



STRATEX
digital marketing

Building a Million Dollar Digital
Marketing Business in 3 Years

Digital Marketing Consultant

Dan Stratford

- Owned my first business at 14 (Lawn Mowing)
- Built the largest soccer club in Kansas City by the time I was 25 (1992)
- Digital Marketing Since 1997
 - Marketing/Messaging
 - SEO
 - Adwords/PPC/Paid Search
 - Website Development
 - Social Media
- Product Development to Business Development
 - Dex Media - \$28M to Over \$120M in 1 Year
 - LexisNexis – Grew from Zero to Over \$10M/Year in one year
 - Grew a \$1M Agency in 29 Months (\$6k/month to \$96k/month)
- Stratex
 - Consulting and Training
 - MORE Than Just Wholesale Services
 - Some Direct Services



Agenda

- 1 Moving from S to O
- 2 Business Development
- 3 Scaling operations
- 4 Financing your business
- 5 Partnerships Exit Strategies

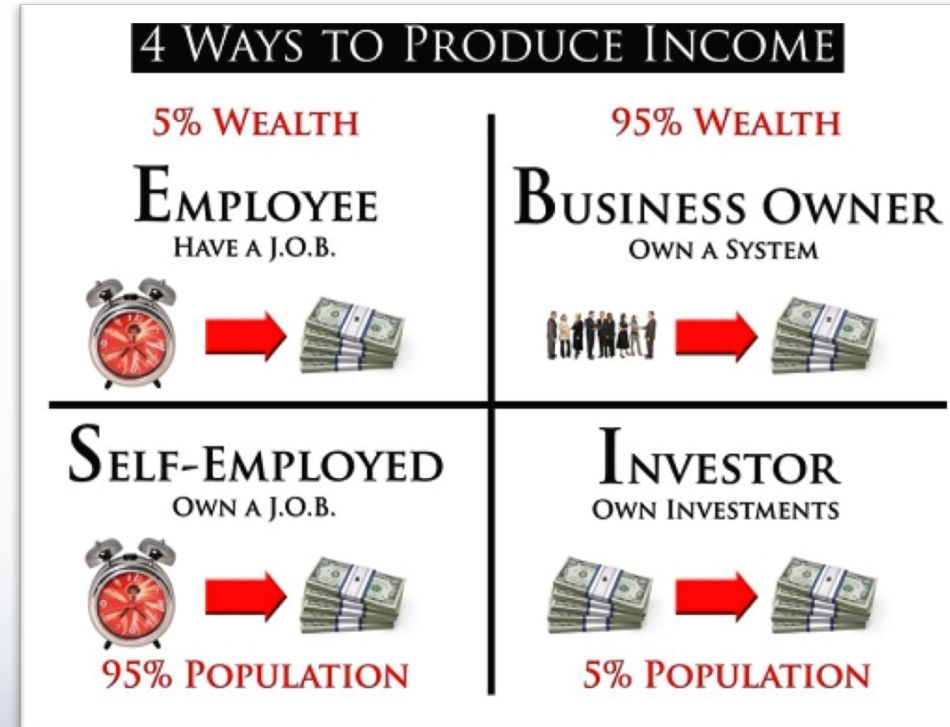
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Moving from Self Employed
to Business Owner

Moving from Self Employed to Business Owner

Why should you?

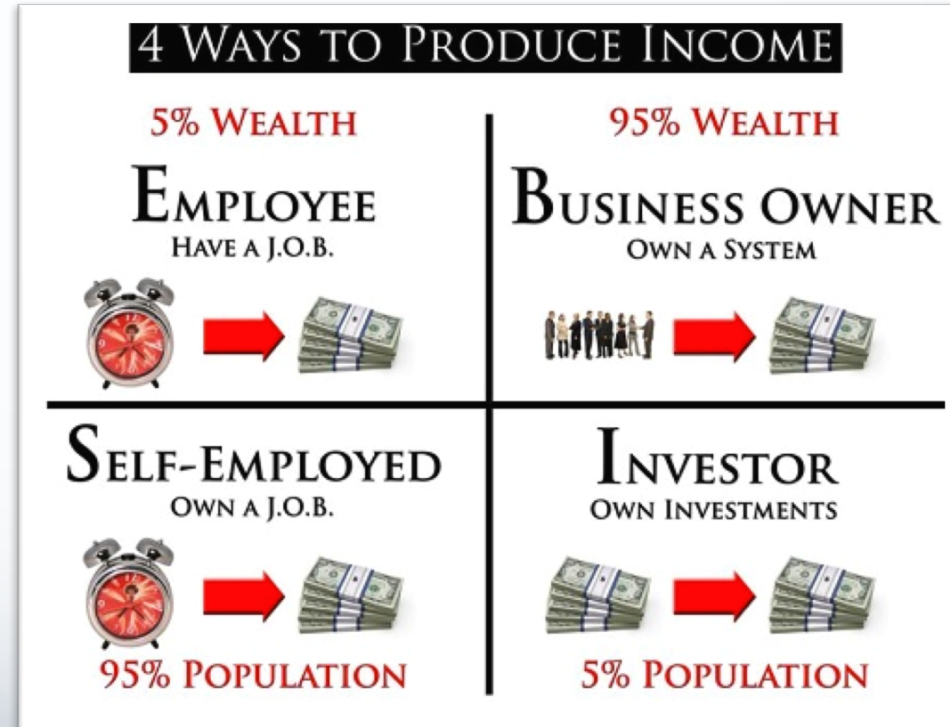
- Freelancer Challenges
- Stability
- Ability to Exit
- Economies of scale
- Personal reasons
 - Reach more people
 - Help more people
 - Experience and growth
- Foundation for much larger business



Moving from Self Employed to Business Owner

Why shouldn't you?

- You won't be rich right away- and you may never be "rich" at only \$1,000,000
- Lots to manage
 - Partnerships
 - Employees
 - Customers
 - Money
- Liability



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Business Development

Business Development

Step 1 Many Businesses Ignore: Messaging Development

- **Established Your True North**
- Keeps You Focused
- You Hire The Right People
- Happier Customers
- Happier Employees
- Happier YOU!
- Redo Yearly



Business Development

What do I mean by messaging?

1. Knowing Your Target Buyers

- Psychographics, NOT just demographics
- What problems do they have that you can solve?
- What solutions are they looking for that you can provide?
- Why do they buy?
- What are their pet peeves?
- **“Niche”**



Business Development

What do I mean by messaging?

2. Positioning

- How do solutions match up with your target buyers problems?
- How do you make your customer's lives better?
- How do you service them better than any of your competitors?
- What is your 60 second elevator pitch?
 - Everyone in you company needs to know it



Business Development

Example:

2. Positioning

- How do solutions match up with your target buyers?
- How do you service them better than any of your competitors?
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- Everyone in your company needs to know it



Messaging Platform Example

To:
Small & Medium
Sized Business
Owners.

Reinforcement Message

You have a business or firm that is growing and thriving. You sleep easy knowing that your marketing is working so you can focus on running a more successful business. You feel in control, you do not spend time worrying about how you are going to drive leads and sales for their business.

- Testimonials
- Certifications
- Experience

Engagement Message

You have invested in a website that does not produce as many new clients as it should.
You are unsure as to what is the best way to drive leads and clients to your business from your website.
You don't know who to trust to do your Internet marketing.
You do not have a strong web presence
Your competitors are stealing prospects from you because they do a better job of Internet marketing than you do.

Digital Marketing

Value Prop/Positioning Statement

Stratex Digital Marketing is the only digital marketing consulting firm that has the knowledge and experience to help you develop the best digital marketing solution for your business and find the best solution provider for your business so you can rest easy knowing you made the right decision that will meet your specific goals. Unlike other "consultants" who are trying to sell you their services from a subjective position, Stratex enhances your team and to help make sure the right program is implemented for your business.



Solution Message

You want the Internet to drive profitable sales for your business.

You want to know which programs are working so you can continue to make knowledgeable decisions about how to invest your marketing dollars wisely.

You have a marketing partner you can trust to look out for you and help you succeed in your online marketing efforts.



How will you get to \$1,000,000?

You Need a Plan:

- How much revenue per sale?
- How many customers?
- How will you get those customers?
- How will you serve those customers?
- How will you finance your growth?



How will you get to \$1,000,000?

“New Sales” Example

- 500 Customers/year each spending \$2,000
- 1,000 Customers/year Spending \$1,000/year
- 2,000 Customers Spending \$500/year



How will you get to \$1,000,000?

Residual Example:

- 167 Customers Spending \$500/month
 - 8 Customers/Month for 2 Years
 - 16 Customers/Month for 1 Year
- 84 Customers Spending \$1,000/month
 - 4 Customers/Month for 2 Years
 - 8 Customers/Month for 1 Year
- 42 Customers each spending \$2,000/month
 - 2 Customers/Month for 2 Years
 - 4 Customers/Month for 1 Year



How will you get to \$1,000,000?

Residual Example:

- 10 Customers at \$8,400/month?
- 5 Customers at \$16,800/month

Upside:

- Few Customers to Deal With
- Good Profit Margins

Downside

- Lose a customer? Fire 10 to 20% of your staff
- Long sales cycle?
- Right time right place?

Other Considerations:

Unless you have 20-40 of these it could be a problem

Maybe handle as a consultant? Full time job?

Consider “growing into” these types of clients



Where Should You Spend Your Marketing Dollars?

- **Website**
 - More people see your website than see you, your office or your business card
 - DIY?
 - Other Low Cost Options:\$300 to \$3,000
- **Business Cards?** Probably
- **Phone?** Definitely
- **Office?** Not yet...but probably soon

Where Should You Spend Your Marketing Dollars?

Early Stages of The Business

- More Time Than Money
- “Free” or Close to Free
- Networking
 - Offline Groups
 - Offline One on One
 - Social Media
 - Public Speaking
- Email Marketing
 - Set the Foundation
 - Can Evolve With You



Where Should You Spend Your Marketing Dollars?

Now You Have Money – WHY spend money on Marketing/Advertising/Lead Generation?

- Separates you from the “freelancers”
- Creates a barrier to entry
- Reach new markets you can’t reach on your own
- Credibility
- Leads



Where Should You Spend Your Marketing Dollars?

Investing in Lead Generation:

- Know your cost per acquisition tolerance
 - Lifetime value of your customers
 - What are you willing to lose in the short run?
- Track Results (CRM)
 - Cost Per Lead (Somewhat important)
 - Time Spent on Leads (Very Important)
 - Cost Per Sale (Very Important)



Where Should You Spend Your Marketing Dollars?

Example:

- **SEO**
 - Investment: \$1,000/month
 - 20 Leads a Month
 - Close 10% at an Average of \$2,000/month sale
 - Net Profit (before cost of advertising) = 25% (\$500/month)
 - 2 Sales Per Month NP = \$1,000/month
 - Break even in ONE month
 - Average Client Stays 12 Months
 - NP = \$12,000
 - **CPA (Cost Per Acquisition) is \$500, ROI is 11.5:1**
 - **Cash flow is 6+ Months \$6,000+, due to SEO time, then 1 month or \$2,000**

Where Should You Spend Your Marketing Dollars?

Example:

- **Pay-Per-Click**
 - Investment: \$2,000/month
 - 10 Leads a Month
 - Close 10% at an Average of \$2,000/month sale
 - Net Profit (before cost of advertising) = 25% (\$500/month)
 - 1 Sales Per Month NP = \$500/month
 - Break even in FOUR months
 - Average Client Stays 12 Months
 - NP = \$6,000
 - **CPA (Cost Per Acquisition) is \$2,000, ROI is 3:1**
 - **Cash flow is \$8,000 to Start**

Where Should You Spend Your Marketing Dollars?

Example:

- **Hire a Salesperson**
 - Investment: \$5,000/month
 - 10 Leads a Month
 - Close 10% at an Average of \$2,000/month sale
 - Net Profit (before cost of advertising) = 25% (\$500/month)
 - 1 Sales Per Month NP = \$500/month
 - Break even in TEN months
 - Average Client Stays 12 Months
 - NP = \$6,000
 - **CPA (Cost Per Acquisition) is \$5,000, ROI is 1.2:1**
 - **Cash flow is upwards of \$20,000 at nearly \$5,000/month**

Where Should You Spend Your Marketing Dollars?

Lead Nurturing

- Now that you have all these leads coming in...
 - Evolve your email marketing to a more robust leads nurturing program
 - If you increase your close rate by 20% (from 20% to 24%), how much would that impact your business?
 - CRMs

Where Should You Spend Your Marketing Dollars?

Don't forget what got you here:

- Networking
- Training
- Public Speaking
- Social Media
- Impacts your business 6, 18, even 36+ Months Later
- Stop now, and you will hurt your business NEXT year

Activity?

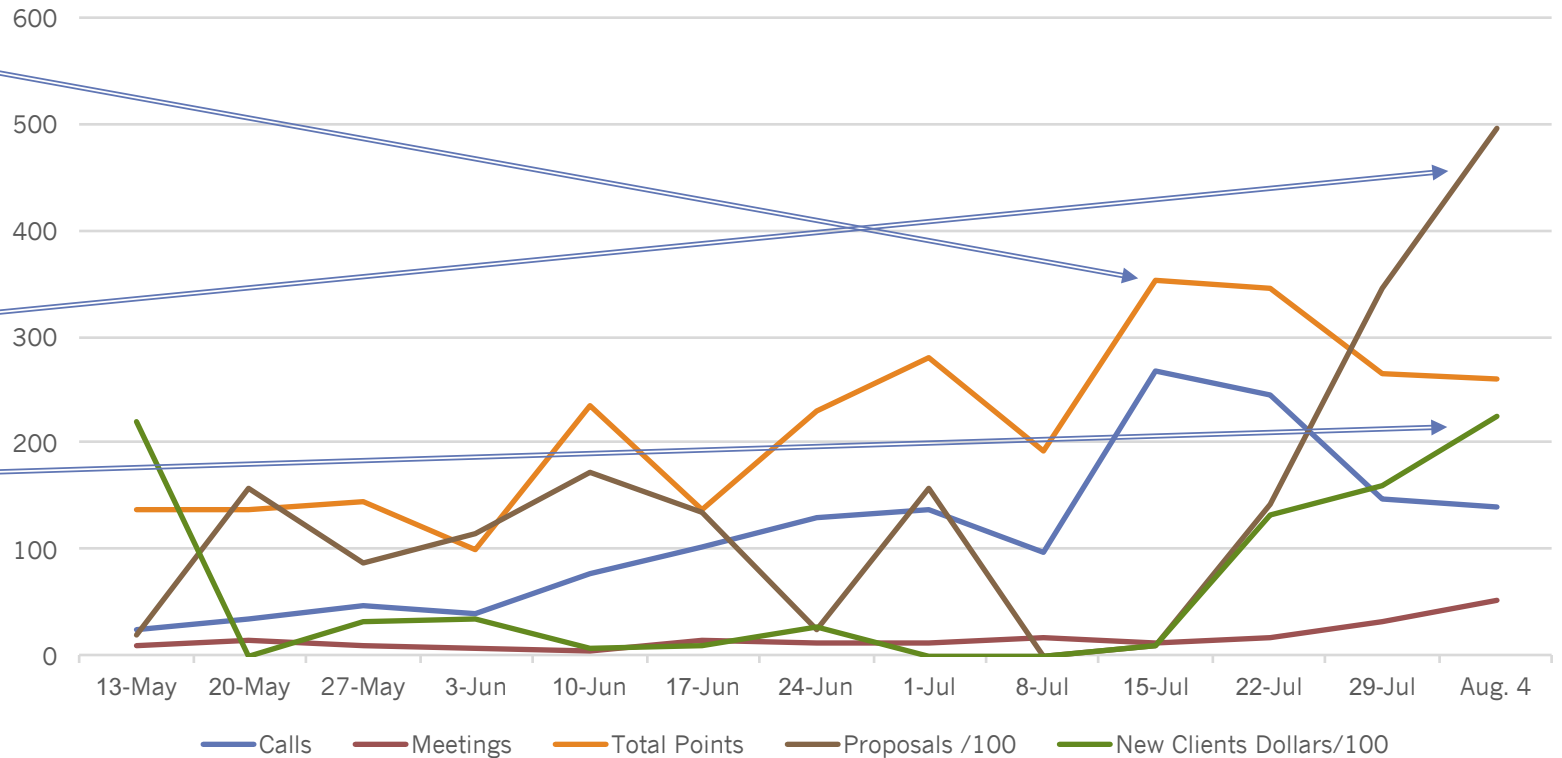
It takes an average of 7 touches before you acquire a client.

- Calling
- Emails
- LinkedIn Connection
- A mailed letter
- Meetings – in person or via screen share
- Follow Up
- Follow Up

Activity – Proposals - Sales

Activity is
a leading
indicator.
Proposals
is next.
Then
sales.

Activity Trends Vs. Dollars



Proposals?

Actual Proposal in an Email

- \$2,000/month for SEO
- \$2,000/month for PPC
- Some say more...but not really.

Business Needs Analysis

- Rapport
- Understand their goals
- What are they investing in now?
- Their cost per acquisition tolerance
- Target audience
- Keywords they think are important
- Who they think is their competition
- How much do they NEED to grow

Analysis and Recommendations

- Finally! Talk about yourself!
- Why you?
- Examples of your success
- Educate
- Estimate ROI
- Show them the “gap”
- Clear recommendations with details of work and for what they can hold you accountable
- A few options-but set expectations for each option
- Committing to 1-2 months is easier than 12

3

Scaling Operations

Scaling Operations

- Processes and Procedures
- Hiring The Right People
- Outsourcing

Scaling Operations

Processes and Procedures

- Establish Processes
 - For Customers
 - Leads to Sale
 - On boarding
 - Managing Customers
 - Digital Marketing Tasks
 - For Employees
 - Recruiting
 - Hiring
 - Training
 - Evaluating

- Use Technology to Improve Processes
 - Not Necessarily Right Away
 - Research, Plan & Implement When Practical
 - CRMs
 - Account Management Tools

Scaling Operations

Hiring The Right People

- Hire the best you can afford
- Don't settle
- Hire Your Replacement
- Hire People That Understand Your Target Buyer Personas



Scaling Operations

Outsourcing

- Services You Provide to Others, Example: “Link Building”
 - Freelancers?
 - Overseas?
 - Wholesalers?
- Accounting
 - Not just book keeping
 - Virtual CFO Private Employer Organizations (PEOs) - HR/Benefits
- Legal
- Sales?

Scaling Operations

Research and Development

- How do you keep up and/or get ahead of your competition?
- SEOs:
 - Are you optimizing a few, dozens or hundreds of sites?
 - Are you testing what works and what doesn't?
 - Are you buying your information “retail”?

4

Financing Your Company

Financing Your Company

How Much Do You Need for Bootstrapping a \$1M Biz?

- 3 Months of Payables in Cash, or...
- 1 Month of Payables + Credit Line 10-20% Greater Than Your Payables
- Example:
 - \$20,000/month in payables?
 - \$60,000/month in cash or
 - \$20,000/month in cash+ a \$24-\$26,000 Credit Line
- Cash and Credit Need to Grow With Business

Financing Your Company

How to get there?

Cash

- Put 100% of NP back in bank
- This can slow growth
- Borrow?
 - If you are profitable and on track, a loan of \$50,000 could be all it takes
 - Credit lines are not too difficult to get.
 - Open a new business account at a new bank
 - Build the business credit
 - Careful of “creative” financing
 - Stay in a position of strength
- **Warning: Too Much Money Can be BAD**

Financing Your Company

How to get there with bootstrapping?

Example: 50% GP

Month	Monthly Revenue	GP	Employee or Self Pay	NP	Bank Balance	Accounts Payable	Enough \$?
January	\$2,000.00	\$1,000.00	\$500.00	\$500.00	\$500.00	\$1,000.00	-\$500.00
February	\$4,000.00	\$2,000.00	\$1,000.00	\$1,000.00	\$1,500.00	\$2,000.00	-\$500.00
March	\$8,000.00	\$4,000.00	\$2,000.00	\$2,000.00	\$3,500.00	\$2,000.00	\$1,500.00
April	\$12,000.00	\$6,000.00	\$3,000.00	\$3,000.00	\$6,500.00	\$3,000.00	\$3,500.00
May	\$16,000.00	\$8,000.00	\$4,000.00	\$4,000.00	\$10,500.00	\$4,000.00	\$6,500.00

Now you are ready to start investing and growing faster...



5

Partnerships & Exit Strategies

Partnerships & Exit Strategies

Partnerships

- Be Creative, but Simple
- Buy/Sell Agreements
- Hire outside consultants
- Cover your butt
- Trust, but verify

Exit Strategies

- \$1 Million is probably not the best time to exit-it's just the beginning
- Get to \$3-5 Million+
- Don't be afraid to be creative

How Stratex Can Help With Scalable Solutions

Business Development

- Pre-Sales
- Sales Presentations
- Unique value Propositions to help you differentiate your services and close more sales.

Outsourced Scalable Solutions for Freelancers and Small/Medium Sized Agencies

- Link Building
- Back-end tech team
- Content Development and Distribution

Research and Development

- \$20k to \$30k/Month in Testing
- Not Buying Information “Retail”
- Consulting means I KNOW what everyone else is doing.

Hire me as an hourly consultant

Outsource back-end services to my team – profit sharing

Teach you how to fish, so you can move on without me at some point

Questions

