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ACCELERATING ENTREPRENEURIAL SUCCESS PODCAST

EPISODE
164

Craig Simpson

Show Notes at: <http://www.aesnation.com/164>



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Best of success,



John Bowen
Co-founder, AES Nation

John Bowen: As entrepreneurs, we want to reach out there and find the right clients or perspective clients and customers and have them be attracted to us. There's all kinds of marketing mediums out there. Many of us have used things and some have worked better than others. You are very fortunate to have a remarkable fellow entrepreneur who is a direct mail, and really slash marketing, expert. He's here to guide us through how we can use the marketing of today to really accelerate our success, attract the right steady stream of pre-qualified, pre-endorsed customers or clients. What more can you ask for? You do not want to miss this. Stay tuned, I'm John Bowen and we are AES Nation, all about accelerating your success.

Craig, I am so excited to have you here today. You are one of the top people in direct response, and we met at Genius Network, Joe Polish's 25K. Everybody turned to you. You're one of those quiet guys that everybody just turned to to get the answers. I want to get the answers today, but first of all thank you for joining us.

Craig Simpson: Thank you, I'm glad to be a part of this interview today.

John: Craig, there's so many questions I have on what you do, but being a direct response person, you didn't wake up at age ten and say, "I'm going to be the top guy mailing all kinds of different things, helping so many businesses be successful." How did you get where you are today? Before we get all the answer stuff, I want them to have a little bit of your background.

Craig: Sure. I got started in direct mail market in a really odd way, and I think the only way to get into the direct mail business is going to be in an odd way. It's not like you just wake up, like you said, and say, "I'm going to do direct mail today."

When I was eighteen or nineteen years old, I had built this twenty-foot-high rock climbing wall in my parents' backyard, and I'd spent all my money on the materials; the wood, the steel, and I didn't have any money left to put the actual rock climbing holds, to buy those and put them on the wall. I decided to make them myself, so I made all these fake rocks and I bolted them on my wall, and I had my buddies come over and climb on it. Everybody loved it, and they said, "You should start selling these things."

I went into business selling these fake rocks, and one of the first things I did was, I had heard about this media direct mail, and so I wrote a letter and I mailed it out to about a hundred seventy-five people. I sat by the phone and I thought, "Man, this thing's going to kill it." I waited for the phone to ring, and I waited, and I waited, and it didn't ring at all. Nobody called from my first campaign, it's a complete flop, but I didn't give up and I kept testing, and I eventually sold over four thousand rocks through the mail.

I fell in love with the marketing, and I'd love it when the phone would ring, and I would love it even more when I would take a credit card number and I would process the order, but then I'd have to go out to my sweatshop and had to make these fake rocks, which I hated. I got out of the manufacturing business and I went to work for a large publisher doing direct mail. That was kind of my start; selling fake rocks got me started in the direct mail business.

John: That's a great start. It's funny, we all have different ways that we find our way into being entrepreneurs. The test of fire, and there's nothing like doing a marketing campaign and waiting for the phone to ring, and nothing happens. All of us as fellow entrepreneurs can relate to that. I want to go to some of the lessons. You and I were talking about the lessons you learned, and this was why I wanted to have you on the AES Nation podcast, Craig.

One of the things that you talk about in all the work you do with clients and presentations you're making, is marketing is a science. I know when I first started, I can still remember some of my earliest marketing classes. I felt like you're just checking the direction of the wind. I grew up in financial services where all number-based, and for the most part totally ignored it on the marketing. We just were relationship. Tell us how things are evolving and changing now and why you think marketing is such a science and not an art.

Craig: Sure. I think starting out my idea was that the most beautiful ad or the most elaborate-looking, elegant-looking sales piece, but what you find out is some of those things don't always work out. There's a reason why a certain style works better to one group versus another, and there's a whole science behind marketing. Whether you're marketing to men versus women, there's certain color schemes that are going to be more responsive to a man than to a woman and vice-versa. There's also the characteristics that go into who you're marketing to; the age, the income, the hobbies, the interests. All this information builds up into a science, and "If you do these three things in this order you have a better chance of getting a response," versus just throwing spaghetti on the wall and hoping this works, right?

I'm a firm believer, and from what I've seen from tracking thousands of mail campaigns, that putting the science into it and really strategizing and coming up with the right concepts and the right lists and copy and design all goes together, giving you the best chance for success.

John: You should know, because one of the interesting tidbits about Craig is Craig does more campaigns, on average I think it's about three hundred, totally different campaigns a year in all kinds of different niches and industries and that. That's, I believe, more than anyone else out there. It's just huge learned lessons on this. When we look at the demographics and the psychographics, Craig, I'm always interested. The thing that I've found is how little changes can make a huge difference once you better understand the audience.

Craig: Yeah. It could be as simple as a color change. We find that if we're going to women that if we use a turquoise and a pinkish color, we're going to have a better response than if we use a blue or a brown. You can mail the exact same piece, the exact same copy, the exact same design and just change the colors, and response rate's going to change.

We've found through testing that the photo makes a big difference. One of my clients, we were mailing millions of pieces for, and we tried him in a suit, we tried him in a cowboy hat, we tried him in a baseball cap. We found, after testing dozens of photos, that a denim shirt with a cowboy hat was the one that gave us the highest response rate. Science told us that by studying and researching and testing. We used that information to say, "Wow, this is what works best." Even though we thought maybe a suit and tie would work better, it didn't. It was the cowboy hat and the denim shirt.

John: I'll tell you, this is one for all our fellow entrepreneurs. This is a big deal. As I mentioned, I grew up in the financial services industry professionally, and we do now but we didn't then do all the testing, and now I am a huge believer in it, and the ability to test everything with today's technology is so available. There's no excuse not treating marketing as a science, and the incremental changes. I've had things that I've changed that have made as much as an eighty percent increase in return on investment, Craig. There was really no additional cost in doing it, so it's kind of crazy.

Craig: Yeah. It's surprising how a little change can have a significant impact on a sales letter or any kind of marketing campaign.

John: One of the things you talk about, and this is something that I think is very important because it's a mistake I made. I can remember hiring some top marketing consultants, and they were getting me so excited and everything else, "I'm going to swing for the home run, we're going to have this big success," and there's nothing worse than putting a lot of time, energy, and money in a campaign and, kind of like your first letter for the rocks, it didn't land. Help out our fellow entrepreneurs, because the temptation is to swing for the fence, but how should we think about marketing?

Craig: I feel like you can always improve upon a campaign. You could always make something better. When I first started, I was swinging for the fence every time. I wanted a home run. I got really discouraged when I wasn't able to do that constantly. What I quickly realized is that a base hit was really the next step towards a home run, right? It got me on the plates, I could start running the bases here. It gave me a chance to do something more and greater, and it was that getting going and then making it better, testing something else. Maybe it's the different colors of the sales letter, maybe it's a different font, it may be a different headline, but by making changes we can make the mail pieces even better and better and

better, so it wasn't like we had to hit a home run the first time, we just had to get going. It's a starting point, and I've always learned it's easy to make a piece better.

It's tough to get the perfect sales piece or any kind of marketing campaign right out of the gate, to do it right off the bat, and I think a lot of people have the temptation to say, "Well, I'm going to work on this marketing campaign over and over again," and they never really get anything out the door because they want the perfect one, and then when it's not perfect they're discouraged and like, "Okay, I'm done with this." Really you just need to get something out there and say, "Okay, we've done something really good here. Let's try it out." Now once you see response, you can make it better. "Let's tweak some things and test some things."

John: I'm going to give a little personal thing, Craig, because this was a big one to me. I went ahead and I listened to one very top consultant, and convinced me, I had the idea and put about a hundred thousand dollars in it to just run the first test, "We're going to go big." I think I generated something like fifteen thousand of revenue. Not profit, revenue. It was one of those ... It was pretty devastating, because my first doing this more marketing as a science. Today, having stuck with it, scaled down, began testing more incrementally, that's responsible for almost three million of revenue with a very high profit margin too. It would've been so easy, I made that big mistake trying for the home run in the beginning. It took us probably nine months to get it to work, but once it worked, it worked really well. I'm a big believer in base hits, mainly because I'm not a good home run swinger I found out.

Let's go a little bit further. Marketing's so much fun when it's working, and when it's not, it's not. It's only part of the business. A line I first heard from Michael Gerber, we were talking about working in the business. Michael Gerber wrote the book, very famous Wall Street Journal [inaudible 00:12:36], I think it was the number one or certainly in the top ten books, *E Myth Revisited*, a great book for all small business. He talks about systems, but he talks about working in the business versus on the business. Most of us are working in the business, we're chugging along, doing our stuff. One of the things that you do, and you do very well, is you work on the business. How do you separate those two, and then how do you go ahead and make sure that you're putting the right investment in each category?

Craig: Right. When I started out I was like most entrepreneurs and I was just working in the business, and I thought that was the answer. Then I quickly realized that, "Boy, I can't grow unless I work on the business." What I had to do was start dedicating time, saying, "Okay, for these hours, this section during the day, this is going to be the section where I work in the business, and then I've got a good chunk of time over here that's going to be working on the business." I had to be very rigid and stick to that, or else, if you don't do that, then you're just going to keep working in the business and you'll be busy all the time but you're not going to grow necessarily. You're just going to be spinning your wheels. I really had to separate my weeks out into what would be working on the business versus working in the business.

John: That's really why we met. We were both working on the business. We paid somebody, Joe Polish 25K, to bring us together. I spent about a hundred thousand a year going to these kind of meetings, not because I need more friends or anything like that, but what I want to do is see, like yourself, what fellow entrepreneurs who are having real success are doing and learn from that, and also the connections in business. That's what brought us together. You're doing the same thing. Have you found that to be very valuable?

Craig: Super valuable. I've been in Mastermind groups for five years now, plus going to marketing meetings, three or four different meetings every year and have been doing it for many years. I feel like that's a huge part of it, and just connecting with other entrepreneurs and seeing what they're doing. There's always something you can learn, right? There's always somebody in the room who's doing something new or different, and I just gained so much information by watching others and how they do it, and, "How can I do things better?" I think that it's invaluable to be able to spend that kind of time.

John: Let's go the other part. You were talking about working on the business. One of the things that you do I know is you're great at time management and that segmentation, because we do have to work in the business a bit too and then on the business. How do you go about segmenting it and the various roles that you have in leading your organization?

Craig: One of the things I do, I schedule my phone calls out. I schedule all my calls on Tuesdays and Thursdays. I try and be very rigid with that so I can have the other days of the week to work on projects, whether it's in the business or on the business, but I try and get all my phone calls lined up in a couple days. I think that's something that's been big that's a big help.

For my team, we have a weekly marketing meeting. We have it every Wednesday morning. We have a set time for it, we go through projects. We try not to have a ton of meetings throughout the week, we try to keep everything to that one meeting. We don't want to have meetings to have meetings, we want to have a purpose behind them. We're very intent on the things we do and how we schedule our days.

John: This is so important for all of us. If we want, as Craig, to be successful on purpose, then it's organizing our day with great intent, with clarity of purpose. "What are the most important things for us?" So often we leave our calendars open. I remember at one time I had another business where we had about four hundred employees. There's a steady stream always coming, and it was almost impossible until I made that decision that we'd create structure around that, because otherwise you just leave everything to chance and so many missed opportunities.

Craig: For the last ten years I've been doing the freelance direct mail consulting coach thing. Prior to that I worked for a large publishing company for eleven years, and we'd have meetings to prep for other meetings. It was ridiculous. We'd have to get meeting notes out and have agenda for the pre-meeting that would come for the meeting that was later in the day. There were seriously days during the week where we would spend six hours of the day in meetings, and that meant nothing got done, and then we would have those twice a week. It was like, "Boy, a third of our time or twenty-five percent of our time spent in meetings about meetings."

When I left the corporate world, when I went to work for myself, I couldn't believe how much extra time I had because I wasn't in meetings. The meetings were so much of a waste of time. I talk to business owners all the time who have had that same experience.

John: Meetings can be very productive, but we have way too many of them and they're not well organized. I found the same thing. All of a sudden I have a number of businesses, but they're virtual businesses, so global headquarters is my pool house. I've got about forty core people working with me, but nobody else is here. We have very structured days. I'm amazed, and we're doing pretty large-scale businesses, several million dollars in multiple businesses. It's amazing, I actually feel a little embarrassed sometimes, Craig, I don't know if you feel this, there's a lot of free time when you're not doing six hours of non-productive meetings.

Craig: Yeah, I mean really. If I'm going to have a meeting, I want a purpose and I want a time frame. How long is it going to take, and what's the purpose of it so that we all go into it, we know what we're going to get? I learned that lesson from a marketing guy. I was meeting with Dan Kennedy for my first time, and at the end of a twenty-minute pre-scheduled meeting I was expecting we'd go over a little bit, and he said, "I'm sorry, it's time for you to go. Our meeting is up." I was mid-sentence, but it was right on the dot, it was time to go. I learned from that point on whenever I met with him, there was a hard stop time. I had to be done. I've carried that through just thinking that's a really great model in the sense that there's no wasted time here.

John: Yeah, and not everybody knows who Dan is, Craig. Who is Dan Kennedy?

Craig: Dan Kennedy, he's one of the largest information marketing experts in the country, one of the largest direct response marketing experts in the country. He's written like eighteen different marketing books. When it comes to direct response marketing, he's probably the most widely published author right now, living. He's got a huge following. He's very rigid, he's got a very structured system about him, and it works for a lot of businesses.

John: Extremely talented individual, but I have no doubt to him shutting you down at the right time too.

Craig: Oh yeah, right in the middle of a sentence. I learned from it, you know?

John: That's great. We haven't talked about, and I alluded to something that I wanted to get together, and I wanted to know you more, because as I'm experimenting with direct mail more and more, we're getting great results. I've had so many people from the internet, kind of the information marketing side, tell me that, "Direct mail is dead, don't waste your money." You and Brian Kurtz, formerly from Boardroom, are the two guys who are telling me, "John, this is phenomenal," and now I'm finally believing you. Maybe help our other entrepreneurs catch up to speed with what's going on in this dead art that you lead.

Craig: Sure. I'll tell you the first thing; I love direct mail. I'm passionate about it, so this may be a time where you have to cut me off, because I could go on and on for this. What people don't know is they think that it's this kind of old dinosaur business that's gone away, right? That nobody's using it anymore, but the reality is that it's a forty-six billion dollars a year business and that's for advertising mail only. That doesn't include your bills and the normal correspondence. There's forty-six billion dollars a year spent in direct mail advertising. I you were to evaluate and look at the top five hundred businesses in the country, the majority of them, ninety-five to ninety-eight percent are all actively using direct mail.

One of the stories I like to talk about is Google, because Google's this massive online giant, you know? They aggressively use direct mail to get people to use their AdWords program, and two years ago there was a study done of the top mailers in the United States, and Google was the eighth largest technology mailer in the country. They're up there with AT&T, Verizon, Dell Computers. Those are all big names that we know and would expect to use direct mail. Google was the eighth largest technology mailer in the country.

John: Let me just stop for a second there, Craig, because I think that's a ... I'm in Silicon Valley, I get direct mail from Google. I used to get more, I get some now, but I remember when they really flooded it too. To have them be the eighth largest, when you think about that, their incremental costs of using Google AdWords, I'm going to think it's pretty low. They have the ability to use all their digital network, their search and everything else, and they're still the eighth largest direct mail. For all of us as entrepreneurs, I know I'm now mailing just under a hundred thousand pieces a month, and I can see it going up pretty dramatically. The response, the reason why people do this stuff, Craig, is it works. We're using the science, and when you measure the return it's working. That's a big number.

Craig: It's huge, and I've talked to the guy who ran the campaign at Google. He told me first-hand, "We were mailing millions of pieces every quarter." A lot of the offer was giving away a hundred dollars' free AdWords, "You can go sign up today and get a hundred dollars of free AdWords." Using physical, tangible mail to get somebody to use their online marketing program, so it's a little bit comical to me too.

I think that's a great example. If they're able to use direct mail and I'm able to sell fake rocks through the mail and there's forty-six billion dollars a year being spent on direct mail, there's some opportunities there. It's just not the shiny object right now that everyone talks about, but it's still a very viable media out there that's growing by five percent every year.

John: Craig, if you're thinking about it as an entrepreneur, one of the things that I struggled when I looked at direct mail, I'm going, "I can do it over email, incremental cost is relatively low. The variable cost once I do the [creative 00:24:48] material and so on." I'm going, "Jeez, I can go ahead and use that and that's going to be maybe not as effective, but the incremental costs, and I can be a little sloppy on the whole thing." I hear that all the time in my industry and in other industries. The Mastermind groups we're in, they all kind of pay lip service, but they don't understand direct mail and they don't understand how to test its applicability in their industry or niche.

Craig: Yeah. The thing is there's a higher cost to it, but what I'll tell you from numerous tests is that you get what you pay for. You get a more qualified buyer that's going to come back. I did a test where I took fifty thousand direct mail buyers, fifty thousand online buyers, and fifteen thousand TV buyers. They all bought the same product within an eighteen-month period of time, all paying the same price. The only difference between these people is what media they bought through, online, TV, versus direct mail.

What we found is when we looked at the lifetime value of the customers, those who bought on TV spent twice as much as those that bought online, and then those who bought with direct mail spent two to three times as much as those who bought from the TV. The direct mail buyer, even though he costs more to acquire, spent significantly more on the back end, buying other products and services. That was a big test, a hundred and fifty thousand people that we looked at. I've done it in smaller scale, I've done it in a variety of different niches, and I always find that those who were acquired through direct mail are your best buyers. There is more cost to getting into the mail, but you get what you pay for. You're going to get a more qualified prospect or buyer out of the marketing campaign.

John: For so many of us, the lifetime value of a client is significant. That client acquisitions we're talking about, if we can get that science, that steady stream of pre-qualified, pre-endorsed clients, it's amazing.

I want to go to the next segment, because you provide a lot of information in this, and it's The Book of the Day. What I'd like to do, Craig, you have a book you've written that's pretty amazing, The Direct Mail Solution. It's a business owner's guide to building a lead generation, sales-driven, money-making direct mail campaign. I don't know how you could not like that

title, and you did this with Dan Kennedy. Help me with what's in it and if I'm a fellow entrepreneur and I go ahead and get that book? What's that going to do?

Craig: When I started to write this book, I wanted to do something more than just the thirty-thousand-foot view. A lot of times you buy a book and they give you a great overview of a topic. We definitely cover that with Direct Mail, we definitely give an overview, but I also provide all the nuts and bolts that go with it, the tools that you actually need, the things you need to know to go and implement a campaign yourself. I talk about how to write a sales letter, I talk about renting and [segmenting 00:28:08] a list. I talk about tracking the campaign, I talk about how you can use direct mail to build higher customer lifetime values.

It's really an A to Z book on direct mail marketing. You'll have a full understanding of how the process works and the steps you need to take in order to put a campaign together and get it out in the mail.

John: That's great. I did not know you wrote this book, so I just bought it and I will be reading it. The one thing that I'm going to encourage everyone to do ... Matter of fact, I can't think of any business, maybe you can help me with that Craig, that direct mail, you shouldn't at least test and it's likely that it's going to have some huge success. Like all of marketing, you've got to make sure you make the investment in yourself so that you understand and can have that conversation. What I love about your book is that you've gone ahead and laid out that whole foundation from all the experience you've had.

Craig: Right. It's an A to Z, it helps you from start to finish.

John: Let's go to the next segment, which is resources. Here let me pull up your website Craig, and tell our fellow entrepreneurs what they're going to find at simpson-direct.com.

Craig: I've got a number of things. I've got some information products there, I've got my book there and newsletter, but I also have a blog on there, and I've got I don't know how many posts, maybe close to a hundred, where every week or every other week I'm posting an article about direct mail marketing, and then business general too. Great, insightful, useful information that you can apply to your business. Not only can you be educated about direct mail there, but there are other tips too. Time management, I talk about a little bit of everything. You'll find my blog, you'll find resources that you could purchase if you'd like to study more, and just more information about what I do at Simpson Direct is on there as well.

John: How would they best reach out to you?

Craig: On my website's probably the best way. I've got a contact form, and you just simply fill that out, send it to me, and I get it and then I can respond. There's that or I've got my phone

number that's on the website. You can call my office and someone will answer and can help you out too.

John: I love the tagline, "Turning mail into money." That's great. Let me go to the next segment. I want to pull together what Craig talked about, and these are the key take-aways. I'm looking at my notes, and I've got five big ones. Number one, marketing is a science. This is one that you ignore at your own peril, because it's so easy to get caught up in fancy campaigns and "This looks better," and going with your gut. I got to tell you with my team, we no longer debate marketing any more. It's so freeing, because if somebody believes passionately about something, we'll try it. We're not going to spend a lot of money, but test, test, test.

Every week, depending on which part of the company, we've got statistics on everything, and you can really see incrementally whether the tests are working and whether they're right or not, and how we can improve the value of what we're bringing to the marketplace.

Second, Craig talked about the home run or the good base hit. This is when you're starting any marketing campaign, whether it's direct mail or email we talked about, just going the minimum viable marketing campaign, enough so you can test and make it work, and then work through the bugs so that you can have success. So much of business, since we're all scaling up, this accelerating entrepreneurial success, it's no longer having the great new idea, it's making that incremental process improvement, the systems in place to get it going.

Then in the business/on the business. I don't travel as much as I used to. I used to be traveling a lot, but the main travel I do is Mastermind groups because I've found the value of hanging out with my fellow peers like Craig, entrepreneurs. AES Nation is all about a virtual one, and you can get a lot of learning through what we're doing here, but go to the live events. If you're an entrepreneur, you're a little weird. Many of your friends, you can't really have the same conversations that Craig and I can have. Each time we have these, there's so much value created.

Time management, being successful on purpose, segmenting your business and what you want to achieve, clarity of purpose, and then scheduling it, and then direct mail. Boy, it's a forty-six-billion-dollar business. I'm a big believer in free markets. If people are investing forty-six billion, there's only one reason; it works. Definitely you want to go to aesnation.com, download the transcript of the interview Craig and I had today. Go to his website, buy his book, get the foundation, sign up for the blog, and above all, your future clients, they're counting on you. You need to reach them, and this is one of the most effective tools.

Craig, thank you again and we wish everyone the best of success.

A Second Opinion on Your Finances

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Founder and CEO
Financial Advisor Select