and I turned that into a six-figure business in the first year, all from my parent's basement, starting from absolutely nothing. So it's totally possible.

I was actually never into the Internet marketing space to even get sold on the concept of becoming an expert. In fact, I remember getting involved in the WarriorForum, or the ionic silver courses where they talk about selling those eBooks, and I was like "Oh wow, this must be the way! This is how you have to do it!"

Meanwhile my business is doing $10,000 a month at the time and I try selling these eBooks and I spent two months putting those eBooks together, and I make $1000 or $2000 a month at most selling these eBooks and I was like "these guys don't know what they're talking about. Software's where it's at." So I quietly just kept plugging away building more software products.

At this point, I have four software products, I've built seven to date. I spent about $200,000 on development, none of which was my own money, and made a little over a million in the process. The products are mostly for real estate companies. In fact, all of them are real estate companies. If you zoom out even one more frame--did you ever know who made the most money in the gold rush, Pat?

Pat: Ah, the people selling the axes and the shovels.

Dane: Yep, and Levi Strauss, the guy selling jeans. So I sell tools. I sell tools and there's a few principles we operate on. We want automated sale, we want reoccurring revenue, we want no accounts receivable, and we want to sell tools to markets.

So I sell tools to real estate companies in the form of--when you're a real estate company, you're very interested in recruiting agents into the company, keeping agents

in the company, and then having a mobile office so that agents can work from anywhere.

So I have software products that are built around those three areas. Recruiting, retention and then helping them go paperless. I didn't come up with any of those ideas, I'm not an expert at anything except for defying the problem. That's really kind of how everything started.

Pat: So that's what you do. Let me rewind here--real estate. You said you didn't come up with any of these ideas. Where did you get the ideas, and how did you know that real estate was the place to provide a solution for?

Dane: My uncle was a real estate broker and he aired his complaints about technology left and right in that office. Nobody liked ANY of the stuff that was offered to them. So I started asking them about "What's some of the pain that you have associated with this?" and they would just start listing off all of these problems that they had.

It was in that moment that I realized that "Gosh, I could go into any market and ask what the pain is and find that pain and then build a product around that!" I start a company without an idea now. I never start a company with an idea anymore.

Pat: You go into a particular market and see what their pain is and go from there.

Dane: Yeah, absolutely. Every time! You know, the questions you ask are "What's the most important area of your business?" They'll tell you. If you ask "Is there any pain associated with that activity?" And there ALWAYS is. And there's always opportunity in those two answers.

Now, what happens is pretty interesting. There are a couple more things that you have to do. They'll answer those two questions--if there's any pain associated they'll answer that. You have to let them answer and then you have to follow it up with two more really important questions.

These are the golden questions. You say "What else?" and "Tell me more." You keep asking those questions until they can't think of anything else, and it's usually that fourth or fifth response where the golden, most painful idea will come out that you can start really defining accurately.

Jay Abraham is the guy who's famous for saying this, but if you can define the problem

better than your target customer, then they will automatically assume that you have the solution. What I've actually found that to mean is, what I would do is actually write out and define the problem, the pain that was around the real estate broker, and as soon as I had it defined so accurately and clearly, the solution just comes to you subconsciously.

Pat: Right. I know a lot of people who have created a product without even understanding their target market or what their pains are, they just have a feeling like that's something that they would want. And every time that's just been a terrible solution that hasn't been profitable at all.

I like that you're really big on not even thinking about the product at first, but just starting with the market and getting deep into understanding what it is that they really need a solution for. They might not even know that they need it until you get deep into their head and talk with them a little bit. I think that's important. A lot of people won't make the effort to do that, to be honest.

Dane: No. They won't. I don't know what it is, but there's this serious desire to be credentialed, to be an expert. So I have this software company, but what I'm really passionate about is teaching entrepreneurs how to build software because it's just so fun!

We have this foundational set of beliefs with that framework and Pat, like we were talking before, one of those beliefs in that we do not believe in being an expert. We believe in being an expert at defining problems and then putting experts in place to solve them.

Pat: And the best solution being software, because of the reasons you mentioned earlier.

Dane: Yeah.

Pat: I know you know this, what are some of the reservations people have when getting into software? I know I can tell you some of mine, and you kind of addressed them already, and we can go deeper into them, but I know that software is something that you have to code, and people are very scared of that, so that's one thing.

Obviously the money to create that software is another issue, you mentioned that earlier. Even just coming up with the right idea, which we just talked about. And also

the time spent to do it.

So let's break those down really quick. Coding scares the crap out of ME, it scares the crap out of a lot of people, and I know you can outsource that, but where do you find the coders? I mean, the technology aspect of building a solution that is piece of software is really scary, because it's like people want to be so involved in everything that's going on.

The reason why I like to write books and write on my blogs is because I'm in control of everything. I know everything that's being posted and published and everything that's being consumed. So how do you break away from that when hiring developers and creating code for these different types of software?

Dane: Would you mind if I pick on you for a second?

Pat: No, not at all. It'll bring me back to elementary school.

Dane: [laugh] Maybe. Maybe not! You focus on that area that you can control, which is creating content for you, which is a decision based out of fear, instead of actually love.

If you look at the impact that you're making based on your contributions, it's phenomenal, Pat, you're just a ROCK STAR, man! You create amazing things for the world!

But how much of that is squandered because it's all channeled through what you can control? How much more could you influence and impact the world if you got out of your own way and let other people create the content, AKA write the code?

There's a very freeing space that opens up once you stop trying to be the expert. You do need to be an expert at one thing. You have to be an expert at the problem. You have to understand the problem better than the customer, better than the competition, and better than anybody else on your team because that's what keeps you the leader, because you direct the team with the vision because you understand the problem so well.

Pat: Follow-up question, how do you understand the problem if you're not a part of that niche in that market? I know you can ask a couple of people, but shouldn't those people who have that problem understand that problem, because they're living that problem?

Dane: No. [laugh] No, I've never seen it! I've taught people how to build--I think I've overseen 10, 15 different software companies being built now, and none of the customers could ever articulate the problem very clearly.

It's really simple. You ask questions like crazy until you understand the problem yourself. Which means you have them repeat themselves a lot. Let's just say, for example, when I was building paperlesspipeline.com which is the...let's talk about those objections that people have about getting into software.

First off, writing code scares me too. I've hired enough developers now to know how to not hire the bad ones and to hire the good ones.

Pat: Do you go on eLance or something? Or do you...for this type of stuff you need something a little bit more robust?

Dane: You can go on eLance, but there are ways...you want to hire the A-players. And the A-players are not looking for work. We can talk about where to go to find A-players in a second, so let's talk about...which one of these first ones should we talk about?

Paperlesspipeline.com, go check it out, it's a phenomenal business, we have a whole team that runs that now. I started with just me and a developer. Built it up to about $30,000 a month, hired a CEO to run that company, and then have completely stepped away and the thing is fully automated and now I teach fulltime. But I got started on that project by talking to real estate brokers and asking them what current software out there have you been looking for but you just can't find a good solution?

Pat: Great question to ask.

Dane: There are 20 or 25 questions that I teach people to ask in The Foundation, and I'll be happy to give as many questions away as possible, but this is one of those good, golden questions. The reoccurring answer that came up over and over again was transaction management software.

Let me zoom out a little bit, too. There's this whole talk about picking stuff that you're passionate about. I've gotta pick my passion, I've gotta pick something that interests me. This is something that cripples potential entrepreneurs from getting started. I don't really give a [silence] about--is it okay that I'm cussing on your podcast? Do you want me to clean it up?

Pat: Heh, um, from this point forward that would be awesome, but I can bleep them out or just quickly go [mimics radio fuzz] or whatever.

Dane: [laugh] Okay! I'm sorry.

Pat: No, it's all good.

Dane: I'm glad I asked! So I don't really have a passion for real estate companies. I don't really have a passion for transaction management. But I have a passion for solving painful problems. And now that I have a passion for solving painful problems, I can take that and go ANYWHERE with it.

Pat: Where does that passion come from for you?

Dane: The dissatisfaction of seeing people frustrated by their current solution and knowing that you could provide a better alternative for them, I think might be the answer.

Just the process of--if you talk to most business owners that are really successful, they won't really tell you that they're like--yeah, they might be passionate about their business per se, but what they're REALLY passionate about is the process that is actually completely separate from the product.

It's apparent with me because I've build seven different software companies, because I'm very passionate about solving painful problems. But if that's been one of those things that's been tripping you up, like "I've gotta pick something about!" shift your passion to just improving people's lives.

A lot of people get stuck because they're very me-focused. "What's my passion? What are my interests? What are my skills?" Get away from YOU and completely shift to what the pain of the customer is and become passionate about improving their life. That's where a lot of freedom can open up.

So if we go back to the real estate transaction management question, what software have you been looking for that just doesn't currently exist, but it does exist but you can't seem to find it? It was transaction management software, Pat, over and over and over again for like--I had some companies tell me they'd been looking for solutions for four years. They'd tried two different solutions and none of them seem to work out.

Pat: How did you get a hold of these companies?

Dane: Well, I'd already been working with real estate offices, so it was pretty easy. What I did was I Google-searched "Des Moines Real Estate Companies" and I started emailing them. Honestly, it's a three-line email. I wrote emails like--let's just say, what city are you in, Pat? San Diego, right?

Pat: Yeah, yeah.

Dane: Let's just say San Diego real estate companies. I'm going to get the top ten Google, I'm going to go to each one of them, I'm going to find the broker owner on the roster and I'm going to find the office manager and/or their assistant, I'm going to email all three individually.

And the subject line, you're going to want to say "strange question?" that subject line gets opened really, really well. Ideally, you actually send this from a female's name, because you'll double the response rate. I think the word, I think the name "Lindsey" works really well, and "Jill." It's weird, we split test a lot of stuff.

The email's like, three lines. "Hey, we're doing some research on the real estate software market. Just curious--is there any software that you've been looking for over the last few years that you're having trouble finding? Thanks, can't wait to hear back from you. Signed, Lindsey."

Two line email, you'll get 20% reply rate on something like that. As soon as they reply, THAT'S when you take the opportunity to schedule a phone call. You can NOT continue to do this over an email. If you try to do it over email, you're not going to do this well. You've got to get on the phone.

It's not that hard, you pick up the phone and say "Hey, we were talking over email, and you told me that you've been looking for transaction management software, what are some of the solutions you've been looking for? What about them is it that you don't like?" and then you just start asking anything you can to try to understand that problem. If you're just curious, the questions will come to you.

That's what I did. I talked to a few real estate brokers, and a few of them were even like "Dude, Dane, I know EXACTLY what--" this is awesome, this is pure gold, because the brokers were like "Dane, I know exactly what I want, and I know exactly how I

want it to work. None of the products out there do this." And I was like "Okay, cool, how do you want it to work?"

And they told me EXACTLY what they wanted, I built the first version in 8 weeks, I risked $8,000 of my own money on this project because I was already generating $20,000-$30,000 a month at this point with the other projects to fund this one, but I said I would not risk more than $8,000 on this, and in eight weeks we had our first paying user.

Most people will build software for six months before they ever get any paying user. We have a very specific process we follow to get the first version of software out in 8-12 weeks. That's such a fun art, is trying to strip away features in software to the point where it makes you nervous, where you think "can I really get away with launching with this little...?"

Pat: Yeah, I think that's another important point. When you say stripping away features, it's taking away--not building the whole thing out the way everyone described and putting all those--everything in there that people wanted, but getting it to the point where it's usable, and people can get some benefit from it, right?

Dane: Yeah, what you do is you have 20 features listed out and since you're talking on the phone, you talk to the person like "Hey, we're thinking about cutting this feature, would you sign up for the product if we cut this feature for the first version?" "Yeah, I'd still sign up." "Cool." Cut it out from the first version, put it in version 2. That simple.

Pat: So you are doing updates to the software for your clients.

Dane: Absolutely. And it's SO easy to do because you have the reoccurring revenue coming in every month, you just dedicate 20% of your budget to development and then let people continue to evolve your software for you.

Pat: This isn't like WordPress plugins, right? This is web applications?

Dane: Yeah, web applications. So when it comes to the actual writing the software part, all you--

Pat: A lot of people in my industry think of software, and they think of WordPress plugins, because that's what we all use, because all use WordPress. We've seen some

great success stories from people like Michael Dunlop who created [Pop-Up Domination](#) or Glen Allsopp who created [OptinSkin](#) and all of these other ones.

Even I was thinking about doing WordPress plugins. I've even had some developed and I just didn't release them because I was not happy with how they were. But someone told me, I forget who, but somebody emailed me and said "Pat, please do not do WordPress plugins. You're going to be chained to the emails that you get from people who have compatibility issues with their themes. Do a web application instead if you're going to do software."

So it's really cool to hear you having so much success with that and then hearing my buddy tell me "No, be careful with WordPress plugins, you can have so much more control over what's going on with your software if you do a web application."

Dane: And I overheard something in there. This is a common mistake people will make. You were wanting to build WordPress platforms because you were going to "What do I know? What is my expertise?" versus actually picking a market and having a virgin, baby brain and going in and trying to find the pain.

Pat: Right. Yeah. From my own experience, I've gone into a market that I wasn't familiar with. A lot of people know I built a site in the security guard training industry, and I got to #1 in Google in 73 days, and it was really easy for me to figure out what was missing, because I wasn't a part of it.

So going into it fresh, it was really easy for me to understand what needed to be done, as if I was someone who was looking for security guard training. There was no solution out there, so I built it. It just happened to be an informational site as opposed to a web application.

Dane: Yeah. I want to make sure on this short interview, because there's so much to talk about, that we really address that the point so people aren't just like "Okay, well that sounds cool," but they're not inspired to do it. I think, could we maybe talk about the software portion and then how to fund it?

Pat: Yeah, that's what I was going to get to next, actually. The money. You said you spent $8,000 on PaperlessPipeline. That was not your first application. Or was it?

Dane: No, no, that was my seventh one I built.

Pat: Your seventh one, okay.

Dane: All of the mistakes that I made on all of the other software products I corrected and fixed on the seventh. When I teach people how to build software, they get to skip all of those mistakes.

Pat: So the first ones you built, you said you--they weren't your ideas, you weren't coding them yourself, and you didn't even use your own money. So how does that work?

Dane: I'll explain the tactic, because it's really simple, but I want to touch on the underlying belief. So with The Foundation, we believe not in using our money if we can help it, basically.

Pat: Explain what The Foundation is, really quick, because we've mentioned it a couple of times, and I don't think people at this point would quite know what that is yet.

Dane: The Foundation is a program where we teach people how to build six-figure software products, even if they have no idea, no money and no software experience.

Pat: Right, and this is a paid, really hardcore group. You have to go through application processes and you get selected and you work with Dane and his team for--how long is it? Six months or something like that?

Dane: Yep, six months.

Pat: It's really cool. I mean, I've watched the video for The Foundation--I'll put a link in the show notes for everybody if they're interested--but it is a paid thing that you go...you have to commit six months of your life to learn all of this stuff and learn from Dane, and it's really cool. I just wanted to mention that before we continue on.

So you said in The Foundation, in regards to starting up a software company and funds, go on.

Dane: That will probably help give some context. We give it the name " The Foundation" because we have this foundational set of beliefs and principles that we use to completely eliminate risk from starting a company.

We just happen to be using software because that is the most lucrative vehicle to finance our freedom. It's not like we're tied to software like software's the holy grail or anything, but it just so happens that it is. Software happens to be the best way for us to not have to work and make reoccurring revenue.

Going back to the first product that we ever built, was recrutingninja.com, and it's a recruiting website for real estate companies, like I said. Questions you want to ask are "what's the most important area of your business? And do you have any pain associated with this activity?" When I asked real estate companies this, they said "the most important area of my business is recruiting, and I have tremendous amounts of pain."

I said, "Okay, well, what kind of pain?"

"Well, I need to recruit agents and I can't find the time to do it."

"Okay, well what are you spending your time doing right now?"

"Well, I'm running the office, I'm paying the bills, I'm trying to keep the lights on, I'm trying to keep my current agents happy."

"Cool, so would you have an idea of what you'd actually want to have in place to help you with recruiting?"

"I know this Internet thing is starting to take off, and it might be nice to have some sort of Internet presence for my recruiting."

Okay, BAM, there's the idea. Seriously, a five minute conversation. This conversation happened to be with my uncle, and it's so funny because I had no idea about recruiting, I had no idea about the industry. It's so awesome. It's such an abundant world. There are more painful problems then I could ever imagine solving!

Anyway, we clearly defined the problem, and then I posted a job on rentacoder.com-- that's now called vWorker. I really like that site. It's a nice site. It's really ugly, but man.

Pat: I've seen it. I haven't used it BECAUSE it's really ugly. That's why I prefer eLance and oDesk, but I've heard some good things about Rent a Coder or vWorker, whatever it's called. I liked Rent a Coder better as a name, though.

Dane: So did I. Actually, I've been working with a guy that I pay $600 to $700 a

month, and he worked fulltime for me for the last five years, and I found him on Rent a Coder.

Pat: Nice.

Dane: He's SO GOOD. My gosh. He's amazing. I don't want to say anything bad about him. He's not a $100 per hour programmer that's going to try and challenge me and tell me that some of the things I'm doing are wrong and find better ways to do things. He's going to really more closely follow what I say.

But he does what I need him to do, and I trust him and I love him. In fact, I will probably continue to always pay him, always try to find a way to pay him because I'm trying to finance him through some things in his life right now like college and stuff that he wants to go through, and I even tried to get him to come over to the United States.

Anyway, I found this guy at Rent a Coder. He wanted to build the first version of this recruiting website platform, which is basically a really crappy WordPress CMS, really heavily tailored to real estate companies using direct response principles—like lead generation and things like that--to help real estate brokers recruit agents.

This is a very, very lucrative industry. What I did when I was trying to price this product out is I asked brokers "What's the value of a new agent to your office?"

They're like "Oh, it's about $10,000 a year."

HOLY CRAP. "So if we helped recruit one new agent a year, that would be worth $10,000 to you?"

They're like "Yeah!"

I was like "Great, so how does $200 a month sound? $2400 a year?"

"Pfft, no, that's great. One agent and we've 5x our return."

Now I'm selling a WordPress platform that most people use for free for $200 to real estate companies because I understood and could clearly define the problem better than anyone else.

Pat: Right, and you're a quicker solution than trying to figure it out themselves.

Dane: And a quicker solution, too. So it was going to cost $3,000 to build the first version--$2,500-$3,000 to build the first version of this software product. Since I had no money, I went to my uncle and I said "Hey, would you pay for 100% of this product and then get it for free for life?"

He was like "$200 a month, I'll have it paid for a little over a year, absolutely." So I built my first version of my product without spending any money on software.

Now that's what I teach people to do. They get money from their customers in advance for a product before it exists, and then they get the product free for life. You have guaranteed paying customers, you have virtually no chance of failing because they're paying for something that doesn't exist yet, but you know they want it, and they've funded your development.

Pat: That's awesome. So would you recommend finding one particular potential client that would use the product after you've built it, and build it together with them and try to get them to fund it for you?

Dane: Yes.

Pat: And really make sure that they understand that that's something they need, and they would be stupid not to do it.

Dane: Yes. You won't really need to make them understand it, because they'll beg you. If you've dug and found the pain well enough, they will be pissed at you if you don't! This is one of the--when it comes to marketing and selling a product, this is how it works. If you've dug deep enough and you've found the pain, customers will be PISSED if you don't give them it.

It's not like you actually even have to talk them into it. People get upset when I turn them away! I don't have to prospect; they come to me, because I've found a deep enough pain.

Pat: From that point, you built that and then your uncle is using it. How do you get it out there into the market when you're not even a part of it yet? Do you use the contact that you have and go from there and have them shout it out? Do you have an affiliate program that goes along with it?

Dane: I use webinars and I do things like Google-searching top cities and then buying lists of email addresses and fax phone numbers. I don't do fax anymore because that's illegal. And the email is a little on the sketch side, but what I do is I send it with such tremendous value that I get barely any spam complaints.

I might buy a list of, mmm, 3000--there was like 3000 RE/MAX companies in the country. So I might get that list of 3,000, and I might find the very best recruiting tip that I could ever give, and then I would cold email them "Recruiting tip to recruit an agent. Hey, if you've been looking to recruit agents, try and do this XYZ thing on Facebook to agents, and you might recruit them. Hope this helps, signed Dane. P.S. If you have any agents in recruiting agents using the Internet, check this out."

Pat: Nice. So a really soft sell. Not even a sale at all, it's just really providing value and then at the end giving them an option to learn more if they're interested.

Dane: Yep. And that's how I started every company. We target direct markets, and then since we have such a direct-targeted market, we can email them or phone call them directly.

It doesn't take long, if you're charging $200 a month--we've had 200 brokers on that at any one time, that's $40,000 a month. Just cash flowing like crazy. I was traveling the world for three months two years ago and I left and came back $100,000 richer after traveling the world and not even working, because we just have this software running in the background the whole time.

After people started hearing about this, they were like "Dude, Dane, teach us how to build software! Because we know you don't know how to write code, we know you didn't have any money, and we know you're not coming up with these ideas, so what is it that you're actually doing?

I was like "Huh." I didn't know what I was doing was valuable; I was just doing what I thought worked. But once the world caught wind, and once I got on Mixergy, it's a whirlwind. So we just spent 6 months teaching 88 people how to do this and we created 5 or 10 new companies in the process following that framework.

Pat: That's amazing! So you've been working with these people in The Foundation. What's the most common issue people will have when trying to get started with this kind of stuff?

Dane: Just one? It's not, not having the information, I'll tell you that. It's not, not having the how-tos. I feel like I've cracked the code on creating successful entrepreneurs. What I've done is--in The Foundation, I work--every single day we're doing an hour of phone call Q&A, direct access to me, because what I've found is that people just get stuck a LOT.

And they have a really specific issue that's really pertinent to just them, and they need personal help with that, so they come on those calls and they ask, and there's a secret language of millionaires, if you will. Just like any foreign language, you can't learn it in a day. If you hear it, it's likely going to go over your head. That secret language is direct response marketing.

You couple that with the whole concept of idea extraction and finding the pain, and then you couple that with selling a product that doesn't exist and using that to fund-- there's this whole language to it. You really just can't buy a book and learn this; it's got to be an experience.

What I've found that makes it so successful is that they get six months access to my mindset every single day, and they're plugging into me every single day. What happens is that they start to reprogram their mindset to a more abundance mentality, they start to see that there are painful problems everywhere that they can solve, and they start to see all of their limiting beliefs that are getting in the way.

So I would say that stops people are their limiting beliefs about themselves, their self-worth, they don't actually have--what I've found that people are not actually afraid of failure, they're very afraid of success, because for them to become instantly successful within six months going through the program shines a light on them, all of their family members and friends are like "oh my gosh, this guy is so successful now." So I've actually had people in The Foundation sabotaging their success.

When I find that out, I would contact them, we'd do one-on-one phone calls and then I'd dig in and I'd find that they have this limiting belief that says "I'm not good enough unless I've achieved something."

Pat: It's funny you mention that. The whole "fear of success." I was reading *Secrets of the Millionaire Mind* by T.Harv Eker. In it he shares secrets that millionaires have, it's not really secrets, but just common themes that millionaires have. One of them is that they don't have that fear. They train themselves to be excellent "receivers," to be open and willing to receive massive amounts of money, which for some reason a lot of

people are scared of.

I know I kind of went through the same thing. I could feel myself sabotaging myself, not in a drastic way, but just not taking it to the next level when I totally knew that I could have. I think the whole mindset thing is so important, and that's something that people feel like they're always in control of what's going on when they don't even know what's going on in their heads, sometimes.

Dane: It's totally true. It's one thing to explain logically. It's another thing to completely internalize experientially. There are a lot of things that you can logically explain, but for whatever reason you can't seem to make it happen.

You've got a limiting belief, you've got something you're stuck with, you've got a road block and you're not going to be successful until you get that thing reversed. And unless you have a kind enough, compassionate enough, gentle enough teacher that without judgment will help you reverse that, you're not going to move forward.

The kinds of people that buy products and they still don't have the business they want? The kinds of people that read the five or six blogs like yours and everyone else's that's talking about how awesome their life is and how they're building all of these businesses but then they just can't do it? Those are the kind of people, the reason that you are not--if that IS you, the reason that you don't have that business you want, is not because you're lacking information. People get stuck and they need help getting unstuck.

The six months of The Foundation are like month 1, you find the pain in a market; month 2, you validate and try to sell it; month 3 you hire the team and put the place in to build that software and get the sales to fund that; month 4 you start building a list of people that are interested in the software; month 5 you build a relationship and a rapport with that list while the software is being developed; and month 6 you watch and you start charging users.

Each one of those months, people get stuck. Every single month they get stuck! They just need access to people that can help see what they can't see so that they can become unstuck. They need that personal level of attention.

When you talk about sabotaging yourself, Pat, I did this for years. I am just a born teacher; it's in my heart to teach people to do this stuff. I could actually really care less

about software and business. What I really want to help people to do is to have an abundance of joy in their life because they're living from a set of empowered beliefs.

If you think that you need an idea to start a business, if you think that you need money, and you think that you need to be an expert or something, those are all three lies, all three limiting beliefs that are keeping you from joy and keeping you from being happy. That's what I'm ultimately after is helping replace the sadness with joy. Business just happens to be a great vehicle to do that.

I was sabotaging myself with limiting beliefs that says that "If I'm a teacher, then I don't have freedom anymore, and then I'll be stuck in this prison because I'll have all this accountability and stuff." And finally I just got so unhappy building my software products and making all this money with software, it just didn't matter anymore. I wanted to move into teaching, because I was done sabotaging myself.

Pat: Nice. Just to finish up, I want to thank you for coming on. This is definitely a very eye-opening, or ear-opening podcast for people! I know you've coached these amazing people in your group, can you share one success story, one software company that was built as the result of being in The Foundation? What was the pain that they solved?

Dane: How many more minutes do we have?

Pat: As much as you need.

Dane: Okay. If people would like to have me back, I'd be happy to come back as many times as asked, if we wanted to talk about webinars to...we have a 50% conversion rate from free user to paying user on our software product, which is unheard of in the software as a service industry, we're doing a lot of things unique to that.

There's a lot of things that I'd be happy to talk on, especially around the whole "finding the pain" case studies, because I could highlight at least five of them. I can highlight just a couple of the really cool ones.

My favorite is Sam Ovens. He's a 22 year old guy from New Zealand. He worked at a cell phone company, and he started working out of his garage. He had no money and he had no idea and he was scared--I almost cussed. He was scared to death of writing software. He had no idea how to write code.

So the first thing that we teach in The Foundation is to pick a market. One of the most lucrative markets on the planet is property management. So he picked property management.

We have a list of 5 criteria--you want at least 1,000 people in the niche, the business needs to make at least $100,000 a year, they need to be contactable by email or phone, there's some things that we do, but property management really fits the bill.

So he started contacting them, and he asked "what are some of the repetitive tasks that you have to do on a day-to-day basis?"

And they say "Well, you know, we actually have to do property inspections a lot. When people move out of the property, we have to go inspect it and get it relisted to rent again." And in order to do these property inspections, they have to use a digital camera, take pictures...

So he said "Okay, what's so painful about that?"

"Well, we use a digital camera and we go take pictures, and then we've got to come back and we got to plug it in to our computer, we open up a Microsoft Word document, we drag photos in, we comment on the photos..."

He asked, "How much time does one of these take you? Does it take you an hour per property, or whatever it is?"

He asked these questions and defines this pain around property management inspections. He really clearly defines and he finds out how much time they're wasting, he finds out how their current process works, he finds out a few other things, but ultimately the solution became pretty obvious as he's defining it. Just make an iPad app, where you can snap a photo, type a few notes, and BOOM you're done.

He defined the problem, he said "This is the problem, this is exactly what it is, and I want to make an iPad app that solves this."

Pat: Nice, that's the perfect solution.

Dane: Yeah. If you have half of a brain, if you have any part of a subconscious, the subconscious is so powerful it'll tell you the solution when you're defining a problem. You don't have to worry about coming up with the solution when you're defining the

problem. I can't tell you how inspirational this is for people, and all they have to focus on is defining the problem. Because most people--you want to marry the problem.

Sam's got this iPad inspection tool; it's called SnapInspect.com. Beautiful product, SnapInspect.com, you can go check it out. When he started six months ago, he had NOTHING, and we'll talk about how he didn't pay any money for the development in a second, too. But now that he's got this problem defined, which is the property inspections, and he's got the solution with the iPad app, if the iPad app bombs, his idea is not dead, because he's not married to the solution of the iPad app, he understands the problem so well that he can probably shift to something else to solve that problem in another way.

So when you define the problem, you're not locked into your solution. Versus what happens is these guys, they come up with their own idea, they try to sell it, they find nobody wants it, they get really married to the solution, they fall in love with the solution and they try to tweak this, tweak that, maybe if we tweak that, then maybe it'll finally solve--because they're so married to the solution and they're completely disconnected from the fact of what problem they're actually solving. This doesn't happen. This is the most effortless, fun way ever of starting a business.

And then it comes to, he saved about $30,000 on development by hiring a programmer and giving him equity--and now a programmer's not going to give you equity unless they believe in the product, unless they see the revenue potential. So what happens is, when you recruit a developer, especially the better the developer, sometimes the more likely they are to take equity. This is not always the case. But really good developers are keen on equity. ...I have not used keen in such a long time.

So what happened is, $30,000, he said "This is what I want to do" and the developer's like "Okay, well, show me your marketing plan." And it just so happens we're awesome at marketing as well, so he said "well, we're going to contact property management companies from phone, from email, from postcard, we're going to give them a free report on how to save time on their property inspections, we're going to convert on this number, blahblahblah, here's our revenue potential."

And the marketing is very systematic and simple. You don't need to overcomplicate the marketing. The developer saw this, and so he jumped on board, and so instead of paying a developer $30,000, he got the app built for free. He actually got 12 property management companies to pay in advance for the product before it existed, and--I wish I could show you the screenshots! He had these guys emailing him in all caps "WHERE

IS THE PRODUCT? I NEED IT NOW! I CAN'T STAND DOING ANOTHER PROPERTY INSPECTION WITH MY DIGITAL CAMERA!"

Pat: That's great!

Dane: And one of the things that we believe in The Foundation is that there is an unmet need in every market. All you have to do is dig long enough to find the pain.

Pat: That's awesome. How's that app doing?

Dane: The first month it released, it started at $2,000 a month in revenue.

Pat: And that's reoccurring?

Dane: Reoccurring.

Pat: Because you can set reoccurring incomes on your iPad and iPhone apps.

Dane: Yeah. They pay on the web app interface. There's a web app interface and the iPad interface.

Pat: That's awesome.

Dane: So $2000 a month, he'll be at six figures quickly, and it'll be a 7-figure per year business. Just imagine your first month out of the gate, $2,000 a month!

Pat: That's incredible. I know people know my story, they say "Oh, well Pat's first month, he made $8,000." No, that was two years after starting that website and then finally monetizing it. Seeing that kind of income after, what, 6 months of training and a month after that? A couple months after, for development?

Dane: No, no, Pat, you were an overnight success, because that makes it easier for them to make excuses about why they aren't.

Pat: And if you think about house inspections and all of the different cities there are, and all of the different houses there are, gosh, that's going to be huge.

Dane: Oh yeah, the market's a no-brainer. Would you like another example of finding the pain?

Pat: Sure, let's do it. This is so inspirational.

Dane: Let's see...I want to talk about Paul. He's a 55 year old chemical engineer, works with DuPont. He joins The Foundation, and he doesn't even really know how to use Facebook. He's really technologically illiterate.

It was so funny when he started to hire his developer, because he was like "Dane, I don't know what server to use, I don't know what technology to use, I don't know any of this stuff!" and I was like "Why don't you just ask the developer you're hiring?" and he was like "Oh, yeah, okay."

Paul in this case, since he's so successful as a chemical engineer, he spent his own money to develop the software. I would've liked to see him not do that, but that was his choice. So he targeted private investigators. These are the guys that Mom hires to snoop on their daughter's boyfriend to make sure he's not cheating, or to make sure he's not selling drugs or whatever, so they know their daughter's safe.

Pat: Right. I'm having a daughter soon. I might need to look up some of that stuff, too.

Dane: [laugh] You and me, you can wait like 18 years--oh wait, maybe like 12. They start dating in their...

Pat: What?! Dude, no. Don't even go there yet! I'm not ready for that quite yet! But go on.

Dane: I can imagine--how old are you, Pat?

Pat: I'm 29.

Dane: 29! I'm 29 and I don't have...I'll be 29 in a couple of weeks, actually.

Pat: Nice! Happy birthday.

Dane: Thank you! I would be a terrible father.

Pat: [laugh] I doubt that.

Dane: I would be good. I would be good, I'm just enjoying my freedom at the

moment.

Anyway! Paul targets private investigators. He asks them--this is actually a very similar theme with Sam Ovens. He targets a private investigator. "What are the tasks that you do that take up the most time?"

Sam asked "What are the repetitive tasks of doing these inspections over and over again?" and Paul asked "What are the tasks that take up the most time?" There are a lot of different iterations that you can do with this question. There are a couple other really good questions. We could maybe riff on a few more before we wrap, if there's time.

But they say "Actually, it's generating the reports." Like the property inspection reports, but instead these private investigators have these reports they put together that take them like 3 hours, because they've got to pull in GPS coordinates from when they were taking photos, to the notes of the photo to what's going on, to create this whole report so they can present it at court. Or to the person that's paying for them.

Pat: That makes sense. I'm thinking--side note, right now. My mom's a security guard, actually, which is why I was interested in building a site for that. But I know she spends a lot of time writing reports, too, on little incidents that happen. Like, "Four skateboarders were found doing graffiti in the back" or something. She has to spend like 30 minutes writing this whole paper and faxing it somewhere. Maybe there's a solution in there too, I don't know.

Dane: That's so awesome! See? I bet people listening are doing the same thing.

Pat: I hope so!

Dane: So maybe we do one more example that's away from the report, because there are SO MANY APPLICATIONS. When I talked about Pipeline, and how I spent $8,000, the last thing that I want is for somebody to be like "oh, well he had $8,000, I don't have $8,000, I could never do that!"

That's why I stressed the recruiting one where I didn't have to pay anything so that people won't have an excuse. I'll know that my work on this Earth is done--maybe not, but to be overdramatic, I'll know that my work on this Earth is done when a potential entrepreneur has no other excuse for why they can't get started; when the only thing they can say is "I just don't want it bad enough."

Anyway, so the private investigators are like "the reports!" So what he does is he creates this software product to create the reports in 15 minutes for them, as opposed to 3 hours.

Pat: Right. People want to pay for that!

Dane: YEAH they're going to pay for that! If you find pain, people will pay for it. Honestly, if people aren't paying for your product, it's because there's not enough pain. If you're trying to sell novelty--like a fart whoopie cushion or whatever, that stuff can sell sometimes, but honestly if you're not finding pain, they're not going to purchase.

Anyway, he creates this thing called SherlockDocs.com

Pat: Sweet name.

Dane: Yeah, we do some good stuff with naming in The Foundation. However, names don't mean squat. They're nice, but honestly, that product was going to be successful if you called that "IEatCornInIowa.com." He probably would've been as successful.

Pat: Probably would've been MORE successful, actually! [laugh]

Dane: I say that, because I'm actually from Iowa originally. But I'm in Boulder right now, just kickin' it for a while.

So, he creates that, calls it SherlockDocs. I don't like how much money he spent to build that. That cost him somewhere between $25,000-$30,000 because he did not strip away features like I wanted him to, but he had the money so I wasn't that adamant about it. I was like "Well, if you're OK with spending, that's fine, but in most people's cases I'll get them either not spending any of their money, or if they do spending as little as possible."

Pat: So when you say strip away features, getting rid of the unnecessary stuff to launch, which would be cheaper, and then you can use that reoccurring income that you get in the beginning to THEN add those features later.

Dane: Yep. Then the people that are using the product get really excited because they see the product evolving.

Pat: And they'll stick around for much longer.

Dane: Oh yeah, totally. And the developers are building these features for you while you are doing whatever it is that you want to do.

Pat: I always thought membership sites were the ultimate form of generating income online, for the same reasons. It can be automated, right? And you have the reoccurring income, but from what I know, at least in the industry I'm in, 3-4 months is the usual retention rate, and then people drop off. But if someone has a piece of software that is absolutely making their lives so much better and that they cannot live without it, they're going to be on there until forever.

Dane: Heh. Yeah, one of the things we like to talk about is selling insulin to a diabetic instead of sugar cookies. A diabetic will not go off insulin, but you know, if you're selling a sugar cookie, you're in risky territory.

Pat: It's funny, I JUST baked a batch of sugar cookies tonight. I'm not even kidding you.

Dane: [jokingly] I knew you did! That's why I brought this up.

PaperlessPipeline is insulin to a diabetic. We have brokers that have been on there since day 1. The lifetime value of a membership website versus software from a quantified perspective is usually something like 10-50x. So on PaperlessPipeline, our lifetime value is still going up, but it's $3,000. And we spend $75 to acquire a paying customer.

Pat: So you're using paid advertising?

Dane: Oh yeah, we're using Google AdWords like crazy.

Pat: So you're just a machine at that point. You're paying $75 to get at $3,000.

Dane: Yeah.

Pat: Lovely.

Dane: And you don't hire AdWords until you're making $10,000 a month, and you can bring on someone that does AdWords.

Pat: That's fantastic. My brain is going crazy right now.

Dane: [laugh] Good! Would you like another example?

Pat: I would! Um...it's been an hour but I think people are loving this stuff, especially the real-life examples, so let's do one more, and then let's see if you've got any more ninja questions to share that people can use to figure things out. And then I definitely want to give people a link to go to, to learn more about Foundation and to learn more about you. One more example.

Dane: Okay, so we've got people that have built products for music band managers to help with their Facebook; we've got people that have helped equine horse dentists with their paperless programs; we've got people that are helping accountants track their time in email; we've got a gal who created a reoccurring revenue business without any software at all for naturopathic doctors. We've got a lot of examples. Let me dive into the music band manager example.

When people end this interview, I want them to understand the abundance in the world, the literal amount of abundance that you can have when you are programmed with this internal skillset. There are more problems and more opportunities than you can EVER solve.

In the music band manager space--like we said, there's always an unmet need in every market. You just have to dig long enough to find the pain. This is a perfect example because John--he's this graphic designer from New York, and he built this thing called iDrumBeat.com.

He contacted music band managers and asked them "what are some of the things that annoy you that you have to do on a day-to-day basis?"

They're like "Posting all of our tour dates for the bands for their entire schedule for where they're going and getting them on all of the social networks and everything like that."

So he defines that problem clearly, and the solution becomes pretty obvious. One-click submit button that publishes tour dates to all of the social media sites. So he's building that product out, and he's a little behind, so he's still getting launched, but the cool thing is, he has music band managers ranked in the top 10 in the world, we're talking

guys that have songs at the top of the charts right now, lined up ready to use his product. We're talking Celine Dion's band manager, Willie Nelson's band manager, Avicii--the top techno guy that does all of those--they're all lined up, waiting to use this product.

These examples did not exist six months ago! Created from thin air, from average people. John is a graphic designer. Sam was a cell phone company guy. Paul was a chemical engineer. Laura was a college grad in political science who built the time tracking for accountants. We're talking like a perfect storm.

Pat: I love that. You know what else I've noticed, Dane? You remember everybody's name, and you know what they're doing, you remember their age. That's really important, I think. I think that speaks worlds to the kind of program that you're running.

For everyone out there, we've been talking about The Foundation a lot, and you know, I'm not an affiliate for it, I want to make that upfront, I'm a really big believer of what Dane's doing, and I think it's huge. If you want to...I have written down "GET THE QUESTIONS" on my notes, so do you have a couple more 'ninja questions'? Because I think that right there can help people no matter what they're doing, to help understand who their audience is, and what their pains are.

Dane: The most important point is that you don't actually go through the entire list of questions when you talk to people. The most important thing to do is to dig after you get the initial answer. So what else, and tell me more, are for finding the gold. No one else is teaching this stuff. I don't know anybody else talking about how to do this.

This actually works really well, if you're in a relationship--if your wife or your boyfriend or your girlfriend is upset at you, like REALLY upset that you ditched me at whatever, whatever, if you're like "Can you tell me more about how you feel with that?" and they're going to tell you how they feel and then you're like "is there anything more you'd like to say? Is there anything MORE that you'd like to say?" and before long, they're like "Oh, I'm feeling pretty emptied out now."

We actually have people in The Foundation that have become better partners and they have better relationships with their family, because they'll go to Christmas and be like "Hey Dad, what's going on in your life right now? What's going smooth? Is there anything that's not going smooth?" and they're actually starting to connect with people more. Really, what we're talking about is how to connect with other humans on a really

intimate level, so that you understand their problems so that you can ultimately help them.

So with that in mind, there are fun questions you can ask, like "What are some of the software programs that you use that make you want to punch your computer?" What else...you know, "what's the most important activity in your business?" is a good one. Then you follow that up with "Do you have any pain associated with that?" We've already mentioned that one. "What problems are costing you the most money right now?" is a really good one.

I did an idea extraction phone call, and I actually recorded this. This is actually pretty exciting! Because I did an idea extraction phone call with a...you can do idea extraction ANYWHERE. I was calling to pay my pool bill. I own a home in Des Moines, it's a beautiful home, we have a pool.

We have four or five people living in there. They all have vision boards on their wall, they're all purposefully creating with their lives. Everywhere I go, I just happen to be surrounded by amazing people. This energy, just--I don't know, it's contagious. It steamrolls.

Anyway, this house in Des Moines. I'm calling the pool guy and I'm paying my pool bill and I was like "Hey, did you actually have a few minutes? I want to ask some questions about your business. I know you know I build software. There might be an opportunity to help your company with software in some way, who knows?"

He's like "Yeah, sure, why not?"

So I was like "Cool" and I hit record on Skype, and I actually recorded this conversation, so people can actually listen to me do idea extraction in real time. Anyway, I asked him "What problems are costing you the most money in your business right now?"

He's like "Oh, when people dispute my hourly bill."

"So what happens?"

He's like "Well, I come and I fix their pool, and then we leave in two hours, and I send them the bill, and they're like 'there's no way you were there for an hour and a half' and the person doesn't know, because they were at work, but the guy can't dispute the

bill because they don't want to have a pissed off customer, so he usually just pays the reduced rate."

So I ask him -- to really create the pain around this, remember it's not about the first answer -- I say, "So how often does this happen?"

And usually they go "Oh gosh, I don't know," so I say "Okay," and I always try to help people get specific, so I'm like "Okay, if you send out 10 bills, how many times will this happen?"

"Oh, at least 2 out of 10."

I was like "Oh my gosh, every 2 out of 10 people dispute your bill?"

He's like "Yeah."

"How many bills do you send out in a year?"

"Oh, I don't know, 2000 or whatever?"

"So wait, is that...2000, 2%...so it would be 40. 40 people dispute your bill." It ended up working out to this problem cost him about $20,000 a year.

So finding this problem, I said "What problem costs you the most money?" and then we dig in to see, try to figure out how much it costs them? Then, as you're defining this problem, I already have the solution in my mind, it's GPS check-in, check-out that shows on the bill when they're purchasing. It's pretty clear. It's like Foursquare for pool boys. But I asked him "Have you ever tried to solve this problem in the past?"

He's like "Yeah, I actually have, I paid $6,000 for this GPS thing that's supposed to track stuff and it ended up breaking."

So now I have a price anchor in the guy's mind of $6,000! And now I know my software product can be priced pretty high. Do you know how easy this software product would be to build? So it's just GPS check-in, check-out. I end up selling him...he said he would pay $500 a month for a silly little check-in, check-out that would go in attached to his bills when he sends the invoice, and that all stemmed from "What problem costs you the most money?"

Pat: Right, so that's $6,000 a year, as opposed to losing $20,000, so that's an obvious buy for him, and if you can get...that's crazy. You get ten pool guys around the nation doing that, that's $60,000 a year right there.

Dane: Mmhmm.

Pat: So are you building that?

Dane: Nah. That's up for grabs! Anyone can have that one! But be careful building that unless you're defining the problem accurately, because like I said, it's check-in, check-out, but maybe you find that there's some different ways that you could do that. Maybe you find that there are pool guys that don't charge by the hour. What do you do in that case? You can't just jump in and start building a product. You really need to understand the market.

Anyway, so that's..."What problems cost you the most money?" There's like 15 questions, I'm drawing a blank. There's also some really good ones. It's like, what are some of the tasks--Oh yeah! There's a 3 or 4 framework question task, at [inaudible], they ask this at [KISSmetrics](#).

Oh, yeah, I forgot, here's one of the best frameworks ever. "What are the tasks that you do on a day-to-day basis? Who's responsible for those tasks? How do you feel when you have to do that task?" Get the feeling and the emotion. And then "If you could wave a magic wand and do anything related to that task, what would it be?" Oh man, magic comes out of that. I'm not responsible for that question. "If you could wave a magic wand and do anything related to XYZ, what would it be?" You hear such COOL stuff that builds your software for you.

Pat: I'm going to put that in my autoresponder series, actually.

Dane: Perfect! So let's end with this last framework. Every business can be broken down into three areas. Before the sale, during the sale, and after the sale. So there are all the tasks that happen before sale, all the tasks that happen during a sale, and all the tasks that happen after a sale.

If you're going into a market that you have no idea about and you're not even sure what questions--well, I already gave you the questions to ask, but if you're not even sure about the market, you want to understand it, you'd say "Hey, let's just break down--"

By the way, when you reach out to people and you say "Hey, I'm just looking to understand some of your painful problems, I want to try to improve your life," people respond to that because NOBODY'S trying to do that. You will be a HERO. And the people that reject you, and the people that blow you off, you should feel sorry for them because they just lost out on an opportunity to improve.

But anyway, you say "Hey, tell me about all of the things that you do before the sale. What are some of the things that like--if you meet a customer--" all this stuff.

"Well, we enter them into the database, we enter them into Facebook, we add them to this." Whatever it is!

"Okay, during the sale, what are all of the things going on?" And you get this list of things. "After the sale, what are all of the things going on?" You get all these things.

And then within those three areas, you will find what we call a layer--oh, I left a really important point out, I'm glad I'm talking about this. You end up finding a layer 4 or 5 idea that's very focused on solving a specific problem with in that niche.

When you ask people what kind of software they want, almost all of them are always going to inevitably say "I want an all-in-one solution." You do not want to build an all-in-one solution. Not only do they not want an all-in-one solution, if you actually built it for them, they probably wouldn't buy it and implement it because it takes way too much to implement. Their entire business has to change in order for them to start using this software product.

We have this framework of like 6 or 7 different elements that need to be in place for a software product to be kind of a slam dunk, lucrative...6 or 7 elements. And one of the things is that the business does NOT have to change their behavior all that much when they sign up.

So a layer 4 or 5 idea, good example is the GPS check-in, check-out for pool boys. Very layer 4. That's like 4 layers below all-in-one software. To get to layer 4, you just break up the dirt before sale, during sale and after sale, and you will find all kinds of opportunities for layer 4 or 5 software.

But you want to be really careful about--you want to make sure you really do a diligent job of defining a problem, and then...we really didn't talk about marketing much but

you can read [SPIN Selling](#) is an amazing book on selling and there's some good books on marketing. You know, just read Pat Flynn's blog and...

Actually, you know what? The marketing...if you extract the pain, if you find the pain correctly, the marketing does itself.

Pat: Yeah, absolutely. Hey, this has been an amazing experience. I just want to thank you so much. On behalf on everyone listening, thank you! This has been great. I know it's been sort of a different interview than we're used to having, it's a little bit longer, but I wanted to keep you on because you had so many great things to say and experiences to share and great inspirational stories to present to us. So thank you Dane, I really appreciate it.

If people want to learn more about The Foundation--and you said you had some free stuff to give away actually, right?

Dane: Yeah. Since The Foundation is a paid program, and it's pretty exclusive, we're looking to except about 200 people, we expect that to fill up pretty quick. We don't want that to limit the impact that we have, so we're creating an entire sequence of amazing content pieces, if you will, that are going to start around September 1st, and we're going to talk about the marketing mindset.

I'm going to pull the curtain back and show a screen recording--Pat, you'd really dig this--we're going to show a screen recording of me logging into the back-end admin panels of my software companies, showing the revenue numbers, showing how I run the software, showing the emails that I send my developers, showing the emails of where I extracted the idea, showing the project description about how I hired--I'm going to show EVERYTHING about how I did everything. This is all going to be free throughout this sequence, upcoming detailing to the launch, when we launch October 1st with that group of 200 or so.

Beyond that, I want to give a gift to anybody that's on SmartPassiveIncome, just as kudos to you, Pat, and just because I respect the hell out of what you're doing. So if people go to [theFoundation.io/smartpassiveincome](#), we'll have a landing page set up just for them, and I'm going to give away the case study from Sam Ovens on how he built SnapInspect, in full, lengthful detail, but everybody else gets that, so that's not that special.

What makes it special is you'll get the copywriting checklist that I use to create compelling websites that sell copy. This is the biggest and top selling product on Mixergy.com right now. I'll be giving you that free.

And I'd also like to give you an interview of me 3 years ago when I was really beginning to move along and building my first few software products off the ground, so you'll see my mindset three years ago, and you'll be able to hear how I was when I was 25 or 26, or 24 maybe, and really be with me at the beginning of things so you can even see more of what it really means to build a business with purpose around freedom. I think that's what I'll give your audience, Pat.

Pat: Love it, dude. Thank you so much, I really appreciate that. Again, that's theFoundation.io/smartpassiveincome. And of course, as always, the show notes will have links too, so you can head on over to the show notes per usual on the blog.

Dane, thank you once again, man! If there's anything I can do for you, just please let me know and I'm sure I would love to have you back again in the future. We could talk more and share some more success stories that come out of your group, and...

Dane: Yeah man, we could get a software product under your belt, too.

Pat: Let's do it, dude! I would LOVE to! Ha, ha! All right, man, thanks so much, and we'll talk soon.

Dane: Later, man!

Pat: All right, I hope you enjoyed that interview with Dane Maxwell. Definitely a unique and almost refreshing perspective on teaching online business. I mean, I really love the software as a solution angle, especially for those of you who can't seem to put yourself in a niche, that you can become an expert in. I think everyone can do that, but I don't think everyone WILL or believes they can do that.

You know, this whole "becoming an expert at finding SOLUTIONS" thing, obviously Dane has a lot of skill in that, some of those questions are just gold, and I'm really glad he shared those with us, because I'm sure all of us can benefit from using those questions in whatever business we're in right now, but yeah, the software as a solution thing is just a great option.

So keep that in mind, and like Dane was saying, keep your eyes and ears open, ask around, ask deeper, and makes sure you do your due diligence before getting into any market.

Thanks again to Dane, and thank YOU for listening in today. As a reminder, you can get the show notes and all of the links--I mean, we didn't really mention that many links, except some of his student's examples--that'll be there in the show notes, and also I'll write down all the questions, all those golden questions that he listed out for us. I'll write them in the show notes as well. You can get those at http://smartpassiveincome.com/session46.

Until session 47, here's to you and your success! Cheers. Talk to you later. Bye.

Announcer: Thanks for listening to the Smart Passive Income podcast at http://www.smartpassiveincome.com!