

How One Entrepreneur Used 'Get Rich Click' Tactics To Sell \$100 Million In Businesses – BONUS ADVICE – with Marc Ostrofsky

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Michael: What's the advice that you have for domainers today that got into it a few years ago that are sitting on 2,000 domains, they're doing it part time, they work, they're hustling during the day working in their day job, they're hustling at night trying to buy domain names. What's your advice for them?

Marc: Sell 1,900 of them and manage 100 better names. You're better off managing 10 or 20 or 30 really valuable names than you are 2,000 semi valuable. Flip those; put your time, effort and money in 10. Let's assume you had 10 really good names, you're going to do everything you can to make those names more valuable, one is an asset and one is equity.

Michael: Right.

Marc: Equity is the value you have over the asset value. So I may own MutualFunds.com and it's worth this but if I can create that much revenue a month, it's worth this plus the additional revenue times the multiple of that revenue. So if the name is worth a million dollars and it's actually worth \$3,000,000. \$3,000,000 to \$5,000,000 on the domain and I can bring in another \$200,000 a year, I can add a million valuation on top of the domain because it's worth more. You're better off...

Michael: So why aren't you taking your own advice? I went to MutualFunds.com, I see ads up there, why not build it out?

Marc: Because I don't build out as much as I partner with other people, which says to you and your listeners, if someone come to me with a really good business plan to build out HeartDisease.com and they say we can do it. We can get in with the American Heart Association. We can venture this.

We've got the backing. We've proven it with other websites, I'll listen. If you come and say I want to do it but I've never done it before, I'm going to say, "Great, go do it with someone else's asset then come see me."

Michael: Right. So, what you're saying is that there's an entire business out there for entrepreneurs that want to develop out websites, premium websites, industry defining websites that are being unused today, that are untapped, that they can tap into increase the equity of, take a share of?

Marc: Absolutely. I have a friend in Miami who's doing that, Chad Volkering. And Chad is doing with the guy who founded, I think he founded Advertising.com but he's one of the few that's doing it and some he joint ventures. So, he wants to do it with one of my domains and some he's gotten to where he owns but if he can do it, here's the way to play the game. Prove that you can build out a domain and make money, then go to someone that has money and say, "I want to do it with domains and I want to do it with your domain and split the revenue." And then when you've proven that, you could actually go to a venture capital person and say, "Here's my idea and let me tell you the idea because it's a great one." You build out domains. You get the right to buy that domain at a pre-existing number. You use venture capital to build out the domains, once the domain is at a certain level, you can then have a right to buy the domain and at that point your income in value is more than you've purchased the domain for. So, you actually you have a win-win.

Michael: Right, and if the worst case scenario happens, you invested, it didn't work out, you couldn't build up the traffic, the domain stays with the domain owner, you walk away.

Marc: Yeah, the concept can work in a big way if you do it right. There is a huge hole in the market for building out domains but you don't need to own them.

You can own a right to them. So, I would say heart disease is worth \$350,000. You build it out and everything over \$300,000 we split 50-50, you put the domain in the deal. If we don't after two years or three years we don't see it's going to work, we have an agreement to kill the deal. If it works,

we're both way ahead and then you can either sell it and reinvest it or we can put more money into it or we can build the traffic or we could sell it to American Heart Association or any other venture. But the idea is to play it in that missing link. By the way...

Michael: That's a million dollar idea for any entrepreneur out there, right? I think that's the best idea on the table today.

Marc: There's this huge market.

Michael: Yeah.

Marc: There's so many of us that have absolute premium one word generic domains that are not being build out. So I'm saying that you, on the TV, on the screen, let's say you think you can build out Bachelor.com, I own Bachelor.com. Now, you would think the people who own bachelor would buy it, nope, you asked about mutual funds. Do you in the history of owning that domain, I have never not one time been approached by a mutual fund to buy that name, yet they advertise with Google and that money comes to me, go figure.

So one of the things in my book, you've read it and it says, "Corporate America, wake up. You're spending the money with Google, Google spending it on mutual funds to get traffic to you, why not just buy the asset, not only buy the asset but you'll have multiple benefits." You get to own the asset. You get to write the asset off on your taxes, ask your CPA but this is what they tell me.

You get to get a hundred percent of the traffic. You get to make sure none of your competitors get any of that traffic. And you don't have to spend that much money with Google because you own the asset.

Michael: Yeah, and you've got your list in here. It's a fantastic list in here of why people should buy the domain names but here's the problem. If they buy MutualFunds.com for \$3,000,000 today, it's going to take them five to eight years of cost per clicks on Google to break even on that investment.

Marc: Well, that's not true, that's not true. First of all that you get to write it off...

Michael: Okay, alright if you only look at it as your money today. Good point.

Marc: So that is not taken into account and the tax and the tax, the tax benefits, the write off, the lower cost per click, the increased amount of traffic that you get by owning because you get all of the clicks, not just the ones people are clicking on yours. When you go there now, there's 20 companies. When there's only one, you get all of those click. And you get increased traffic because your competitors don't get any of that traffic.

So, put all that into the picture and it should have an increased value as piece of real Internet real estate because that's one of them that does. The one word generic should increase in value. So, if you got out of the business, you could sell that asset for more than you bought it for. So, does your concept still hold true? I don't think it does.

Michael: No, it's a problem of not seeing the forest through the trees.

Marc: That's correct.

Michael: So, if they only look at the price tag, they're not looking at the entire picture.

Marc: And I'll tell you, there's one thing against us as domainers. Most large companies hire ad agencies. Ad agencies are hired to minimize screw ups. Ad agencies don't get a commission if you sell a domain name. So, is an ad agency going to say, we need to spend your \$3,000,000, \$3,000,000 of your \$50,000,000 on a domain or we should buy advertising and get our 15-20% of the \$3,000,000. They're not our advocates.

They're truly not. I have thought about every avenue in this space. Now, I would say to an ad agency, I will happily pay you or anyone watching this 15% of the sales price of Mutual Funds if you go sell it for \$3,000,000 to \$5,000,000. But getting to that right mutual fund owner is not an easy task.

So, there's another business out there and it's brokering high value domain names. Because 15% of \$3,000,000 is \$450,000, that's a years' worth of work for any of your guys or in some cases five years worth of work to sell one asset. But you got to teach the mutual funds why they need to own it, they still don't know. Some do, some don't.

Michael: And there lot of brokers out there Marc, there's, you know I can't count the number of premium domain name brokers out there. What, why hasn't it sold yet?

Marc: Because what they do is they list to live. In the real estate business, listings are your key. They let the market sell it, so they list the domain, they put it on their list and they sit back, very few of those brokers actively go out. Here's what I say, if you want to sell mutual funds you earmark the top 20 people spending money in the mutual fund space for marketing. Go to MutualFunds.com, go to MutualFunds.ca, go to MutualFunds.ru in Russia whatever. Find the biggest players, find the decision makers within the biggest players typically there's four or five, the CEO, the CFO, the CMO, the marketing person who manages day to day and the Internet advertising person, those are the five.

You got to get all 5 of those people, getting your information so they all see it. Then you got to create a bidding war between mutual fund companies and say on this day at this time, we're going to take bids at a minimum of X. But that's what the investment bankers did to sell my company and raise it from 8 to 35.

And the buyer had a whole different reason for buying the domain, the reason the domain, excuse me, it wasn't a domain, it was company with cash flow. The reason they bought my \$8,000,000 in cash flow was different than anyone else would have known. They were a public company and they wrote the sale into their documents 24 hours before the close of their 3rd quarter results. That 3rd quarter result took them from a negative to a positive, so the Wall Street didn't hit them with a \$2 reduction in value by missing their number. It's almost a legal ponzi scheme that no one talks about.

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By doing that, they saved 200 million in value by buying me for 35,000,000 and adding 5,000,000 to their bottom line in that 3rd quarter. Who would have known?

Michael: No, did you know it at the time?

Marc: No, I didn't know it till I was sitting at the closing table. It would have been worth another 30,000,000 had I known.

Michael: Oh, easily.

Marc: I know.

Michael: Well, and the buyer always has the control in a situation like that, at least that was the case when I sold my last company. And so if you would have that kind of leverage at the closing.

Marc: Right, it's all about information. And it isn't the buyer that doesn't have leverage if there's two buyers.

Michael: Right, well, but that time, you've already gone through the auction, you've selected a winner, you've gone through your due diligence, you've gone through any delays that they posted because it's to their advantage to try and delay in case your revenue goes down. It gives them, you know, additional negotiation points. You're sitting 60-90 days in after you selected, everybody else has moved on. So, really the buyer has the leverage.

Marc: They do have the leverage at that moment but if you have 20 people wanting your company and you chose them and they try and screw you, you can go back to the others and you should have the balls to walk away.

But the reality is there are things that you learn. You can learn by hearing it today. You can learn by reading it. You can learn by watching someone else. But if you don't know these factors, you can't get the best deal. My dad is a professor of the MBA program and he taught me, you can learn it on the streets, from other people or you can learn it in a book. The best MBA students and the guys who go to the MITs and The Harvards and The

Stanfords learn most of it in the book, because they get it, I don't, that's not how I learn. I learn from doing.

And so over the years, I'm getting better and better at making fewer and fewer large scale mistakes and hopefully fewer and fewer smaller mistakes as well. So, you got to learn it one way or the other. You can learn it the cheap way or the expensive way.

Michael: Right. Okay, I want to go back to an original, back to the original question, when I said what's your advice for domainers today sitting on 2,000 domain names in their portfolio. Your answer was sell all but 10 of them or all but, you know 100 if them, your premium ones, get rid of the rest. What should they do? Should they just take a bath on the rest? Should they try and you know recoup? What's your advice on and who should they look to to buy those?

Marc: You got to find a way to sell them to someone who wants to play. There's two ways to play. You can be the acquirer or the seller. If you're going to open a real business in the Internet business, you can say, I'm going to roll up all of these domains or you go the other end and say, I'm tired of screwing with 2,000 domains and all of the management headaches. It'd be better to sell them and hope to end up with more value than you started with and invest them in some quality high end assets because those are going to retain their value better and they're easier to build up and sell.

If I'm a buyer I'm going to buy MutualFunds.com before I'm going to buy ABCMutualFunds. Right? It's logic. So, I believe people don't count their time. And if you spend 10 hours a month times 12 months or 120 hours and you've made a total of \$10,000, you better divide \$10,000 by the 120 or you're not being fair as to what it's really worth to you. Because the reality is, if you're a real entrepreneur, you're going to take those same 120 hours and look for something else to make money. And so, to a lot of people write it off as, no, it's what wouldn't have done anyway.

I'm a believer and spent more time on the quality. Answering your other question, why haven't I built them out, I own too many. And in my world, in the level I play at, it's not worth my time to go try to sell the 30, 40, 50 hours

it would take to sell Mutual Funds, it holds its value. It's like real estate to me, I don't need to actively sell it nor take low ball offer, but to this day in history, no mutual fund has ever tried to buy that name. I can't tell you why other than they're stupid.

Michael: Yeah, well, the challenge is out there, 15%, I think I may try and sell it myself.

Marc: I've had my lawyers try and tell me they'll do it, they just don't get it, it takes time.

Michael: It does.

Marc: There's one or two companies, there's a company in Washington and I don't remember their name but they take a lot of time, effort and staff to help companies buy domains for their portfolio and help others sell domains and take a huge brokerage fee. And that's their business and they're very good at it but there aren't very many that do that.

Michael: Right. So, you say that you're not in the business of developing out websites but you have been in the business of developing content. You've built magazines. You've build websites. You've built tradeshow which is all about content.

Marc: Yeah.

Michael: It's a massively, MutualFunds.com is a massive market. It's the best, it's the premier domain name. I don't get it. What am I missing? Why aren't you developing it out?

Marc: Because it, let's put it this way, no matter what I do it's not going to be the right thing unless I have money or I'm willing to invest money and take a chance on building it out wrong. I have no competitive advantage other than the domain.

Right? So to me, you'd have to buy feeds, electronic feeds from the big brokers to put on to your site so you become the pre-eminent site or one of

the top three in the mutual fund space. It seems logical to me that a Google or Yahoo that wants all that financial based traffic will figure it out at some point. Maybe my book will help them because they certainly haven't to date. But if someone can get to people, they look at how much money you're making on the term mutual funds you're selling half that traffic to the people who own the space, why don't you buy the name?

You'd think they're going to figure it out. I'm not that smart. I'm not smarter than they are. I just get a deeper understanding of the issue more so than they do. I'm trying to impart that wisdom every way that I can and hope that they'll come and buy it.

So, so, my question to you is I'm a photographer. I own Photographer.com, should I build that out or should I wait until Kodak figures out or Fuji figures out we got to own that name because that's our market. I met with the people at Kodak and I don't know if they were the right person but they were one of the top four people. And they said, we would never own that. I met with Continental Airlines Vice President of Marketing and said, why don't you buy eTickets from me? He said, we already own Continental.com, why would we want to own eTickets? I can't explain stupidity other than they don't know what they don't know and that's ridiculous. I offered eTickets to Continental in exchange for free tickets.

Michael: For life?

Marc: And they look at me and said, why would we want to own that? And it gets hundreds of thousands of people in traffic. I made good money on pay per click. It is what it is.

Michael: Right. And some people you're just never going to convince no matter how hard you try.

Marc: And I turn to you and say, if mutual funds is that great a name, why don't you go raise the money and put together a plan and come to me and say, let's build it out and I have the right package of people, money, understanding and talent and the answer will come back saying, I've got too many other things on my plate, that's what usually comes back. So, those that

have the time, have the time but they don't get it and those that get it are doing it already.

Michael: Right, that's true.

Marc: Kind of weird.

Michael: Okay, here's another question that I cut out, you still have time Marc?

Marc: Yeah.

Michael: Okay, another quote from your book, Marc, "Today, armed with nothing more than information and a little bit of know how, people are becoming millionaires thanks to the Internet." If you had, that's the end of the quote. Marc, if you had one idea or tactic from your book that you would recommend to somebody interested in getting out of the rat race and becoming an entrepreneur, what would it be?

Marc: If you don't understand buying and selling on the Internet, take a picture of something you think you can sell, sell it on eBay, collect the money, go buy the product and fulfill the sale. The only trick is, make sure that they can't sell what you're trying to sell. So you go to a wholesaler, get to understand that because you don't need to own anything in a world where the Internet is your key marketing and sales tool, you can sell off someone else's picture. So, there's a strategy that you can even buy things that are not listed correctly on eBay because you know how to list them better.

Michael: And often times it's a typo.

Marc: Yeah, there's a million ways that people make money on eBay and I got to kick out of the research that said there are people buy off of, people that don't put up a photo because they don't know how to upload a photo to their eBay sale, so they know how to buy it by side unseen and made money on it. Pick a niche, know your niche. It could be gardening tools. It could be old cell phones, that's a good one. How much is a cell phone really worth? Why are some people selling the old iPhone 3, actually this is an iPhone 4

that I'm going to sell because I went and got the Verizon one and this one works and this one don't work so well. So, we're going to sell the AT&T phone.

Why are they selling for \$100 difference? Because some people know how to sell them better than others, it's really weird but when there's that many buyers and that many sellers, you got to create your integrity and someone will pay more because you have more integrity and the number of sales that you've done than someone else.

Get on, get involved, get learning, understand how other people are doing are doing it, go to events where people are buying and selling and trading, go to domain shows, go to affiliate shows, go to leads con, go to affiliates summit, go to ad tech, which I think is this...

Michael: And those were all expensive. If want access to the conference, it's going to be \$500 to \$1,000 to \$1,500.

Marc: No, you don't, I don't go to the conferences, I go to the exhibit hall. I never go to conferences anymore. I go into the exhibit hall and I learn from the exhibitors, because they're going to tell you how it really is, the people on stage have usually a different motive. They're there because they sell a product or a service and they want to explain why theirs is better. I ran trade shows. The free speakers have a reason to be there for free, right? Go to the exhibit halls, they don't cost very much. I learn everything in exhibit halls and then I go from there, you could, you'd go to an exhibitor or do you know that there's a company called ClickBank are you familiar with that one?

Michael: I am.

Marc: I love this company. And ClickBank is, do you need me? ClickBank is the antithesis of how to make money on the Internet, fast, cheap, free and smart. They really know what they're doing.

So, here's an idea. Let's say you know an expert, any expert, lawyer, doctor, psychologist, it doesn't matter. You say, I want to interview you. So, let's say the lawyer is a divorce lawyer and you say, can I interview you? They say,

sure. You say, do you mind if I use my digital camera? Sure. So you set up your digital camera, cost nothing. You interview them and you ask them, I want to get 10 absolutely phenomenal ideas, that's all we want on what you should do if you're planning a divorce. I want 10 incredible strategies that save people time, effort and lots of money. If they're going to get a divorce, I want this to be the best video ever on that subject. So, write it down and plan for it then I'll interview you tomorrow. Next day, you do your interview on your camera. You get your data. You don't even have to edit it, people like it that's not edited, they want the real stuff.

You take that information today. You download it tonight to a service in India, you could look them up, there are dime a dozen that will transcribe your product. You then get it back the next morning as a transcribed video. You now have an eBook called 10 amazing strategies to save you time, effort and money in a divorce. You have an audio which you can strip out. You have a video. You have three products out of one interview in 24 hours. You list them on ClickBank. Now, you do more than list them on ClickBank, you give them a price of \$29.95. You then offer a high commission, what ClickBank does, it allows you to offer a product in placed of nice high commission so that there's a benefit for other people to sell it.

The same benefit I told you. I give all these ad dollars away so look good to your clients, in this case, you put a 60% commission, on a \$30 product is an \$18 benefit. You then tell people you can sell this product and you make \$18 out of \$30. They go and sell it to their Facebook, MySpace, Rotary Group, Speakers Group, Book Club, whatever it is, they put it on their website and they say this is the best information I've read if you're ever thinking of a divorce. Now, who's going to put that up? People who are already divorced that didn't do it right. They're going to put it on their Facebook or on their whatever or Tweet it to their market and they're going to put in their code. So, it'll MarcOstrosky\clickbank\12345. They'll get a short URL, put it in their Tweet, send it out and say, best information I ever read on getting a divorce. Fifty people will buy it, you'll make 50 times 16 or what was it, 3 times, what was it?

Michael: I think you said \$18.

Marc: 18, 3 times 18.

Michael: Yeah.

Marc: 60% of 30. 3 times \$18.

Michael: Yeah.

Marc: They're going to have, excuse me, 50 times \$18, they just made \$1,000 on that product that they didn't own and the person who created it ends up with approximately \$10 and ClickBank takes approximately 2 bucks. Everybody wins, you've created it from scratch, everybody's a winner. The lawyer gets all his people to see it, he will get business from that download.

Michael: Exactly, yup.

Marc: And you turned that idea into a product in 24 hours. How much better does it get? Now, you can be lazy and not do it. No one wins, no one loses. But if you do it, you will make money, which do you want to choose? Now, no one says you can't do that every single day of the week. Interview a different specialist everyday of the week. And everyone that buys from you, you get an email list created. So you start here and you build it and you build it and you build it and you build it and over time, people get to know you if you specialize in a niche, they'll even know you better for that niche. It might be gardening, it might be photographs, it might be being a photographer, it might be how to make money, but it works.

Michael: Right, great advice.

Marc: This book is not about domains, it's about how people on the Internet are making incredible money. And we've done it. And we test it all. And we do what we can but you see I'm sitting with domains and I found things that are bigger money than building out my own domains because they make so much money.

It's a big difference. It's a neat business, you know, kind of a window in time, it's like the gold rush and we're not, as I said in the book, we're not at

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the bottom of the first inning but people think we are because they see everyone else making money. Well, they're making money because it's working.

And it's outside of the domains, it's all the other things that are still making money as well. We play with domains. Do I do the highest and best use of every domain? No, I don't have time. I don't have time. So, if people want to them or come up with a great business plan, they're all in the book, the big ones are.

Michael: Yeah. They are Marc, alright. Well, you have been fantastic.

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