



SPI Podcast Session #71 – Successful Start Ups, Millions Lost and Everything In-Between: Inside the Mind of Noah Kagan from AppSumo

show notes at: <http://www.smartpassiveincome.com/session71>

Pat Flynn: This is The Smart Passive Income Podcast with Pat Flynn Session #71.

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 drinks bullet-proof coffee every day, Pat Flynn.

Pat Flynn: Hey, hey, what's up everybody? This is Pat Flynn and welcome to session 71 of The Smart Passive Income Podcast. I am super stoked that you're here. We have a great show today with an amazing guest with an incredible story. He's gone through a ton of ups and probably even more downs as he would say. But there's so much to learn from his story and I'm going to talk about them in just a sec.

But first of all, I just want to say, thank you. Wherever you're at, if you're at the gym, just do a couple a more reps for me. If you're on a run, push hard for me but don't overdo it, if you're on a walk, just enjoy where you're at right now, and if you're at work or wherever, just thank you so much for what you're doing and taking time out of your day to listen to me and listen to my guest who I have on the show, who is actually highly requested and I'm really glad to have him and feature him on the show today. He has a really interesting story, an amazing career so far actually with a lot of ups and a lot of downs.

In 2005, he joined Facebook as employee #30. And actually, he was credited with pioneering the Facebook status update which a lot of us use and also its mobile app. And then he went over to Mint. And then he went over to a bunch of other places. And he's going to talk about each of these and sort of what he's learned from each of them, how much money he made, and then also, how much money he lost and all the lessons along the way.

I mean there's a lot of interesting things here especially from someone who sort of been a part of and has started with the startup world. And even though a lot of us are in internet businesses and blogging, which isn't necessarily the startup world, there are a lot of things we can learn from sort of his experiences.

This is no other than Noah Kagan who is now the founder of AppSumo.com, which is sort of a product bundle daily deal site for web applications. It's very popular in the startup world. So we've got a lot of stuff to cover. You're going to learn a lot of amazing



and sort of interesting things and I think you're going to be inspired by this but also, take away a lot of things that you can take action with.

At the end, we do a lot of sort of – Noah like when he came to me, he's like, "I want this to be the episode that you've had so far." And there's a lot of competition. There are 70 other episodes to compete with and I think this is up to the challenge. So hopefully it provides. I would love to hear what you think on the comment section.

If you go to SmartPassiveIncome.com/session71, that will redirect you to the show notes and also to where you can leave comments for Noah and just for whatever reason. I love to know what you feel. And Noah does present a little challenge to you at the end of this episode that you can sort of act on if you choose with a little bit of a giveaway as well.

So without further ado, here is Noah Kagan. All right. What's up, Noah? Welcome to The Smart Passive Income Podcast. Thank you for coming on.

Noah Kagan: Pat Flynn in the house. What's up, brother?

Pat Flynn: Not much, friend. We've rescheduled this like three or four times so I appreciate your flexibility and I am really excited for this interview because I know you have some amazing stories to tell and experiences. A lot of people out there might not know that you are the man behind AppSumo.com. But before we talk about AppSumo, just kind of bring us back in time to when this all first started for you, when you first got online and how you got to this point?

Noah Kagan: How real am I allowed to be? Am I allowed to use like swear words? I'm not really sure about your audience?

Pat Flynn: Well, I have a lot of kids in the audience and I want them to listen to all the great content, too, and I don't want their parents to shut it off. So if you could keep the swearing down to like fudge and ...

Noah Kagan: PG15? Let's just get right to the meat. So it started all with AOL chat rooms. And I grew up about two miles from Apple in Cupertino, California and I was just – I saw these computers and I saw AOL and I started downloading pictures. And I was like, "This is the coolest thing ever." And so, I kind of was just really excited that I can play on the computer and like have access to people all over the world. And that's when internet for me.

In terms of business stuff, I started just making goofy stuff in college. I did all like the typical college businesses like I created the largest book exchange in UC Berkeley. I did a college Craigslist called CollegeApp.org which sucked. No one used it. So we ended up turning it into like a "hot or not"? and then still no one used it. And just like a lot of goofy businesses that kind of started back in the day and mostly in college.



Pat Flynn: How did you decide to do those? Like they were just random ideas and you knew how to code or something?

Noah Kagan: So I've always been kind of torn, like I went to Berkeley for computer science and after two years of doing it, I realized I was not smart enough. And I feel like some business people haven't recognized that yet. You noticed a lot of people saying, "Oh, I need to learn how to code." And they really just need to embrace who they actually are and realize like let other people go do that.

So I think I just wanted to see that stuff exists in the world like the bookstore – and this is one of the key things that I've realized for me in terms of what made me really successful is you got to do the things that you want. And I studied a lot of your other interviews to try to figure out what people are really curious about or where they're struggling. And what makes things hard is when you start doing businesses that you don't know about, when you have to go do research.

And I was like, "Man, I really would love to sell my books." And it's a common problem so why don't we create a website that we can – that will make it easier? And I was really – it was called ComeGetUsed.com. I don't even know if it's online actually. I'm not sure.

Pat Flynn: ComeGetUsed, as in used books.

Noah Kagan: Yeah, ComeGetUsed. Actually, it's offline now. Finally, 11 years but yeah, ComeGetUsed.com. And so, we started with that. It was more I wanted to use it and then I used it and it actually worked and I think we got like 15,000 people and 25,000 books over that. And then ...

Pat Flynn: What was the business model for that?

Noah Kagan: There was none. It was just I wanted it. And so, we just made it. We thought it would be kind of interesting to do. The one that was the business model was right after this called Ninja Card. I haven't talked about this in a while. It was a student discount card. And you know what's funny? It's like when I say it, I'm like making fun of myself. I'm like, "Oh, it's just a typical college business." But I think what really separates a lot of winners versus losers is doing something.

Pat Flynn: Right.

Noah Kagan: Right. How many, "Oh, that was my idea." It's like, "You know what? They did it."

Pat Flynn: Yeah.



Noah Kagan: So, the Ninja Card was just another college student discount card. So I went door-to-door selling to all the businesses, got the card, made a website. And I think we did about \$50,000 in one year, which was really amazing. And then we lost it all next year when the college newspaper gave away the card for free.

Pat Flynn: Huh! This is at Berkeley still?

Noah Kagan: It is, yeah. We sold it for 10 bucks so we sold like 5,000 of them. And then the next year, the school newspaper just was like, "Oh, we have the same exact deals and it's completely free." So that was a – it was a good learning though. It was really a good learning. I think if people are starting out, just go do things. You'd be shocked at how much you'll learn.

Pat Flynn: So what did you learn from that, from the school actually doing pretty much exactly what you did?

Noah Kagan: Yeah. I mean I think one of the key things was how to sell, right? Selling is one of the hardest things to learn through. We're teaching people at AppSumo. We've created a course and we can talk about that but people really suck at selling.

Secondly, local businesses suck. Those people are mostly old school. They don't want a change. They want to do it their way. So I didn't really work with them and it was hard to work with them.

Third, referrals is really helpful and that's kind of a cliché thing. But what we did was we gave the cards to student groups and the student groups went and sold it. And I was like, "Oh, this is really cool, right? So maybe I can get the customers to sell for us."

So those are some of the bigger breakthroughs that I had. And I think one of the things that I've kind of adapted from that experience in general is like try to understand why things are working or not, right? So like what can I learn? All right. Well, maybe you need to think about, "All right. If these guys are giving cards for free, how could I've done that differently next year?" And then – so the next time you do it, it actually has improved.

Most people just kind of thought, "Hey, this sucks." And they don't actually spend literally like a minute to think about what can I learn from this experience? I have a huge failure yesterday morning when I almost cried. And I can share that with you a little bit at the end. We'll keep them in suspense.

Pat Flynn: All right. I'm writing a note right now that says, "Noah cried."

Noah Kagan: How many people have cried on your show?

Pat Flynn: Cried on my show?



Noah Kagan: Yeah.

Pat Flynn: I don't know. I don't think anybody has cried on my show.

Noah Kagan: I may try to do that. I may try to get there, Pat.

Pat Flynn: Well, I want you to be happy during the interview but ...

Noah Kagan: You could cry and be happy. I'm more joking. But I would definitely – that's something – I definitely want to talk about with failure. It's been really shocking to me.

Pat Flynn: Yeah. Well, one of the things I learned about you recently is that you went through not just failures with this Ninja Card thing but sort of massive failures with lots of money involved. Can you talk about some of those things?

Noah Kagan: I mean there's a lot to choose from. What's interesting is when you hear my bio, you're like 30 at Facebook, 4 at Mint, 2 multimillion dollar businesses, and that's kind of the high-level. But if you look in some of the details, I've literally had the opportunity four times where I had it, I had it, a million dollar like cash that I was going to receive and I lost it. So Facebook, and I will just tell you which ones exactly.

Pat Flynn: OK.

Noah Kagan: At Facebook, it was my life. It was everything. I worked directly for Zuckerberg and it was before my girlfriend. I literally like I'd wake up at 11:00, go work all day. I live with six other guys that work there and then we'd go start all over again. And I did that seven days a week and it was the most fun I've ever had working.

And then one day, I came to the office and Matt said, "Hey, let's go get coffee." And they took me out of the office, walked me to this café. Matt Cohler who's now a pretty big deal and he works at Benchmark as a partner, I was like, "Oh, that's weird that Matt is here." And they sat me down and looked me in the eye and I knew it. Like I even kind of feel weird just saying it but I knew that I was getting fired. And I said it like, "Are you guys firing me?" "Yeah, today is your last day." And so, I didn't get the heck what I was supposed to get.

Pat Flynn: What were you doing with them and why do you think you got fired?

Noah Kagan: I was hired as a product manager. I was doing Intel work. I worked at Intel, which sucks. And I was going to go start my own business and I sent in my resume and I became a product manager. And so what that means in a traditional company is you help write specifications for the developers. At Facebook, the developers are amazing. They're literally the smartest people I ever worked around.



And that's when you know you are at a good company when you are looking around and being like, "I am stupid." Because that's when you're actually going to grow and learn the most.

And so when I started there, I was #30 and it was awesome because there's all this crazy stuff to do like I came with Facebook status update, which is now the biggest thing and also Twitter. I came up with a lot of different things. But my experience was just making crappy websites at Berkeley. I wasn't able to grow with them from 30 to 150 to the 2000 and 5000 people they have.

So it took me about a year of depression. And then now, I don't know how many years later it is now, six years, but I finally realized that was a great decision for them and it's something that I've had to go through as I've run in my own businesses is that the people that are there in the beginning may or may not be able to help you grow as you're growing your business.

Pat Flynn: So that was you working for somebody else. When did you start stuff on your own after this Facebook stuff?

Noah Kagan: So right after Facebook, I really wanted to have a conference talking about social networking. And so ...

Pat Flynn: A conference, like an event.

Noah Kagan: Yeah, yeah, like a wedding planner. Honestly, I didn't – it wasn't to make money. It wasn't to be a business. It was called CommunityNext.com. And I literally was just like, "All right. I've never done a conference. I've never been to a conference. But how would I – what kind of conference would I want to go to?"

Pat Flynn: Right.

Noah Kagan: And so ...

Pat Flynn: So you just found like a hole in the market and like there was a need for a really good conference and you were the one who fill it?

Noah Kagan: Yeah, I didn't really do a lot of research. It was just more of like, "Man, it would be really fun if I could do that." And then I just started doing it. So it was one of the things I tried to encourage people. It's like, "What can you do today, what can you do like pause Pat Flynn's podcast and make it happen right now?" But so many people are just wanting to listen.

And that bothers me. I don't like that at all. I realized that like through therapy, which I'm happy to share with your audience like I respect people who respect themselves and go do things.



And so with the conference, I wanted to have funny speakers. So I got PlentyOfFish.com. I got Suicide Girls. I got Hot or Not, Max Levchin who founded PayPal. I wanted to have parties because I thought it would be more fun to meet people that way. So we had three open bars the night before and the night after.

I wanted a Hawaiian food. I wanted Red Bull all day. And it was literally, it was just like, "Wow! What do I want to – what kind of conference do I want to go to?" And at the end of it, I didn't – it wasn't trying to be a business but it end up making about 50,000 in profit.

Pat Flynn: Wow!

Noah Kagan: Yeah, for like a month of work, month and a half of work. I was like, "OK. That's an opportunity." And so, I went on to put about four more other conferences over the next year, give or take. And yeah, they did well. But eventually I was like, "Well, I really don't want to be ..." I was called a networker.

And so one – I'll give a tip for your audience. If you ever try to meet people, put on events. And "Well, I don't want to put on a conference." Don't put on a conference. Put on a dinner. Put on a happy hour. Put on a fun activity. Like, "Hey, let's all go bowling." And bring together people. The more that you become the hub, the more people think you're smart and they want to get to know you.

Instead of just like, "Hey, let me just pick your brain and take you off for coffee?" Just be the connecting around man. And that was kind of really shocking that we're doing those events.

Pat Flynn: Yeah, that's actually a really great tip and I know I've experienced the same thing when I get people together in meetups whenever I go speak, just amazing things happen and because it's sort of my meetup or a meetup that I've done with somebody else, everybody talks about us. They share pictures and it's like Pat and whoever's thing and yeah, it definitely puts you at the center of the spotlight.

Noah Kagan: Yeah, it was amazing. It was really – a quick story about that is I went to two dinner parties. One of them, it was all about the main guy there and it wasn't that fun, right? And it was all about him having a good time. And the second one was about everyone else having a good time. And I noticed that I really like the second guy better. I was like, "Wow! I really like him so much."

And it was because he was so focused on making sure that everyone else did well that it then came back to him and I think there was a good lesson in that about if you're trying to help other people out and you give and give and give, eventually if you do it with good intentions, it will come back.



Pat Flynn: Yeah, that's great – and again, going back to what you said earlier about making event yourself, not necessarily a conference because I mean you know as much as anyone how much work is involved with that but I mean you did a great job. You made \$50,000 in profit.

But even just like you said, a dinner or a meetup and just going through your social network already and just saying, "Hey, I'm going to be here. I'm inviting people over. I'm going treat you all out." Good things can happen.

Noah Kagan: Dude, you know what you actually triggered? I was listening to you, Pat and I think most people don't listen very well is it's all around you. A lot of people when they're starting businesses and they want their passive income or active income like they're looking to all these external things so it's harder for them to recognize failure.

But if they actually looked at their network, if they looked on Facebook and said, "Hey, I want to sell something to women. How many women friends do I have on Facebook? How many do I have on LinkedIn? How many do I have in terms of my family or my co-workers?" Like the customers are all around but somehow it's just easier to ignore that and look for other people.

So that's kind of been shocking. We made this product, HowtoMakeYourFirstDollar.com and it was just shocking that everyone wants to make it harder on themselves or maybe they just don't recognize that.

Pat Flynn: HowtoMakeYourFirstDollar.com, I've gone a little bit through that course and I think it's really cool in an interesting way that you're getting people to take action. Talk about ...

Noah Kagan: We can get there.

Pat Flynn: OK. Going back to something you said earlier that kind of was like, whoa! You said when you're putting on the conference you just didn't do any research. You just did it. Would you recommend that for everybody to like, "Screw the research. Let's just put something on."

Noah Kagan: For sure, I would 100%. And what needs to happen is here's a formula that everyone misses when they're starting a business. There are two fundamental things. One is validation, so I'll just say it again, validation. And validation is that you know that three people want to give you money for your idea or ten people would get on an email list for you for when your product or business comes up. That's number one.

Number two is Totem Pole. What the hell is a Totem Pole? It's a pole and it's how important are you to people or your potential customers to be more specific.



So as an example, think of it as – so for me on my Totem Pole, tacos are very high. So if you have very high quality tacos, I will pay a lot. But I will not pay a lot for you to tie my shoes. I might do it once because it's kind of funny but in general, I would not be paying a lot for that. And so, what most people miss is they missed that – they're not doing things high on the Totem Pole, that's why their marketing is hard, that's why their business isn't growing as well.

And then secondly, they need to validate that people actually want this. So with that conference, I probably would have done it differently now but then I just said, "I really want this." And I generally think, if there's me that wants it, there's going to be other people out there.

And so, I did actually – you can share the link. I've actually updated this with my budget and everything I did about how exactly I got the conference to work that will just literally show you what to do so you don't have to listen to this. Just go copy everything I did and I include the budget which was one of the key things that helped me.

Pat Flynn: Do you have a link for that or

Noah Kagan: I do.

Pat Flynn: We'll put it in the show notes.

Noah Kagan: Yeah, yeah, you should definitely.

Pat Flynn: OK. I'll put it in the show notes. I don't know what it is right now but for those of you listening, you'll hear the link.

Noah Kagan: Yeah, it's on OKDork.com and it will be in the show notes.

Pat Flynn: OK. So you said, you probably would have done the conference a little bit differently now. How would you approach it if you were going to do the same thing now?

Noah Kagan: Pat, you're not going to let me go, are you? I like you.

Pat Flynn: Dude, I try to go deep man.

Noah Kagan: Yeah, we're going to go deep, brother. So again, so let me actually – let's make it real. So I've been interested in doing a self-conference.

Pat Flynn: Self-conference?



Noah Kagan: Yeah. And a lot of times, I think we're kind of looking for ideas and we actually know them or they're a lot easier for us. And so, I noticed that a lot of things lately in my life I'm looking to improve so my health, my clothing, my interior design, some on business but the overall self in different facets.

Pat Flynn: Got it.

Noah Kagan: And so, I was thinking, "Man, it would be really cool to put on a conference for myself." Right? And it's called the Self-Conference. And so, if you're trying to validate it, I can put it back on you or I can just tell people. But let's pause for a second. How would you validate that people wanted to come to a self-conference? Let's just pause.

Pat Flynn: OK.

Noah Kagan: Because I want them to think. So if you have to validate and get three people to pay you to know that they want to come to the conference, what would you do today, the listener, this is you, what would you do today? And don't say, "Oh well, you're Noah. You have a network." Don't worry about me, right? Think about that for yourself. It's a good challenge.

So what I would do, Pat, is I would go try to see, can I sell three tickets to this conference today?

Pat Flynn: The conference that doesn't exist yet.

Noah Kagan: It doesn't even exist. And you have to be upfront and you have to be honest like you don't say, "Hey, I'm giving this self-conference blah, blah, blah." And you're like psyched. I was just kidding, Microsoft. Right?

What you do say is like, "Hey, I'm going to put on this conference. I want to make sure that there are people interested in it. I'm going to give you the best price before it's available. I need to see if you're willing to pay. Here are some of the speakers I'm thinking of." Not who's coming but who I'm thinking of. And if you can't even get three people to buy that ticket, I don't know how you're going to get them later.

Pat Flynn: Right. So that's a way to just gauge if that's even worth pursuing a bit more rather than just doing the whole entire conference and then nobody comes.

Noah Kagan: Well, the biggest thing in life, Pat, is money and time. And you don't – I mean you can get money back but you'll never get the time back ever. So I've spent a lot of money and a lot of time on stuff that didn't work.

And so, I'm on a mission to help save a lot of other people time and money who will do the work and get the jobs they want themselves. And I think a key thing to highlight is



you validate. But you also really got to know what you want. Like you got to do the business that you really want because when times are tough then you'll stick with it. And I've had tough times when I didn't stick with it. I quit.

Pat Flynn: All right. So after the conference – that's a great answer. I love it. It's sort of like The Lean Startup. We've talked about this before when Dane Maxwell was on the show. And it just makes complete sense. I mean even been pulling back to The 4-Hour Workweek when he talks about doing test on AdWords to see if people would buy your sailor shirts or I don't even remember what the example was.

Noah Kagan: Yeah. The one thing I want to make sure that we reiterate for the listeners is that you guys can all do this today. You could do this right now. And you don't need – like the landing page stuff and all the ads, it's just a distraction. It's plain business.

Like if you really want to go sell a ticket like call someone on the phone, walk down there. You don't need a website. You don't need a domain. You don't need any of that junk. You actually really find out about that. And so then if you find that, then you could start saying, "All right. Let me set the date. Let me set the budget. Now, let me get things moving because I know that I can do this."

Pat Flynn: Now, my question is when you ask people sometimes, "Hey, would you go to this?" They might say yes. But when the push comes to shove and they actually need to pay, they won't. How would make sure that they do? Do you have a system for that?

Noah Kagan: Yeah, I get their money. It's called getting paid. Like that's the thing. Like think about this, Pat, how many have you given someone your business card and they give you a business card and they're like, "Hey, we should catch up." And they never respond?

Pat Flynn: At least a thousand.

Noah Kagan: Dude, it happens all the time. I mean even with women. Even with women. Like, "Hey, we should hang out." And then they never respond to my text messages. I'm like, "But we talked. You said you liked me." And so with business, I can say yes to anything, right? But when I have to actually commit money which I got from using my time, that's when it's serious.

Pat Flynn: Right.

Noah Kagan: And that's when it's actually, "Well, all these people will want." If it's something free like more of a blog or something, can you get 10 people to give you their email address? Like say you want to start a blog about passive income, can you go get 10 email addresses and then email them once a week? And if you can't do that then



you really need to reconsider what you're doing or figure out what's higher on the Totem Pole.

Pat Flynn: Right. Well, that validation, that's really important concept that's not very talked about very much in this space.

Noah Kagan: No, we're going to kill some entrepreneurs with this podcast. Like my goal for this podcast is that everyone takes one action and I'm going to incentivize them at the end to do one action today.

Pat Flynn: Awesome, awesome. OK so conference, you did that thing. What was the next venture? What was your next thing I want to do that you did?

Noah Kagan: Yeah. So I did the conferences and then I taught business and career for two weeks at the summer camp. It was very random.

Pat Flynn: Serious?

Noah Kagan: Yeah, it was very [inaudible].

Pat Flynn: It's kind of cool.

Noah Kagan: Yeah, this buddy of mine – I mean sometimes it's serendipity. It's amazing. I just started blogging because I wanted to share my thoughts and I didn't recognize how many people I've been able to meet. I met a guy who was like, "I run a summer camp. I want you to come teach." I was like, "I'm depressed." because I was really depressed about Facebook and then I was like, "All right. I'll go and do this." And so, while I was depressed and I wrote, it's on [OK Dork](#) as well like how I've dealt with depression in the past. And I think for anybody who's struggling, it's a good article to read about how to deal with depression.

Pat Flynn: Is that's sort of your home blog, OK Dork?

Noah Kagan: Yeah, .com.

Pat Flynn: Got it.

Noah Kagan: How much time do we have, Pat?

Pat Flynn: Dude, we have as much – we have like an hour, over an hour. I mean whatever, dude. Like you're bringing good stuff so we want to make to make sure we keep it going.

Noah Kagan: Yeah, I want – OK, good. Good. I just don't know if there was some time limit. So I'm depressed and I'm just like hanging out. I don't know what to do. And



Dave McClure, I met him through the conferences. Dave said, "Hey, I got this site called, [Mint.com](https://www.mint.com). You should come and check it out." And I was like, "All right, whatever." So I went checked out Mint and there were three people there and Aaron Patzer, if you don't know him, he's very confident with himself. I'm being a little tactful. And the thing is that once you know him, you're like, "Wow! You're an amazing person." When I met him and I was like whatever but his product was amazing and I was always joke because I'm Jewish, right? It's like, "Wow! It's a product that helps people with their money?" So of course, I was excited.

But if you don't know what Mint does, it's a free online Quicken so it doesn't cost anything. It helps – like everybody in the world, the market size is huge. Think about that. Who doesn't want more money?

Pat Flynn: I use Mint.

Noah Kagan: Exactly. And it's super useful. And so, he showed it to me and I was like, "I have to work here." And I think this will be interesting for your audience. I got rejected from that job. I actually didn't get the job. He was hiring someone to do marketing and I never did marketing before. And I still don't think I'm a great marketer. I think I can market things that I really like or tell people about things that I really like.

And so, what I did with Aaron is, and this is what I want to tell your audience is that you have to make things no-brainers, no-brainers. So if you're an entrepreneur and you're trying to sell to someone, you have to make it a no-brainer so there's no way they can say no. So what I did with Aaron, I said, "Look ..." I didn't even tell him what I was going to do. I showed – I came back a week later. I spent a full week writing a marketing plan. I don't even know what they're supposed to be. I just made up like what I thought I should do, right?

And when you're doing marketing, I set my objective. I said, "Aaron, we're going to have a 100,000 people in a year, that's the objective. And here's everything I'm going to do in 90 days to make that a reality. And you don't have to pay me." I literally spent a week doing this. I brought it to him because so many people just tell you, "Hey, can I go do this?" and they're like, "Whatever." But if you show them, it's easier for them to make a decision. So I showed it to him and I said, "You pay me for 90 days. I will execute on it and if you like it then you could hire me full-time. And if not, you can keep this marketing plan and enjoy yourself."

But I basically brought him a plan that was exactly what he would want or even better. I told him I would do it. I said he has no risk in hiring me full-time. And if it works out, he's a got a great marketing and he didn't have to go hire anyone else.

Pat Flynn: And then what happened?

Noah Kagan: I got the job.



Pat Flynn: So you got to 100,000 in 90 days.

Noah Kagan: I think we got there – I don't even know how long after we launched but it was definitely within a short period of time and Mint went on to sell for 170 million.

Pat Flynn: Yeah, I know.

Noah Kagan: And so yeah, it's not a bad – I didn't actually get a payday for the audience, if you guys are curious how rich I am, the majority of my money came through payments for Facebookings and the conferences. But yeah, so I quit Mint to fulfill my dreams.

Pat Flynn: Yeah. And Mint, just really quick because I'm really curious about this marketing plan.

Noah Kagan: Sure.

Pat Flynn: One paragraph about really how did you make that happen?

Noah Kagan: Yeah. So fortunately, we were funded, right?

Pat Flynn: Right.

Noah Kagan: So we did that – I think the thing about that though is that – the takeaway for people listening is set your garden and plant your garden now. So many people, they're like, "Let me build my product." without validating and then when they finally are ready to launch which I think is a horrible idea, they're like, "Where is everyone? Now, let me go and get everyone." And that's – you got to work backwards. You work either backwards or in parallel. "Let me work with everyone." Make sure it's what they want and then you go and build it out together like a house.

And so with Mint, I spent a lot of time before we ever launched, meeting with people, doing marketing and stuff like that so that was very fortunate. In terms of the specific tactics which I know that's what a lot of people like, one, SEO. So I think when people say SEO because it just sounds like, "Oh, how do all these people get this traffic?" What we did specifically was we thought, "All right. Who do we want to reach?" which I'll go into but if you come through Google, you're more likely to trust us. That's what we realized. If you come through a Google search, you will trust us because when you teach someone something, they have a better relationship with them.

So specifically for me as a side example, is I have a disc-off coach. I pay her to teach me about disc-off. And you know what? Any discs she recommends, I just buy it. So if you're teaching people things, they are more than likely to trust you and buy things



from you and want to do things with you. So we thought that if we have a lot of content, we called it a content, that was useful, not just words, that people will then trust us and then subsequently sign for Mint. So, that was huge, the SEO.

So we focused on meeting a lot of people and writing great content not just content. Secondly, we understood who our customers are. Marketing is fundamentally, two things, who is your customer, where are they? That's it. That's all you have to do. Like with [HowtoMakeYourFirstDollar.com](#), if this product works and we can really get people their first business like finding the people is the easy part. The marketing is easy when your product works. So with Mint specifically, it's like well, who really wants this product. So who our customer was, was people who read personal finance blogs. They're already reading it.

It's like – think about it this way, if people need an analogy, it's like look at a billboard and then if you're looking at a billboard, you have to drive home, remember the billboard, get on your computer, not think about dinner, and then get to the billboard.

Pat Flynn: Right.

Noah Kagan: But if you're already on a personal finance blog and then you read about a personal finance tool, how much easier is that as a connection? Right? So that's number one. Number two, because I worked with Facebook, we thought, "We got to do tech geeks." Because if you think about what Mint is getting, they're getting one of the most important data in your life. They're getting your bank, your credit card, everything, right? So what we realized was, techies were actually really good at giving that stuff up if the benefit was enough. And so, we focused on those two.

The second strategy that we kind of implemented was sponsoring niche sites around that. So we went and sponsor – literally, I made a spreadsheet. It's called [Quant Based Marketing](#).

Pat Flynn: Quant?

Noah Kagan: Yeah, I'm giving you the link. So you guys can get it. Get the spreadsheet. Go copy that sheet.

Pat Flynn: So you're talking about specifically targeting people who are more techy because they'd be more likely to be a participant and actually and actually use the tool. So again, it's just knowing who your audience is.

Noah Kagan: It was knowing exactly who our audience was and then where are they, right? So we know who they were and then I found the website they're on and literally, it's on that spreadsheet. You'll see every list. And then I went and sponsored every single website with like a few hundred dollars. I didn't try to go get these major sites like, "Oh, let's get on Mixergy or let's get on AppSumo." I said, "Let me just go to the



little guy that has a great relationship with his audience. Like your people love you. They're obsessed with you so it's like even now, I'm excited to work with someone. I'm not saying you're not a big deal because you are but like I'd rather go with someone like you who people care versus being on someone like TechCrunch.

Pat Flynn: Right, right.

Noah Kagan: And so, that was really huge. And I'd say, the third thing that Mint did really well was we did a lot of research and survey, which I haven't ever really talked about but we did a lot of trying to understand of who the customers through surveys and we did a lot of products. So it's like people would use the product and we'd get a lot of feedback before we ever launched.

Pat Flynn: Yeah. Again, that's another theme for [The Lean Startup](#) which I actually – I keep bringing that up because I just finished listening to it. So ...

Noah Kagan: Nice, man.

Pat Flynn: Thanks.

Noah Kagan: Pat, what did you take away from it? What's your one – I generally with books, we get one takeaway.

Pat Flynn: Yeah. The big thing is you don't have to be perfect before you launch. I mean you shouldn't be. It's actually a crutch to try and do everything that you should be doing. And the minimum viable product is huge, MVP.

Noah Kagan: Well, what I was going to suggest to your people is the reason that people are becoming perfectionist is because they're scared of failing, right? The reason that people keep listening to you and Mixergy and buying info products, which pisses me off is because they're scared of actually doing it and it not working, right?

So one of the things that we've come up with that – literally, I can't tell you what you're going to experience but once your listeners do it like you, I'm going to say you because the guy who's got this thing has ears, once you go do this, it's going to change your life if you're trying to start a business and you hadn't had as much success. It's called the [Coffee Challenge](#).

I want you to go to Starbucks and I want you to ask for 10% off. That's it. Then what you do is you can go to [AppSumo.com/hipat](#) and submit your information and I'll send you something cool. So that's a little challenge. And even if you don't want to email me, don't email. I don't care or submit it there. But what you do is go to Starbucks, ask for 10% off and then I really just want to know how you feel. Things can be super interesting. So yeah, go to [AppSumo.com/hipat](#) but do it for yourself and then see how you feel and it will change your life.



Pat Flynn: Yeah, man. That sort of reminds me of this TED talk I watched the other day. It's called Surprising Lessons From a [100 Days of Rejection](#) by a guy named Jia Jiang.

Noah Kagan: Yeah, the Asian kid.

Pat Flynn: Yeah, it was so cool. Like he just – I'll put a link and I'll put it – I'll embed the video. It's actually a really inspiring video so I won't give away what goes on but I will put that in there for everybody because I want to make sure we keep moving on. So thank you for sharing all that stuff about Mint, which I know you haven't really done very much. So after Mint, what came next for you?

Noah Kagan: So my dream in life, my father was an entrepreneur and I'm kind of like a bi-engineering-business person. My stepfather is an engineer. My dad was a sales guy and he was an entrepreneur. And I always wanted to run my own business. And so at Mint, I eventually got to a point where there wasn't more for me to learn. And I made the decision to move on and I didn't just move on.

I think this was kind of a misnomer with entrepreneurs that you have to be risky. I'm very risk-averse. It sounds – I think it's strange for you to actually hear that. I don't like risk. What I like is guarantees. I like things knowing they're going to work.

Pat Flynn: Well, it's sort of goes against what you said earlier about not doing any research because one would think that when you do the research, you're kind of averting risk.

Noah Kagan: It's just – how do you find out – how do you reduce risk as quickly as possible? That is my goal.

Pat Flynn: There you go, yep.

Noah Kagan: That's fundamentally what I'm trying to accomplish and I realized that I like to do. So, while I was at Mint, I didn't just go quit and say, "Hey, let me just go do stuff or let me go research forever." Which a lot of people will do and I'm sure there are people listening that do that. I said, "All right. I want to go work and I want to go on the beaches of Thailand."

So I started making Facebook apps. I started – I was #50 with making Facebook apps and I saw that on the apps, you could put ads really early. I was like, "Oh my god! That's an opportunity." And I think that's a red flag I want to in retrospect really teach your audience is that if you are doing businesses about opportunity, I hope they fail. I really do because I don't think you're adding a lot of value to the world and I don't think you'll be as fulfilled or make as much money as you possibly can.



Pat Flynn: Explain more about that. What do you mean about building business off of opportunity?

Noah Kagan: So I've had a few – I've had two businesses like this Facebook games company and it turned into a Facebook payments company that was fundamentally about making money, just like I want to make money. And every time I've done that, I quit. And I'm never as fulfilled and never feeling as, "Damn! I can't wait to work on this tonight. Damn! I love this in the morning."

And that's honestly how I want to spend my time. That's why I do [How to Make Your First Dollar](#) and why I do AppSumo like that to me is the most fulfilling thing to help people start businesses. Like when people leave comments to me and they said, "Hey, I did this today." after this podcast goes up, I literally just feel amazing. I love that.

Pat Flynn: I know exactly how you feel.

Noah Kagan: And so with Facebook – one of the things I want to teach your audience is try to set up frameworks. If you ever like not sure how to make a decision, set up a framework. And so when I was making the Facebook apps, I didn't just say, "Oh, I'm going to make Facebook apps. This is cool."

I went and I created a framework and I said, "Well, what's – let me look at all the categories. Let me find a category with the least amount of competition and then let me literally just copy the most popular one within that." Instead of just saying, "Let me just kind of nilly willy do it." Set up a criteria system. So maybe three things or two things of what's important when you're trying to do something and it will help you make decisions easier.

And so that app that I copy was a soccer app called Soccerfame. And I think my first app was called Hockey Fame. I used a guy in the Philippines and I have a guy in India and Pakistan, if anyone needs them. If you email me, I will send you this information, just 12 bucks an hour. And so, I used him and I used the guy in India to collect team logos and the app literally just put a team logo on the person's profile. And the reason I chose that was I thought it was a category with a least amount of competition. I knew I could monetize it through Amazon affiliate. I knew I could link to the team section on Amazon and then I'll make money.

Pat Flynn: OK. And how did it go?

Noah Kagan: It went really well. So the app got a million installs in the first week.

Pat Flynn: Gee!

Noah Kagan: Yeah, it was pretty – I'm at Mint working and I literally ran upstairs. I'm calling Rackspace or whoever, let them know and I'm like, "I'm up at night doing this."



It's something a little bit of a rush. I'm not going to lie. But it was definitely intense. And so, it got to a point where I wasn't learning at Mint. I then created Hockey Fame, Basketball Fame, Baseball Fame, Football Fame. I never created Soccer Fame. I don't want to – I respected the guy I copied. And then it got to a point where I – like literally, people are trying to buy the company. I had an offer for \$100,000 and I stupidly turned that down, which at the time made sense. And I quit Mint to go work on this business full-time.

Pat Flynn: But you had said earlier that you don't want to do businesses for the opportunity of just money. And so ...

Noah Kagan: Yeah, exactly, in retrospect. But at that time, it just seemed like that that was like, "I want to have a business. This is working. Let's go do this." This is only after doing this kind of stuff. I can share that message with other people.

Pat Flynn: Right. OK. So you get this off and you turned it down. The business is going well. You have all these sport apps that put the pictures of the teams on their profiles. You're getting millions of installs. You're monetizing through Amazon for a little bit. And what was it just you weren't fulfilled and you turned to something else or was there something that happened that kind of made you moved on?

Noah Kagan: Well, the story is pretty crazy. I mean I hired two developers. I think we, at our peak doing like 40,000, 50,000 a month from those Facebook games and my goal ...

Pat Flynn: Dollars?

Noah Kagan: Yeah, in profit, 40,000, 50,000 a month in profit. And my goal was always to go work abroad. I wanted to go work abroad in this business. And I took on a 150,000 in investment from Naval Ravikant who runs AngelList. And I ended up moving to Argentina. So I took the business and went to Argentina. And while I was there, I went through a quarter life crisis and I realized like this is part of my maturity and growth where I was like, "I don't really want to make Facebook games. I don't really care about any of these customers. I don't care about doing this."

And so, I stopped working. And I just – I drank wine. Tim Ferriss came down and hang out. I did learn tango. Went to carnival, went to like Mendoza. And the good and bad of it though was that my business partners at the time were like, "Yo dude, what the hell is going on? We're still running a business." And I was just kind of not interested in doing that business. And so, they literally said, "Either you get back to work like come back home, get back to work or just quit." And I didn't know what to do. I didn't know what to do. So it was just easier to kind of go back to work.

Pat Flynn: What do you think happened? I mean you just stopped caring about the customers. I mean I know in Facebook, if you have apps, you don't know who the



customer is but I mean your business partners and your investors, I mean what was going through your head?

Noah Kagan: What was going through my head? I just wasn't happy. I wasn't happy making games for people that I didn't care that were using it. It wasn't something like I wanted to see in the world. Like kind of coming to the conferences or Mint or the bookstore. I've never really connected all these dots, Pat. And it's interesting. But yeah, I wasn't working on something that was really fulfilling me and making me feel satisfied to work on.

So eventually, I guess my body or my mind recognized that. And so, it said, "Pause. Go think about what you want to do." And I didn't really figure it out and I realized that there's no purpose. That's another question – another story. But the point was that that I was like I don't know what to do so I'll just take the easy road. And I think a big realization I've had lately is that when people are unhappy, it's because they're not doing what they really want or they're distracting themselves with other activities.

And honestly, I think I'm at the happiest point in my life now in this moment, and that's really because I'm talking with you and I was very nervous and I was excited to talk to you and share this with your listeners. And I'm working on something like this How to Make Your First Dollar, I love it. I love seeing people get their businesses that they want. The relationships with people I have, it's exactly what I want, it's with the people I want. I've cut out the people I don't want and it's really put me in a happier life.

So I came back to work in America and the business was doing OK but it wasn't really working. And so, I'm trying to think more of the stuff that people can take away. So we ended up – it's not working so like, "Well, let's try to ..." This is one of the things – or the bigger story. So we ended up trying to make it a sports betting website. So with all these sports users were like, "Let's do sports betting." Of course, they will.

And the two biggest takeaways from that is we spent six months building it. We spent probably \$100,000. We paid for the number one Vegas Sports lawyer. And then when we finally launched, there were three things; one, I was so happy that it failed. So we launched and no one came, right? So that's like – I'm starting to realize, "Wow! This is why validation is important."

Pat Flynn: I was going to say.

Noah Kagan: Come on, bro. I'm working on it. That's where I got today and I still make mistakes. I made a huge mistake.

Pat Flynn: Yeah, we all do, we all do.

Noah Kagan: I think everyone makes mistakes. I don't know if everyone learns from their mistakes. That's the key thing. And so, that was number one, is that we didn't



validate it. We didn't make sure that people really wanted it ahead of time. And I can talk about how would I've done that. Secondly, I was with partners that I didn't really want to be with. They were great guys but actually working with them, they didn't respect me. And so, I was always kind of like "Damn!" I actually hoped that the business would fail. That's the third thing. Again, I was working on a sports betting site. I don't do sports and I don't bet. Can you imagine doing that for six months? I was just like, "Oh my god! Yes, it's failing."

Pat Flynn: Yeah, yeah.

Noah Kagan: And so, another key takeaway that I want to encourage your audience is that you got to listen. You've got to listen and then internalize and do stuff. So when we're doing the sports betting stuff, we were listening to our customers, we were listening to the market and we noticed that payments for these sports games, like these virtual Facebook games sucked. And that's a really key thing in business.

I talked to a guy, Joel, earlier today who was trying to sell a mobile AB testing to companies and it's really hard for him to sell because no one wants it. But if he actually listened to what they really wanted and we can maybe do – we can do even like a practice so people can get an idea what to – how to ask, like if he actually listened he would get there and he would get something that's high in their Totem Pole and get them to give their money a lot quicker than the months it's taking him.

And so, we ended up creating payments for Facebook games because we were like, "We sucked at making games. It's not working. Let's try the payments because those seemed like it's working." So over the weekend, we created – it was called Gambit and it was a payment system for Facebook games.

Pat Flynn: That was you? I didn't know that was you.

Noah Kagan: Yeah, I founded Gambit. Have you heard of it?

Pat Flynn: Yeah, I've heard of it actually.

Noah Kagan: Yeah. I mean we, Pat, at the end of it, all being said and done, we did \$28 million in our first year and in our second year, run rate to \$50 million and there's an unhappy ending for – I don't know, if you guys like [inaudible], I'll give it to you.

Pat Flynn: We don't want people to fail but we will learn from other people's failures for sure.

Noah Kagan: I want people to fail if it makes them better. I really do. It's been blowing my mind, the Coffee Challenge about how much it helps people. But coming back to the story, so the key thing was it worked right away. We were listening to what was kind of going on in the market and that we launched it and literally, we were



profitable the first week. And it was like, all we have to do is listen to customers, treat them well, and people will use us.

And so, we blew up right away. It was just like, "Wow! This is what actually people want."

Pat Flynn: And then?

Noah Kagan: No and then. Have you heard that joke, no and then? No and then. So ...

Pat Flynn: Where is it from?

Noah Kagan: Where is that from? So one of the comments is to answer that guy – dude, let's not spoil it. I want someone to figure that out. I will pay you a dollar. I will PayPal your dollar, just figure out that comment. And so, we're doing this payment stuff and a few big realizations; one, we weren't high in people's Totem Pole like no company wakes up and says – and the Totem Pole and everything I kind of talked about now, it's from all these experiences.

So literally, we had Disney, we had Playdom, we had Tagged, we had Area Games and we had Zynga. We had every single large company and I would go to them. I would send them, I can tell you some secrets about sending things to people to get their attention, and I would ask them though – they would – like every morning, they never woke up thinking about us.

Like if we were gone, they would just be just as OK. They would replace us with our competitor. And that kind of – that's what really led me to AppSumo where I was like, "Man, I've got to figure out what's more important to people when I'm doing my next business instead of just being kind of a nice to have."

Pat Flynn: And that's where AppSumo came about?

Noah Kagan: That is, that is exactly. I'm going to give a quick hack. So if you're trying to meet people, spend 5 minutes to study him. I wanted to meet Greg Tseng from Tagged and I found out he was a runner. And so, I mailed him a monthly running subscription so that every month, he gets a magazine from me and I bought him running shoes just to have a meeting with him.

And that ended up making us few hundred thousand dollars of profit when he finally signed up with us. But most people just send a cheap email and they get a cheap response or none at all. But if they spent the time to invest in meeting other people, they'll actually get a really good investment return.



Pat Flynn: No, absolutely. I mean the law of reciprocity is at play there for sure. And also, the fact that not everybody else is going to do that.

Noah Kagan: No one does it. Pat, the bar – this is – like if you – like let me give you an example with HowtoMakeYourFirstDollar.com, we literally email every single customer who buys it, still. Can we automate it? Yes. Will we? No. And it's such a little thing but we love what we're doing and it's fun to do that and people remember that. But everyone else is like, "Let me just automate this."

Pat Flynn: I want to go and pull back a little bit to AppSumo.

Noah Kagan: Yeah, yeah.

Pat Flynn: And where did that idea come from? How did you get it all on board? And yeah, just right there.

Noah Kagan: Yeah. Well – so again, I was risk-averse. So the Facebook payments company, we got – our second year, a \$50 million run rate. We peaked at \$4 million a month. And then literally in the same week, we got banned by Facebook and the largest competitor, OfferPal who was funded with \$30 million sued us, same week. That's called the best week ever, Pat. And you know what? I was happy. I was like, "Maybe this company is ending." Because again, I didn't want to do payments. It was – I didn't want to do games. It wasn't something I woke up wanting to do.

Pat Flynn: Did you just feel like you were kind of stuck there and it was – because the money was coming in, you sort of just had to keep going with it for a while?

Noah Kagan: Yeah, I always joke that the more I made, the less happy I got. And at the same time, this is a problem that a lot of people face. It was a good distraction. It's like exciting, right? It's like this high that you have to keep going back and getting but when the high finally goes away and you look around, you're like, "Damn! I don't really like this. I don't really like this job. I don't really like these people. I don't like these customers." And obviously, there's going to be bad days that you have to go through but if you're doing stuff you like, it's much easier to get through them.

Pat Flynn: Right.

Noah Kagan: And so again, being risk-averse, I got a consulting gig with SpeedDate.com and I did a product for them. So I helped them figure out how their homepage works and AV-tests. And so, once I got that, there was – and they were paying me a lot of money, 115 an hour which it thought was like stupid. And that's actually a problem a lot of people face about how much to charge for themselves. But once I had that gig, I was like, "All right. Screw this company. I'll let these partners who I haven't been getting along with, let them go do it and I can go finally be respected and do something that I want to do."



Pat Flynn: So they took care of all that legal stuff. You didn't have to deal with that after.

Noah Kagan: No, I did deal with the lawsuit. We settled it. And then with Facebook, we just stayed banned and I stayed on for a little bit longer then I transitioned out.

Pat Flynn: Right.

Noah Kagan: I mean we're actually friends now and they're still around. It's called V11 Media and I think they're actually still making millions of dollars and I own 20% that it's still made up money.

Pat Flynn: But I think there are some lessons there as far as relying on another platform when they can just all of a sudden ban you the next day. I mean that's not really how you create a long-term business when it's in the hands of somebody else you think, right?

Noah Kagan: That's critical, Pat. I think that people don't recognize this like how can you control the outcome? Like the Quant Based Marketing sheet, how can I control the amount of marketing and the success I will have? Instead of, "Oh, I hope this works." And when you play in someone else's sandbox, they're going to make the rules. And Facebook did that.

Pat Flynn: Right.

Noah Kagan: So, I did a consulting for SpeedDate and then I toyed around with a few different ideas. One of them was like – it's called Fishbowl. I always thought it was strange that people work so hard to get customer to their restaurants but they never collect their emails or anything to get them to come back. So I was going to literally put fish bowls in restaurants and say, "Give us your email and we'll email you." And then I would manage the emails and all that kind of stuff. I didn't really explore that too much further.

Pat Flynn: It's pretty cool idea.

Noah Kagan: It will work. Someone should go do that. It will work for sure. Well, they can go validate it and then see if it works. The customers will always tell the truth. They will tell the truth. So I basically noticed a few patterns. I was listening, right?

Generally, I'm not a visionary or futurist. I'm like a 6-monthist. And so, I noticed clearly that [Dropbox](#) is really popular. That was number one. I saw that [MacHeist](#) was working. MacHeist was huge for Mac apps. And I was like, "Oh, there are Mac apps but there's not really MacHeist for web apps." And so, that's what I looked to create. It was not



actually – a lot of people have labeled this in the past as Groupon but it was the copy – I was making MacHeist.

Pat Flynn: I've never heard of MacHeist.

Noah Kagan: What they do is they bundle like 10 Mac apps and then they sell it for a discount.

Pat Flynn: Ah, so that's where you got the inspiration for AppSumo, which if you want to explain really quick what AppSumo does to people who don't know, that would be awesome.

Noah Kagan: Yeah. AppSumo.com is a free weekly newsletter promoting cool stuff.

Pat Flynn: And you could buy that stuff.

Noah Kagan: Oh yes. If you want to buy things, that's totally up to you. But we try to make every email valuable whether you buy or not. And generally, the audience is entrepreneurs or people who are starting or running businesses.

Pat Flynn: Yeah. And I'm on the email list. The email list is great and it's actually really entertaining too. And I've seen a lot of SPI friends on – getting promoted through AppSumo like Derek Halpern and Lewis Howes.

Noah Kagan: Oh, that's cool. Yeah, those guys have done well. It's really nice. With AppSumo, we've got struggle too and I'll get to that. And it was funny. When I started focusing on the money and not why I started AppSumo that we actually started "losing," I would say. But I basically have this idea of like, "All right. MacHeist for web apps like bundled web apps selling." And so I wanted to validate it.

So how I validate it very specifically is, I literally Googled for a front end PHP code. I Googled front end registration code. I found this Pakistan team for 12 bucks an hour and I said, "I need you to connect this front end code that I just found to PayPal." And I did the front end code. And so, I had them do that.

Then I was like, "Well, I need a product to try and sell and see if people actually want this." And so my hypothesis was, if I can sell 200 of a product then I will explore this business further. So I'm a big Redditor. Are you a Redditor?

Pat Flynn: I'm not a Redditor but I know it's pretty much the center of all the internet.

Noah Kagan: It's the internet literally. No, it's not literally. But don't go on it, Pat, because once you go, you never come back. It's just like sweating in your boxers. You're just like, "What just happened here?" But I was – I'm a Redditor and I noticed on Reddit a lot of people host their photos on Imgur, I-M-G-U-R. And so I was like,



"These guys are already doing. And then Imgur conveniently enough had a Pro plan. And so, I literally cold-emailed him and said, "Hey, you're selling it for 25. Let me go and sell them for 7 and – let me go sell them and I'll pay you \$7 for everyone I sell." I mean there's no risk for him. He's like, "All right. You're just going to give me free money? Sure."

And so, I had the product now and worked backwards. I said, "All right. There's already a market of people who want this and now, I have the product for them." And so how I got [Reddit](#) to do it was one, I bought ads. But more importantly, I built a relationship with Reddit directly. So it sounds so stupid or trivial but I literally got an introduction to someone there and I took him out for breakfast. And this is kind of neat story. So we're out for breakfast and I said, "Hey, here's what I'm doing. I'd love to see if you can help me." He's like, "Sure. We'll give you free ads."

And I think a lot of people don't ask. That's why the Coffee Challenge is really powerful. And so, we got the free ads. We got on Reddit and it ended up selling a few hundreds. So I was like, "All right. We're on to something."

Pat Flynn: So how did that work? That was a premium version of Imgur you're selling, right?

Noah Kagan: Exactly, Imgur Pro. And the fascinating thing was like a month later, I went back to Reddit and I was like, "Yo bro! Hook me up with those ads again. I wanted that juice." And he put me in touch with his ad manager and the ad manager was like, "Oh, that's \$10,000." So just because I got to know him and I was nice and asked for something, I was able to get it. That was something that was normally a \$10,000 thing.

Pat Flynn: All right. I'm still trying to put together how that promotion worked.

Noah Kagan: Yeah. So what happens is on Reddit, we got ads for free. And on the product side, normally, it sells for 25. But if you bought it through me, we could sell it – I sold it for 10, right? And then I paid Alan from Imgur, 7. So I made \$3 on every single one.

Pat Flynn: So it sold for 25 normally.

Noah Kagan: But we sold it at a special price, kind of like Groupon. So we sold it for 10 instead of 25, and we gave him 7. And the key thing that AppSumo that I realized as I was doing it was like, "Wow! People suck at marketing." But hey, guess what? I've done marketing at Mint.com and I'm pretty good at it so I can just do marketing for companies. And I can bring them – sorry.

Pat Flynn: Sorry. No, keep going.



Noah Kagan: Well, what I was going to say is that, the big takeaway from my last business that's really relevant here is that every single company in the world, their number one problem is customers. So I was like this is a huge problem for people that if I can solve it, it's a good opportunity. And every company that I contacted, I started contacting subsequently was like, "You're going to give me new customers, it doesn't cost me any money, and you're going to pay me? Like this is the greatest deal I've ever heard of."

Pat Flynn: Right. So for Imgur, their benefit was the fact that you would be putting their product in front of people who they probably would never been put in front of anyway?

Noah Kagan: Exactly. So I mean he could spend time working on his product but for him, he wasn't selling it that much. And I was like, "Well, let me go buy ads." And I tried other ways too but the ads were what worked really for that, that specific example.

Pat Flynn: Right. And then lower price point for him selling it for 10 instead of the normal 25, again, getting new customers on board, they're not just going to pay you 10 bucks and that's it. That's the last one. They're going to be in your system, in your email, and you'd have the opportunity to sell them maybe super premium or something.

Noah Kagan: Yeah. I mean it's actually less about that. It's more that it's a digital product so there's no cost. So that \$7 is like \$0.50 in server cost and the rest is pure profit.

Pat Flynn: Got you, right.

Noah Kagan: So unlike Groupon where they have like the restaurants, stores, and food and blah, blah, blah, this is all profit for him. And so he's like, "You're just going to give me free money?" Yes, sign me up.

Pat Flynn: Right, and then you take a cut.

Noah Kagan: Yeah, exactly. We took I think \$3 or maybe a little more and maybe a little less. But the key thing for the listening audience is like I didn't go out and spend a month, right? Think about, I know this Pat, you're listeners have spent a month building. "We're waiting for design. I'm waiting for development." And that's kind of the thing. I think I did it a weekend or two weeks, max to actually make that a reality.

Pat Flynn: And so, that validated ...

Noah Kagan: Exactly.



Pat Flynn: ... your business model. And where did you go from there? Did you just look for cool web apps and say, "Hey, you want to be a part of this deal?"

Noah Kagan: Yeah. Actually, I worked backwards from who has traffic that I want and I wanted to be on Lifehacker. And so, I went and looked through all their most popular posts and I found the most popular products that are on Lifehacker.

It's the same thing I did on this podcast, Pat. I went and looked at your top two podcasts. I went and read every single comment. I went and read every – the whole – the half – one and a half of the transcripts and then I figured out what kind of content was actually the most relevant for your audience so that I can make this the most popular show ever.

It wasn't like, "Oh, I hope this would be the most popular show." I said, all right – because a lot of your people want to talk about inspiration so I'm talking about my failures. I'm talking about my good stuff. I didn't just go, "Oh, let me just go randomly talk about things." I spent time researching this.

Pat Flynn: Yeah. So you did do research.

Noah Kagan: I have a whole sheet of it. Do you want me to send it to you?

Pat Flynn: OK. Because in the beginning, you said do not do research.

Noah Kagan: There's something with you and me with research, Pat. I'm not saying that research is bad. What I'm saying is that, I don't want people to be paralyzed by research.

Pat Flynn: All right. There we go. I think that's what we wanted to hear.

Noah Kagan: Yes. So here is all my – I'm just going to paste it for you in the chat so you have it.

Pat Flynn: You said that at the beginning and I just want to hook on that because I was just like still a little surprise. But I think you just clarified exactly what you needed to clarify.

Noah Kagan: So literally, you can see the notes. I went and highlighted what themes people kept talking about. And so, that's the same reason why I think your listeners are, "Wow! This Noah guy is kind of interesting." Because I listened to what the audience actually wants.

Pat Flynn: Right.



Noah Kagan: So I went to Lifehacker and said, "These are the products they actually want." And I said – I emailed them before I got it and said, "Hey, I'm going to go get these products. Would you be interested in promoting it?" And they're like, "Oh, we can't guarantee it but yes."

Pat Flynn: You're doing the right research just like how you did research for the show. You listened to the most popular ones, you read the comments for these. You didn't go listen to every single podcast just like how you chose specifically Lifehacker to go to and the most popular posts. I think that's really smart.

Noah Kagan: Yeah. That was my one a day, Pat. That's all I get, my one good idea of the day. And so yeah, with Lifehacker, we ended up launching it. It was Evernote Remember The Milk and a few of the other products, and Lifehacker wrote about it. We sold a few hundred more. And I was like, "All right. We're on to something." And so then, I actually left for Europe from San Francisco and I started selling products, digital web products about once every other week or whenever I felt like it.

Pat Flynn: And how's the business been doing?

Noah Kagan: So it's been pretty interesting. We've been doing three years and I think part of my problem is I am impatient which makes me successful but it also hurts me where I'm not as longer term in certain decisions. And so, in 2001, I'll share some of our revenue, 2001 we did \$700,000. And I kind of always hesitate sharing money because that I'd said before was sort of the goal but I'm already kind of rich.

And that actually is really powerful because now, I don't really need the money. I just do what I want which is How to Make Your First Dollar. That really fulfills me big time. And not just people signing up. I don't want their money. It's actually them signing up, doing the work, and getting the result that they want.

Pat Flynn: Why don't you give it for free now?

Noah Kagan: Oh, I knew you're going to ask it. And I thought about it myself. I said, "Why not just make it for free?" And it blew my mind. Pat, I would give it away for free in a heartbeat. But why do you think I don't give it away for free?

Pat Flynn: Because people who get things for free don't take action.

Noah Kagan: Man, I was going to swear. Exactly! Yes! Yes! And it pisses me off.

Pat Flynn: Yeah, it's so true.

Noah Kagan: Well, I learned it. And this is what I've realized through helping people with their businesses. I can't tell them exactly – I can tell them the blueprint. I can hold them accountable, which we do on both of those things. We actually hold people



accountable to what they want. But they have to learn themselves. And so, I learned that free thing myself when I started giving some of the free AppSumo products away. Like we promote LinkedIn Premium or some products and my friend was like, "I really liked that." I gave it to him for free. Two weeks later, I checked in with him. I was like, "Yo bro! What's going on? How did that work out?" Nothing, Pat.

Think about how many blog posts you read and think about how many like PDF eBooks you've gotten. You don't – you prioritize those a lot less than something you've actually invested in. And so, that's – and I noticed that. Like I would go talk to people. I talk to students at UT Austin last week. They didn't have to pay for me to come. They even hardly know who I was.

And I asked them at the end of the class, I was like, "All right. What are you going to do today?" And all of them were like, "I'm going to get high. I'm going to go to a bar." And I was like, "I'm not going to do this again. I may have to reevaluate it." Because for me, my fulfillment is that people get the results.

So that's why I don't make it free. And the \$300 price point, it's about a buck a day. And so I thought that was fair. That's what – I think if we're actually – I can't guarantee that will make it as a super successful but we do guarantee you'll get your business going. Like that's the cheapest thing I've ever heard. I don't like they were cheap but that's the most affordable thing I've ever heard.

Pat Flynn: So what's the basis behind or what's the kind of theory behind the way that you guys have run your course versus all the other courses out there? What makes it different?

Noah Kagan: Well, let me tell you how we got there and I think that's more important than just the end result. And I think when people are doing things, they need to understand about why. So in 2012, we did multi, multimillion dollars. And I was very greedy. It was very egocentric. I moved the business around in a lot of different ways. I hired 16 people. I got a big office in Austin, Texas. And I was very like – I honestly didn't even know what we are promoting anymore. I just looked at the daily revenue numbers.

And then I was depressed, Pat. I was depressed most of last year for nine months. And I started exploring. "All right. What did I really start AppSumo for? Why did I do this?" And I really did it because I love promoting cool stuff. And all I was doing before was promoting cool stuff but I created this monster where I keep feeding it.

And one of the funny stories was I was talking to my partner, Chad, who's the most amazing person in the world, one of the most amazing people in the world, I'm not trying to be too hyperbolic, I talked to him in passing. I said, "Man, we should fire everyone and just go back to what we're doing in the beginning." And Chad – and he was like, "Ha ha ha, that's funny." And then literally, five months later, that's what we



did. We cut our revenue in half. We fired 10 people and we stopped emailing. And it was really – it was hard but it was a huge thing of, “All right. This is what I actually wanted to be doing all along. So that was – sometimes the money, gets distracting for me.

Pat Flynn: Yeah, I think that’s just something that’s pretty common with not just you, Noah, but a lot of people. Once the money starts coming in and they feel like that they have to keep growing and growing and growing and then they forget sort of where they came from or why they are doing that in the first place.

Noah Kagan: Dude, that why is gigantic, man. The why is just so huge about why do – what do I – that’s why I’m like, people should do what they really want for business and not just something as an opportunity. Like I can tell you like this. Andrew Warner of Mixergy, he likes this.

Pat Flynn: Yeah.

Noah Kagan: Right? And that’s why their stuff – you guys stick within, you’re consistent and you make it happen.

Pat Flynn: What would be, based on your experience with all your failures, what would be your top two tips for people to make sure they don’t go down that path? That they stick with remembering where they came from because I mean I don’t think you purposely forgot where you came from and wanted to go down this path but you did it and you did it a couple of times. What could people take away from you experience? I know it’s a deep question.

Noah Kagan: No, it’s a great question, man. It’s a great question. It’s like how do I not keep repeating it? So I think one, self-awareness, which is kind of a cliché answer because it’s not as like meaty but it is very powerful. So I become much more self-aware and I’ve recognized that when I start focusing on money, I become less happy.

Like I got – I’m speaking in Arizona tomorrow. I’m doing a workshop for people starting businesses. And somebody emailed me. He’s like, “Dude, you’re only charging I think \$15.” He’s like, “Why aren’t you charging more?” And the greedy Noah comes out and I was like, “Yeah, yeah, money more.” And then I stopped and I was like, “All right. Let’s think about this.” And I said, “I’m not doing it for the money. I’m only asking for money so that it filters out all the free loaders who won’t do anything.” And so, the self-awareness is really powerful.

And then secondly, I think you need to have a support system around you who will keep you in check. And so for me, it’s my partner, Chad, who I actually fired him in the beginning of the business of the AppSumo, him and then also I go to a therapist now which is – I’m trying to make it less taboo for other people because I found that to be insanely helpful. That once a week, I go and talk to someone completely unbiased that



gives me feedback and he knows what I want. He helps me explore what I want and gives me feedback on that.

So I'd say, understanding yourself and then knowing what you want and a support team around you is probably the two things that I would say to help stay true to what you really want. And be open – I'd say third bonus is something has changed. Like things I used to like back in the day, I used to like cooking last year. Now, I haven't like cooking. So it's OK that things change but just to be aware that this is what you really want.

Pat Flynn: Awesome, man. That's some deep stuff and we've covered a lot and we just hit the hour. We had talked a while ago about course and you had me go through it. And then again, I was really interested just because I know kind of the type of person you are and I knew you'd approached it differently. And again, it's pretty amazing. You said that you are going to kind of hook maybe one or two people up who are listening or who might be reading the show notes.

Noah Kagan: Yeah, how can they earn it though? And the thing is, I want everyone to do something today. So I was thinking we could do something fun, Pat.

Pat Flynn: OK.

Noah Kagan: I was thinking, your most commented show is 232 comments. I could be wrong.

Pat Flynn: You're close. I mean it's probably going to grow a little bit just because it's so popular. So what's the challenge?

Noah Kagan: Here's what we're going to do, if we can get 300 comments of what people are doing today on this show, on SmartPassiveIncome.com, I was thinking, I could do something crazy because for me, I don't want to incentivize them with money. I think if people don't pay for How to Make Your First Dollar, they actually may not do anything with it and that's just no good. But if we could do the comments, I'll do something crazy and at least these people took some action to make their lives a little bit better.

Pat Flynn: OK. So if we get to 300 comments on this particular post and you'll get the link to the show notes afterwards so if you're listening to this in the car or gym or in a walk or wherever, you can go there on your smartphone or when you get home. What do we're going to have people comment on it? I don't just want them to say, "Hey, what's up?"

Noah Kagan: Yeah, yo bro. No. Well, here's my idea. I think – and maybe we can bounce it off each other. I was thinking it would be really fun and that's a good way to understand if you're doing something you like is it's fun for me, I want people to



comment what they're going to do today. Like if they want to start a business, what do they're going to do today? If they want to do something better in their job, what did they do today? Can you – just do something today and leave a comment what you did. And if we can get 300 comments then I will streak naked.

Pat Flynn: No, I don't know if that's something people would want.

Noah Kagan: See, Pat, right there! That was great. Now, let's reiterate. Let's learn from that. Knowing your listeners though, what do you think they would really want? That was great, Pat.

Pat Flynn: Something to help them with their online business, some formulas or templates or something hidden that nobody else has yet. No, that's something not good either.

Noah Kagan: Yeah, that's the thing.

Pat Flynn: That's not that fun.

Noah Kagan: Well, I was thinking like I can give money to like Facebook ads. I could have them come – I could fly them to Austin. Do you want to fly one person to Austin and we'll personally work them for a full day?

Pat Flynn: Oh, that's kind of cool. I mean I won't be able to go but if you're down ...

Noah Kagan: Can we pay for you to come with them?

Pat Flynn: I can't travel the rest of the year.

Noah Kagan: What if we pay for your wife, kid, and you and this person and I'm not going to babysit you all day but all of you can be on the office and we'll treat you to lunch. And we'll pay for the flights.

Pat Flynn: That's cool. OK. How about you'll select somebody out of the 300 plus whenever that happens and we'll have something cool for them, sort of like that, fly out or whatever. We'll do something cool.

Noah Kagan: Let's do that flight. Do you think they would like that?

Pat Flynn: Sure.

Noah Kagan: So I will fly anyone in the world to AppSumo. You can work with us for the day and I'll buy you lunch.



Pat Flynn: There you go. And then if I for some reason, I have an opening on my schedule Noah, I'll be happy to come down too.

Noah Kagan: Dude, that would be fun, man. Have you been to Austin?

Pat Flynn: No, I haven't but I hear it's amazing. And it's a really clean town and the people are cool. I mean the art and culture. I just – I need to go.

Noah Kagan: You do. Pat, can I – and this was something that will be helpful for your audience and helpful for me.

Pat Flynn: Yeah, let's do it.

Noah Kagan: So how can I make this the best podcast ever? Is there any reason – let me actually rephrase that, is there any reason this wouldn't be your most popular podcast ever?

Pat Flynn: Well, if I kept those all the swear words in there, no, it wouldn't be.

Noah Kagan: OK. But see, this is what people do. When you're trying to sell your customers, is there any reason you don't want to buy from me today? Is there anything holding you back? All right, so swear words, one. So can you handle taking out all the swear words?

Pat Flynn: Yeah, I've already taken them all out for the people listening.

Noah Kagan: Perfect. What else do we have? Is there anything else we can make this one – so this is what I'm trying to encourage the audience as well, what can you learn from your customers?

Pat Flynn: I mean you provided a little bit of actionable stuff like what they can do now like that's what a lot of my audience loves. I mean they get a lot of the motivation from people and people has got a lot of motivation from you, learning from your mistakes and failures and everything you've done right. But what are like tactical things like we talked about earlier? And you'd even said yourself, people like the tactical things.

Noah Kagan: So what kind of tactical – yeah, sure. See, I love this. What kind of – related to what? Marketing?

Pat Flynn: Yeah. Let me think. Because back on Dane's podcast, which for those of you listening, that one was the most popular one, episode 46, he had given away so many tactical specifically idea-hunting sort of phrases to use and emails, which a lot of people jived with. Specific things they could put in emails to find niches and find holes in markets and find people's pains.



Noah Kagan: OK. So if I can do some tactical stuff around that, do you think that would make this even more valuable?

Pat Flynn: Yeah, let's do it.

Noah Kagan: Let's do that. That's great. So I'm going to go through – I'll do 10 different ways to figure out ideas that if you're not sure what you want to do.

Pat Flynn: Awesome, yeah.

Noah Kagan: Perfect. So here's number one, Google hate. So pick a product that you hate and see what people are talking about it and then you can actually figure out ideas for your business. Like wow! Because when we started Mint, I looked up, Quicken sucks, Quicken hate, Quicken die. And I was able to figure out people to work with and then new ideas for Mint.

Secondly, Craigslist gigs. I mentioned it earlier. Go to Craigslist gigs. These people are already saying, "I have money." They already have money and they want to give it to you. So just go to where people are already saying they have money.

Number three, teacher. How could – if you were to stand up in front of a room right now today, you, the listener, what would you teach someone that you are an expert in? "Well, I'm not an expert." What would you teach someone that you actually know really comfortably, right? Would it be creme brulee like me or would it be tacos or starting a business? And that's what I actually do.

So what would you teach? The interview method, right? You guys don't need to worry about the exact words like that's the kind of easy stuff. But go interview people who have money, right? Go interview the local restaurant guy and listen to what his problems are. And what I ask him is if I was a magic genie, what would be your largest challenge? What's your number one challenge today? Right? And then you have to actually listen and see what his real challenge is because a lot of times, they won't tell you the real answer and you just have to keep listening.

A few other ones, so we'll just keep going.

Pat Flynn: Sure.

Noah Kagan: Kick starting? Go to Kickstarter and see everything getting funded. See everything not getting funded. That's a very easy way to see what people are already wanting to give money for.

Pat Flynn: Yeah, I would definitely get into like that 3D printing business.



Noah Kagan: Yeah. I mean you could validate through printing. I wouldn't talk about that. But go to Kickstarter, see what's already getting money. That's a lot easier than the ones that are not getting funded.

Two more; one, ads. Ads companies that are already spending money. They're already spending money. So is there a way you can complement ads on Facebook or Google or on like some random site or is there something that you could create competitively against them? Most people are already spending money and if there's something of value that you can help create for them.

And the last one that I would say is what did you do last weekend? If you're not sure of what business to start, literally write down every single hour of both Saturday and Sunday and say, "What did I do this weekend?" And that will exactly tell you things that you like to do. And then you can maybe explore starting your business around that.

So those are about 8 or 9 ways of how to create ideas for starting a business.

Pat Flynn: Yeah, that's cool, man. OK. I'm going to get greedy and ask you ...

Noah Kagan: Yeah, let's do – dude, I'm telling you, I want this one to be the best one ever. And if they want more tactics, I should have just cut out all the emotional stuff.

Pat Flynn: No, that stuff is important too. And it's really good to get to know you personally, Noah. So again, thank you for sharing all that stuff. Now, let's say you have a business up and running already or a blog, how would you grow?

Noah Kagan: Well, let's just talk about your blog. Wouldn't it be more interesting? I think that would be more interesting for the listeners.

Pat Flynn: Sure.

Noah Kagan: So, the number one thing that people miss out on is objective. So Pat, what is your objective right now? And this is – and the reason that's so important even though it sounds cliché is that you don't – like if you're driving and you don't know where your destination is, how do you know when you're going to get there? How do you find the best path to get there? And so, once you got some validation, you need to figure out what's my objective next?

So in terms of growth, Pat, what are you trying to accomplish?

Pat Flynn: Oh, go ahead.

Noah Kagan: Also, it should be a medium to short timeframe. So I would say, it's April, I would go to May and say by the end of May, where do you want to be at?



Pat Flynn: As far as numbers?

Noah Kagan: Yeah. So is it revenue or is it growth? Like what's your objective?

Pat Flynn: Literally, it's thank you emails and thank you letters, handwritten letters. Every time I go to my inbox at UPS, I want to get 5 to 10 and they go every couple of weeks. And so far, it's happening.

Noah Kagan: OK. So how many do you want to have by the end of May?

Pat Flynn: By the end of May, what's the date right now, it's the end of April, so about a month, I want to get at least 40.

Noah Kagan: At least 40?

Pat Flynn: Yeah.

Noah Kagan: OK. And how many you got now?

Pat Flynn: I'm getting about 25 per month.

Noah Kagan: You're getting about 25 per month. So here's exactly what I would do, OK? And this is how I do in marketing. I literally have that objective. I go to a Google spreadsheet and I'll go through different marketing tactics because I think that's probably what your people want to hear and not about – I think the thank you is a little less relevant for them but it's very important because that's what you want to accomplish.

Pat Flynn: Well, I found – sorry. I just found that the more thank you notes I've been getting, the more money I earn.

Noah Kagan: That's so cool. Have you told people about this?

Pat Flynn: Sort of. I mean obviously, there's no direct correlation but there sort of is. I can probably draw a line graph. But ...

Noah Kagan: That's so awesome, man. So what I would do is I would set up a spreadsheet. I would say, "All right. Here's the different amount of time so I want to get to this goal." And what are the different options I have available? This is part of the Quant Based Marketing. Here is my goal, 40. I'm at 25 now. What are all of the options I can do? So all the options, like Pat, what do you think – what are three things that come to mind that you could do to get more thank you letters?

Pat Flynn: I can just ask because right now, I'm not even asking.



Noah Kagan: OK. So you can add a link at the bottom of every post like, "Hey, my goal in life is to get 40." You could put that at the bottom of your post. That's one. What are two more?

Pat Flynn: I can have people click a button where it all automatically sends one. They don't have to write it, which I know would be ...

Noah Kagan: Kind of cheating a little bit.

Pat Flynn: Yeah, it is. I want people to write it. That's bad.

Noah Kagan: Exactly.

Pat Flynn: That's bad.

Noah Kagan: No, that's good. And Pat, that's a really key point. You didn't – that's not what you want. That's not what you want and I think a lot of people are like, "Well, I put the button in. It gets me more revenue." But I think when you're true to what you actually want, you're going to be more successful. So I mean there are other options, Pat. Like I can't tell you but what are the other two?

Pat Flynn: I would say, create something worth sending a thank you note about.

Noah Kagan: Oh, what do you think that could be? What do you think your audience would respond to?

Pat Flynn: Probably another thing like a Niche Site Duel. I don't know if you've heard of the Niche Site Duel but I did something where I created a business live on Smart Passive Income over the course of three months and it got to number one in Google. It started making a few thousand bucks a month. I had – that's where a lot of my thank you letters come from. And people are sort of dying for another one of those examples and case studies. So I know if I did another one and it was successful, even if it wasn't successful, people would appreciate that.

Noah Kagan: Yeah, that's great. And then what's the last one? Like you could – could you email all your people and say, "Hey, I love thank you cards if I earn it. Here's my address. I would love to hear from you."

Pat Flynn: Yeah, I could do that. I can also share what some people have said although I don't know if people want that to be private. Maybe I can – typically, they all come with either business card or email or something in there and I can just ask, "Hey, do you mind if read this or share this on the blog?"

Noah Kagan: So, that's exactly – and who knows which one – in marketing, if I knew that it works like I would sell it for a billion dollars. But the point is, I don't know it



would work with marketing every time. So I would list all the options, probably ten. I'm sure you could get to ten. And I would say, "All right. Well, what's the amount of thank you letters I expect from each one? What's – how easy is it?" And then I would multiply them and figure out, "All right. Well, which one can I prioritize so I get the most amount of results for the least amount of work? And then I start just each week do one thing. And then I would say, "All right. How many did I get out of that?" Then I would say, "All right. I want to do more of this one and then less of this one." And that's exactly how I would go and get your objective.

Pat Flynn: Yeah.

Noah Kagan: Now – excuse me?

Pat Flynn: I was just going to say, it's going to be interesting after this episode goes live if there's going to be an influx of thank you letters that come in.

Noah Kagan: But that's the point though, that's what you want. And so, in terms of marketing, this is the key thing people missed and if you're marketing and it's really hard, it's probably because you're not validating and your product sucks like your business sucks. People don't want it.

In terms of the tactics, they're all over the place like there are easy ones like meetup groups. They have a mailing list, right? They have real people mailing list so all you have to do is reach out to the partners of these mailing lists at Meetup.com.

So let me just – I'll go through more tactics but I want to make sure with everyone, validate, set up your objective, and then the tactics come into play. Pat, do you want to give more tactics? I got about 15.

Pat Flynn: Give us 5 more.

Noah Kagan: Five more.

Pat Flynn: Let's do an hour and a half.

Noah Kagan: Use subreddit. Go to like [Reddit.com/r/subreddit](https://www.reddit.com/r/subreddit). It's really easy to find people who are already talking about it and you can reach out to those people and just start talking to them.

One thing that I've been doing really – that's been really well is like either video responses on YouTube or putting annotations on YouTube videos. I've actually found – because YouTube emails people anytime you upload a video and I found it really interesting to get a lot of subscribers and use that as a new traffic channel.



Two other ones; International, it's pretty neglected and most people just kind of neglect International but I didn't and I didn't realize that until – it took me a long time. But International has a lot of customers that have money that a lot of people aren't tailoring to either in terms of language or even just advertising to them.

And then third, I would try to do mobile ads. So you can buy mobile ads on Twitter and Facebook. And it's a lot cheaper and there's a lot less competition around it so I think you'll have a lot more opportunity.

Pat Flynn: Making sure to – and this is something we talked about in the previous episode that when people click on those ads, they are taken to a mobile-friendly page.

Noah Kagan: Exactly. It's funny. We AB-tested our mobile-friendly page, it didn't make a difference. It's really disappointing.

Pat Flynn: Really?

Noah Kagan: Yeah. That's a whole another story about all that like software we built on our back end.

Pat Flynn: Right, right. But that's your experience. It might be different for somebody else. Who knows? That's again that needs to be tested.

Noah Kagan: Exactly. They got to go do it themselves. So is there anything else that I could do to try to make this the number one podcast you've ever had?

Pat Flynn: You could give away like a million bucks to somebody.

Noah Kagan: Would giving away million dollars do anything?

Pat Flynn: It would make it a pretty popular show I would think.

Noah Kagan: Well, I could give away a thousand dollars but they have to do something.

Pat Flynn: No, I don't want you to have to give away money. You've already given away enough. Honestly, great value in this podcast episode. I am sure that just because of who you are, it's already going to get a lot of buzz and this is going to be really interesting to hear how people respond to your story. And again, great action tips at the end. So thank you for that.

Noah Kagan: This is fun, Pat. Thank you very much.

Pat Flynn: Yeah, man. It's a great time. I can't wait to talk to you again and sort of maybe even hear from you and see what other ventures you're in.



Noah Kagan: Yeah. Who knows? Was this like – was that good meaty stuff? Was it weak? Like what's your honest take?

Pat Flynn: No, it's good, man. It wasn't weak at all. And I've tried my – I've done my best to keep it going and keep it in the right direction so hopefully from my end, it was good for you too.

Noah Kagan: Yeah, it was fun. It was fun. There are times where I could tell I was like kind of zoning or like going a little left and then came back. And then – but ultimately, it's about what the audience is actually wanting, which at the end, you're like, "They want tactics." So it would be interesting for you to – in your copy and be like, "At the end, it's where there are a lot of meaty stuff."

Pat Flynn: Yeah. Well, actually, we're still recording right now. So ...

Noah Kagan: That's very cool. I know. I'm going to get going. And bye, everyone from Smart Passive Income.

Pat Flynn: All right. Thanks, man. Take care.

Noah Kagan: Later.

Pat Flynn: All right. I hope you enjoyed that interview with Noah Kagan from AppSumo.com. A lot of really interesting and educational stories and his background and just a lot of takeaways from that episode. I think you could really sort of feel how – what kind of a creative mind Noah has and how he's not afraid to take these bold actions and take risks, and also, experiment.

And that's really what I love about Noah the most is he's not afraid to experiment. And sometimes, that's what you need to do. You need to test the waters and try things out to really see what works and what doesn't. And that's sort of what I do myself, not in the startup world like Noah but an online business.

So, I hope you enjoy that episode. Give Noah a shout out on Twitter if you listened to him and you heard him, his Twitter handle is @NoahKagan. And definitely, check out AppSumo.com. It's a great website. You can get some great deals on there. I myself have been a customer a few times in the past.

Now unfortunately, I'm not going to have a listener voicemail here in this particular episode just because we're already 1 hour and 27 minutes into it but I will be dedicating an entire episode in the near future, not the next episode but maybe the one after that or the one after that one.



I'm going to be dedicating an entire episode to answering all of your voicemails. So please if you have a question or a comment or something you're thinking about as far as online business, it could be anything, leave a voicemail for me. You can go to SpeakPipe.com/PatFlynn and leave your message there. It's all done on the computer.

And the audio quality, don't worry about it. Just leave your question and you may or may not be on the show depending on what the question is and also, how many entries I get. I just think it would be awesome to have all of you be featured on the show as well sometimes. So go ahead and do that and let me know what you think at SmartPassiveIncome.com.session71. That's where you can leave your comments, see all the links in the show notes, and again, all I have to say is thank you so much for spending time with me today.

All right. I'll see you in episode 72. Peace.

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