

The Lure of Passive Income

As a speaker, you probably generate most of your income exchanging time for money. You know a lot about your area of expertise, you know how to present it in an engaging way, and you genuinely improve the lives of the people you work with.

But you might still be limited by the “money for time” problem: You can only make more money by working longer hours.

It’s tempting to believe you can solve this problem by creating a Web site that’s an instant money-making machine. It’s particularly tempting for you as a speaker, because your “product” is easy to package in electronic form. It’s low cost, high value, and you don’t have any suppliers, inventory, warehousing, postage or shipping. Unfortunately, for most speakers there’s no profit either!

Generating passive income on the Internet is possible, but difficult. It’s easy – deceptively easy – to create a Web site, but it’s another thing altogether to create an *effective* passive income Web site.

A shop in every city

If you’re successful delivering value to audiences, it’s tempting to think the Internet opens you to a world-wide audience. That’s the wrong analogy.

Instead, think of the Internet as giving you a retail shop front in every city in the world. On the surface, that sounds appealing! But have you ever operated a retail shop before? It takes a completely different set of skills than delivering a presentation to an audience.

For example, consider a fictitious sales trainer Jill, based in Sydney, Australia, who successfully delivers keynote presentations and training workshops, and who's also written a book about selling in the 21st century. Although there are hundreds of other books about sales, she knows hers is good – because her mum says so. No, just kidding! She knows it's good because audiences buy it at the end of her keynote presentation, clients buy it in bulk for their staff who attend training workshops, and other speakers sell her book along with theirs.

Jill earns very good income through these presentations, but she's now had enough of spending time in taxis, hotels and airports. So she turns to generating passive income from her book. She has no illusions about it being an instant success. So she's happy to continue delivering keynotes and workshops, expecting them to decrease over time as the passive income grows.

For her book sales, she picks China as her target market. She knows the Chinese market is responsive; they have a large population of educated English-speaking people; they're eager to learn from Western experts; and with a billion people, if she sells just one book to just one-tenth of one percent of that market, she can make enough money for a lifetime.

So Jill creates a Web site, complete with shopping cart and order forms, for Internet users to buy her book. This instantly gives her a virtual shop front in every city in the world – including those she wants in China. This gives her instant success, right?

Well, not quite. Her Web site has given her *the potential to reach* her market, but that's all. It's only one small step in a much larger business model around making money selling books.

For instance, what would Jill have to do if the Internet didn't exist?

She would travel to Shanghai, set up a little retail shop there (maybe it's just a tiny kiosk if she only has one book to sell!), employ staff to work in it, and stock the shelves. That takes care of the operations side of the business.

What about marketing? She would also have to understand the local market, know what's important to them, know what her competitors are doing, create a unique selling proposition, test various price points, develop a marketing strategy and gradually build her reputation.

What about the on-going running of the business? She would have to provide support to customers who are implementing her sales ideas, watch her existing competitors, look out for new competitors, understand new rules and regulations that could affect her business, fine-tune the marketing strategy to improve sales, manage her staff, and constantly monitor the key financial indicators of her business.

It's exhausting, isn't it? Most people wouldn't do all that work. Some do – and a few even succeed – but it's a completely different business. It's certainly very different from Jill's existing speaker business doing keynotes and workshops from Sydney. That's not to say she can't do it if she applies herself. Of course she can; it's just that it's a completely different set of skills.

What's more – and this is the point – the Internet does *not* make this much easier.

It makes it a *little* easier, because Jill can do some things without physically being in China. But even that isn't necessarily a good thing. It's *convenient* for her, but it's not necessarily the right business decision for her to try this from the comfort of her home in Sydney.

More importantly, unless Jill is serious about her quest for passive income, it's easy for all the other things to fall by the wayside – things like the marketing, the price testing, the competitive analysis, the sales strategies, the advertising and the financial indicators.

That's the problem. It's not as simple as creating a Web site and hoping for the best. Unfortunately, many speakers, trainers and other information experts do just that – and then wonder why it doesn't work.

The best marketer wins

On the Internet, *the best marketer wins*. Not the best speaker; the best marketer. And most speakers are poor marketers – at least, when they're not there in person to do the marketing.

If you're a successful speaker running live programs, more often than not people buy *you* as much as they buy your topic. After you're successful, it almost doesn't matter what your topic is. When people know and trust you, they'll trust you to present it effectively.

If you've successfully built an organisation with licensed or accredited trainers and facilitators, your clients might no longer be buying you to deliver the programs, but they're probably still buying from you. So you're still a crucial part of the sales process.

This doesn't apply when you reach out to strangers on the Internet. Now you not only have to find a hungry crowd with an appetite for what you're offering, you're also competing with everybody else out there chasing the same crowd. You can no longer rely on trust, because these people don't have a relationship with you at all.

So, just because you're successful with your live programs, that does *not* necessarily mean you'll be equally successful selling online. It *might* be true, but don't assume it. Sadly, I see many people who make this assumption, and spend too much time, money, energy and effort chasing this out-of-reach dream.

Passive income is possible

I don't want you to think passive income is impossible. Far from it. It *is* possible. But it's a whole new ball game.

It requires an entirely different set of skills, knowledge and expertise than your topic expertise. If you don't have those skills, and you don't learn or buy them, you can quickly go broke trying to create passive income.

For example:

- ⇒ It's about looking for a market first, not selling an existing product.
- ⇒ It's about direct-response sales letters – the kind *you* probably find annoying to read.
- ⇒ It's about being happy with a 3% response rate to your marketing campaigns, which might be a new mindset for you (Imagine if 97% of every audience hated you!).
- ⇒ It's about crunching the numbers: How much does each Google ad click cost? What percentage of people who click buy? How much profit is there in each sale?
- ⇒ It's about testing and refining, testing and refining, testing and refining.

So yes, it's possible. But it's *probably* not what you had in mind when you thought about selling products on your Web site.

Summary

If you want to generate truly passive income, you have to invest time, energy and money.

I'm not just talking about passive income on your Web site. The same applies to other passive income streams. Being an expert in sales, leadership, emotional intelligence, relationships, mindfulness, or any other topic area doesn't mean you'll succeed in property investment, the stock market, government bonds or ostrich eggs.

So why should it be any different for Internet marketing?

The truth is: It's *not* different. To succeed, you have to become an expert in these areas – or you buy other people's expertise.

In the rest of this book, I'm not going to talk any more about this model of generating passive income. I *am* going to be talking about passive income – quite a lot, in fact. In this context, what I mean by “passive income” is income you generate without you having to be there in person.

It's not truly “make money in your sleep” income, although it could be “make money in your pyjamas” income. It does take time, effort, skills and application; but it doesn't necessarily require you to physically turn up in front of an audience.

The rest of this book is about making money *with* the Internet rather than making money *on* the Internet.