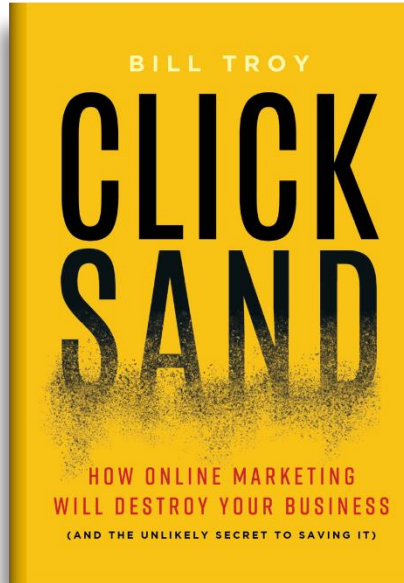


Excerpt from the book



by

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for listeners of





# CHAPTER 5: THE DAMAGE

*“Without reflection, we go blindly on our way, creating more unintended consequences,  
and failing to achieve anything useful.”*

Margaret Wheatley (b. 1941), American writer and consultant

**T**here are two types of damage that happen to businesses that trustingly follow the advice of online marketing pitchmen: the damage that unscrupulous online marketers do to their clients directly and the damage that business owners do to themselves by following the advice of the pitchmen.

Let's start with the first kind: where the pitchmen knowingly take advantage of their unsuspecting clients. Dan Lyons, in his book, *Disrupted*, shared an insider's view of how disingenuous HubSpot, the online marketing software company, was as it pretended to be "changing the world" in the early 2010's. In reality, Lyons showed that the HubSpot image and mystique was really just a front for a boiler room sales operation designed to sell as much as possible to drive up the revenue of the company in preparation for their IPO. It worked for what Lyons called the "amoral" founders of HubSpot—to the tune of \$880 million in 2014.

But for the businesses who were sold a bill of goods by the HubSpot sales machine, life was not so rosy. Current and former HubSpot clients make up a large majority of the businesses who come to us for help when things don't work as promised by the HubSpot reps and its partner agencies. The owners of HubSpot got their money, though, and that was likely all they really cared about.

Other firms are even more blatant than HubSpot—just taking customers (and value) away from their subscribers right from under their noses. A great example of this is the Vetstreet.com service from global veterinary service conglomerate, Henry Schein, Inc.

One of the "helpful" offerings that Vetstreet sells to local veterinarians across the country is a social media content service. For about \$250 a month, Vetstreet creates syndicated, interesting, pet-focused stories that can be automatically posted to a local vet's Facebook page. On the surface, this service appears to help harried vets keep their Facebook pages active and engaging with a constant stream of new content—something they always have trouble doing consistently, given the craziness of their daily

schedules. Vetstreet has been able to sell this service to hundreds (maybe thousands) of local veterinary practices across the country in the last few years, positioning it as a way to be supportive of the great work veterinarians do for the pets we all love so much.

What Vetstreet is really doing, though, is siphoning off the pet-owning customers of those local veterinarians for its own benefit. See, every one of those interesting Facebook posts that veterinarians are paying Vetstreet to post for them are just teasers for longer articles. To read the article, the pet-owners on the local veterinarian's Facebook page have to click on the post, which then takes them to the longer article on Vetstreet's own website. Once the pet owner arrives to read the article on Vetstreet.com, Vetstreet then works to develop its own relationship with that pet owner—which frequently results in the local vet being cut out of all future interactions.

Vetstreet pretends that the Facebook article posting service they sell to veterinarians is designed to help the local vet build more visibility and business, but in reality, the whole program appears to be designed to allow Vetstreet to strip-mine the customers from hundreds or thousands of local vets across the country into a huge, valuable national database of pet owners that Vetstreet can then profit from. At last count, Vetstreet had siphoned off a loyal audience of over three million such customers from local vets across the country—and apparently had gotten all of those vets to each pay them \$250 a month while doing it.

Stories of similarly unscrupulous services abound in the online marketing world thanks to the myriad of tools, options and features available—and the breakneck pace of change in the industry. Most business

owners can't keep up with every nuance and subtlety of the industry to know whether an attractive-sounding pitch from a HubSpot or Vetstreet is a good idea or scam.

But the damage from the online marketing pitchmen doesn't just stop with rip-off offerings directly from the pitchmen themselves. It often goes much further—when business owners harm their *own* businesses while following the advice of the pitchmen.

## **Stop hitting yourself**

Business owners that fall for the snake oil sales pitch of online marketers run the risk of damaging their own businesses in three different ways.

First, a push toward volume and efficiency can inhibit or even eliminate the ability of the business to nurture important individual relationships. For businesses where success hinges on long-term personal relationships, future growth potential can be seriously harmed.

Second, (and this is something we will explore in much more detail in future chapters) the high-volume techniques typically sold by the pitchmen creates a mindset where businesses view potential customers through a negative lens instead of a positive one. Rather than seeing new relationships as opportunities, new relationships are initially viewed with a focus on filtering and disqualification. Starting out of the gate with a cynical perspective reduces the chances of establishing rapport in new relationships.

Finally, the opportunity cost of focusing time and money on the wrong marketing and sales approach while ignoring other approaches that have worked well in the past can set businesses back significantly.

We'll explore the mechanisms that occur in each of these problematic scenarios in detail in this chapter. Let's start with how individual relationships can be damaged.

### **First, do no harm**

Will Rogers, the famous columnist, once said, "It takes a lifetime to build a good reputation, but you can lose it in a minute." It's much the same with relationships. They are built like a tower, brick by brick, over a series of interactions that begin simply and grow in complexity and depth over time. But the whole thing can come tumbling down in an instant if rapport is broken.

Unfortunately, many businesses are convinced by online marketing pitchmen to use techniques that are all but guaranteed to break rapport with the very people the business would like to get to know better—starting with the most fallacious technique of all: marketing automation.

Broadly speaking, marketing automation (also known, hilariously in my opinion, as marketing intelligence) is a set of pre-determined messages and actions that will supposedly initiate and nurture relationships with potential customer from first contact all the way to (or close to) purchase.

It sounds wonderful to overworked business owners that a computer could be interacting with potential customers in the background while the owner works on other things, alerting them when the sale is ready. This is

the dream that online marketing pitchmen sell. But a simple real life scenario can easily show that not only does it not work, it can seriously damage your reputation and eliminate any future potential for gaining the business in the process.

## **I, Robot**

Imagine that you are walking into the opening cocktail reception at a convention in your industry. Assume there are several people at the reception that you'd like to talk to—prospects you'd love to have as customers. Now assume that, just like marketing automation, you are going to pre-plan the first three sentences you will say to all of those people when you run into them—sentences designed to move them toward buying from you.

You might want to start with a light quip to avoid coming on too strong about the winter weather in Chicago that delayed flights of some people who were coming to this convention. Then, you could pivot a bit and mention that you're glad your flight wasn't delayed because there is a session early tomorrow morning that you want to attend because it relates to what your company does. Finally, you'll be ready with a nice elevator pitch when the person you're talking to asks what business your company is in. So you've got your first three sentences all planned out to deftly move that prospect from first contact to sales lead:

1. “I heard that a few folks were delayed in Chicago with that snowy weather they’re having there.”
2. “I’m just glad my flight wasn’t delayed because I’m really looking forward to the session tomorrow morning on the applications of phaser technology in the next century.”
3. “I’m at PhaserTech and we provide world-class consulting solutions to the turbo phaser industry and always give new customers a 20% discount on their first order.”

It looks great on paper—just like a marketing automation sequence—so you head over to start a conversation with one of the prospects you want to meet (we’ll call him “John”), confident that you are on the path to sales success. In reality, you’re hurtling toward disaster.

### **The best laid plans**

Of course, you can’t predict what John’s response will be when you say your first sentences about the snow storm in Chicago. He might mention that he was lucky to get re-routed through Minneapolis so he avoided the delays. He might respond that he knows all about snow storms in Chicago because he lived there for 10 years in the 1990’s. He might say that his daughter is stuck in Chicago trying to get to a job interview she has in L.A. Heck, John might even say “sorry, what?” because the music playing at the reception is a bit on the loud side. In fact, the possible number and variety



of responses from John are almost infinite and definitely not predictable. The chances are slim that your comeback about “being glad you didn’t get delayed because you’re looking forward to the session tomorrow morning” will be an appropriate response to whatever John says.

If you do get lucky and your response isn’t totally inappropriate, though, things will only get worse. If John does not ask either why you’re looking forward to the session tomorrow morning, or what business you’re in, your sentence about what your company does will be so wildly off-topic that John will think you’re either mentally unbalanced or way too pushy.

Within 60 seconds, you will have ruined any chance of building rapport with John—now or in the future. And the longer you keep going with pre-planned, robotic sentences, the worse it will get. It would have been better to have never talked to John at all than to try to use the “automation” approach to building rapport with him.

Of course, any experienced business person would know better than to rigidly spout a series of pre-planned sentences in a conversation regardless of what the other person responded with. It’s obviously absurd.

Businesses are convinced to do this every day, however, by snake oil salesmen of online marketing selling the “automation” of relationships. But wait, it gets worse.

## **Me, myself and I**

The other problem with a pre-planned series of communications is that, since you don’t know what John will say when you talk to him, you can’t pre-plan anything to say about *him*.

Even if, in some miraculous twist of fate, your pre-planned sentences actually make sense with what John responds with, everything you say will still be about yourself. If you're able to avoid coming across as unbalanced or pushy, you will *definitely* come across as self-centered, which will also ruin any chance you have to build an authentic relationship with John.

All experienced salespeople know that the key to building rapport with another person is to be interested in *them*—not to talk about yourself. If you're in the office of a prospective customer and you see a fly-fishing photo on the wall, you spend time asking about fly fishing. Diploma from Notre Dame? How's that new quarterback doing? And for certain, you remember whatever is discussed this time for follow up next time you interact with that prospect.

Marketing automation, with its rigid, predetermined messaging approach requires that all prospective customer interactions follow the same inflexible path and it can't treat each prospective customer as an individual. It can't talk about fly fishing with Prospect A and the new Notre Dame quarterback with Prospect B. Marketing automation cannot build and nurture individual relationships. It can't listen to and care about the person on the other end of the message. It can't talk (or better yet, ask) about what the prospective customer cares about. That still requires a human.

For businesses where success hinges on building and nurturing authentic, long-term, individual relationships, following the automated approach of the online marketing pitchmen can be very damaging.

This brings us to the second type of damage that businesses can suffer from by falling for the vision presented by online marketing pitchmen: a

vision that actually turns businesses against their prospective customers with an adversarial mindset.

### **Ask Lewis about it**

Elias Lewis (more commonly known by his first initial and middle name as E. St. Elmo Lewis) was an early pioneer in many of the methods that are now standard practice in the advertising world. He founded a successful early advertising agency, called literally *The Advertiser's Agency*, in 1896 and gained notoriety in the advertising world with his slogan “Ask Lewis About It.” He achieved national recognition as an outstanding lecturer, writer, teacher and leader in advertising and was one of the earliest inductees into the Advertising Hall of Fame.

In addition to doing work for his own clients, Lewis advocated industry-wide on the theories and best practices of advertising. His most notable idea, put forth in 1898, was the concept of the customer journey. Lewis proposed that potential customers went through a series of mental stages—akin to stepping stones—on their way from first hearing about a product or service to eventually purchasing it. Lewis described those stages as Awareness, Interest, Desire and Action, typically shortened to the acronym AIDA. Lewis further suggested that the purpose of advertising was to encourage and assist customers in moving along from stage to stage.

It's an idea that has stood the test of time and the AIDA concept is still alive and well today. It is used extensively in mass consumer

advertising (think of Super Bowl ads as the ultimate attempt at getting the Awareness of as many people as possible).

But the AIDA concept has been altered by online marketing pitchmen into a version that is different than what Lewis intended—a version that harms many unsuspecting businesses in the process.

### **Heads versus hands**

The tools of online marketing are, in general, good at recording actions taken by the people who use them, such as opening an email, clicking on a Google ad, or visiting a particular website page. As a result, online marketing pitchmen have hijacked Lewis' *mental* stages and turned them into *action* stages, or “conversions.” They convince business owners that these conversions (opens, visits, clicks, downloads, inquiries, etc.) are good indicators of where potential customers are along their journey toward purchasing.

At first glance, it may not seem like this migration to a conversion model is particularly troublesome. Online marketing pitchmen, in fact, position it as beneficial, promising that for the first time a business can have objective behavioral data to indicate exactly where potential customers are along the path to purchase. But the practical reality is that the alteration of the original Lewis model into a conversion model has very negative consequences.

Specifically, the businesses that we see focusing on conversions have a couple of resulting attitudes that adversely affect how those in the business actually behave toward their potential customers.

## **Reductive vs. productive**

Online marketing pitchmen typically show their conversion model in the shape of a funnel. The idea is that buckets of prospective customers are dumped into the top of the funnel and they are filtered and qualified by their conversion actions as they move down through the funnel toward becoming a customer. This view of the customer journey as a filtering process is an inherently negative one—a reductive process akin to separating wheat from chaff. The original model of E. St. Elmo Lewis was a *productive* process designed to woo and encourage potential customers (Lewis explained that the role of advertising was, “to catch the eye of the reader, to inform him, to make a customer of him”), not seek ways to eliminate them.

Businesses that structure their sales and marketing program around the conversion model pitched by online marketers, though, are beginning every new relationship with a negative opinion of prospects by default. That is hardly the way to form a productive relationship. As a result, we often find that business owners using this model become better at listing the reasons that a particular prospect is *not* attractive than they are at finding reasons to invest in the relationship. In effect, they end up running marketing programs that are designed to find reasons to not build relationships with prospects. It’s no wonder such programs don’t result in sales.

## **After you, I insist**

Another negative implication of the conversion model that online marketing pitchmen promote is that prospects often must be the ones to act

first in order to move the relationships forward. The fact that decisions and responses of the business are based on the actions that prospects have taken (clicks, views, opens, downloads, inquiries, etc.) means that, in order for the relationships to progress, prospects have to, in effect, prove themselves “worthy” of a response. On the surface, it might seem like a prudent move to only invest time and resources in prospects that have shown behaviors that indicate an elevated level of interest. That logic might make sense from a dispassionate, analytical perspective, but we’re talking about human relationships here. From a *relationship* standpoint, this approach requires that potential customers invest in the relationship before the business will reciprocate. This is yet another rapport-breaking approach that will result in fewer potential relationships being developed.

## **Sacrificing the future**

Ultimately, the worst damage we often see in businesses that have fallen for the online marketing snake oil pitch is more than just having a marketing program that isn’t succeeding. It’s that business owners often buy into the dream so much that they modify their own company in a vain effort to chase the mirage put forth by the pitchmen. There are three common changes that we see businesses make that can damage the long term ability of the business to survive:

1. *Abandoning what really does work* – Techniques that have succeeded in the past, like in-person visits, hand-written thank you notes or even just a handshake and a smile—things that probably

built the business to where it is today—are frequently tossed aside as old fashioned and outdated. But it’s not just old techniques that are abandoned; often, existing relationships are, too. We’ve sat with business owners who are unhappy with their online marketing sales results and asked them where they got their biggest current customers. Invariably, those customers came from long-term relationships that go back many years. When we ask how long it’s been since the business owner did anything to nurture those obviously valuable relationships, we often hear that they’ve been ignored while the business has been focused on the exciting new idea of online marketing. This means that not only has the online marketing effort failed, it’s possible that momentum on relationships that really have paid off in the past has been lost, too.

2. *Missing larger opportunities* – Many of the most attractive potential customers for a business don’t (or won’t) fit into the conversion approach sold by online marketing pitchmen. We often use the axiom “whales don’t click” in our business to remind clients of this truth. Customers who might spend a million dollars with you are just not clicking on Google ads; they’re not submitting inquiries through a website form; and they’re not signing up to receive promotional email newsletters. The biggest, most attractive customers are working with people and businesses who have taken the time to invest in getting to know them. Focusing only on the prospects who *will* click and open and download causes businesses to miss many of the largest and most

lucrative opportunities.

3. *Lesser offerings* – Missing out on the largest opportunities leads to another pitfall for businesses that are under the spell of online marketing pitchmen. Frequently, those businesses tend to start chasing smaller and smaller prospects by creating smaller offerings: assessments, test drives, introductory offers, “light” versions of their product, and so on. Smaller offerings, in and of themselves, are not a problem if there is a real need that they satisfy in the marketplace. But, we frequently see businesses creating these kinds of offerings as a response to low quality or casual sales inquiries received through programs sold by online marketing pitchmen. These businesses end up chasing inferior quality sales prospects by creating inferior versions of their products and services. Not only is the time and energy that is put into developing the inferior offerings a distraction, there is the risk that the business could be less attractive to higher quality customers due to the perception that the business is focused on smaller customers.

### **How is all of this possible?**

In the face of all the damage that can be caused by following the advice of the online marketing pitchmen, the logical question is, why are so many business owners be falling for the pitch? How is it that a business owner will forsake their proven relationship-based revenue generation model



for a model that isn't capable of building and nurturing relationships? Why do they stick with it when it isn't working? And why would a business owner go so far as to change the way they do business to try to match the false expectations promised by the online marketing pitchmen?

It turns out that there are several societal forces in play today that are making the online marketing pitch more appealing now than it might have otherwise been in any other era. The snake oil salesmen just happened to hit on a pitch that is right for the times and they're getting help from some unexpected places—places we'll explore in Section Two.