

Tape 22 - Ted Nicholas

Gary: Again, as I say, one of the things that I try and do when I do my seminars and when I write about people is have people who can not only teach and are willing to share what they do, like David Deutsch and Joe Sabah, and some of the other people you are going to meet, but who are actually doing it. Because those are people you can learn from.

Our next speaker is probably the number one mail-order magazine advertiser in all of history. You have seen his ads thousands of times in airline magazine and other upscale magazines. He wrote the book which you are all familiar with, *How to Incorporate Without a Lawyer for Under \$500*. And he has learned the hard way through putting his own money on the line and through trial and error over a process of many years, how to make magazine advertising work better than anybody else I know. He's going to come up here and share his secrets with you, and I'd like you to give a big welcome to Ted Nicholas.

Ted: Thank you. [technological business] 0:02:16

Ted: Well, Hi, it's a pleasure to be here with you today. How is everybody feeling at this time of day? How are you feeling? I can't hear you. About this time of day everybody's blood sugar tends to drop, so why don't you all stand up for a minute and tell me how you really feel. [Cat-calls, applause]. I think we should give a standing ovation to the guy that brought us all together. All you people, all the speakers, Gary Halbert. [Applause]

And I think we should give one more standing ovation to the people that really are going to make this event successful, all of us. [Applause] Thank you. Sit down if you would. I'm going to be talking about a lot of things on how to be more successful. Does anyone want to know how to be more successful in their advertising? How many of you want to know? Great, great, that's what we're going to be talking about. I'm going to share seven of the secrets that have helped me sell over two hundred million dollars worth of products in the last twenty years, and I've managed to retain a good percentage of those sales on the bottom line and I managed to save a dollar or two in the process.

A lot of people, when they stop me in the halls when I talk about making money. And I enjoy – I like the idea of making money, but there's a lot of other things that I like to talk about too, and that is the whole issue of balance in your life. I believe that the most important things in any of our lives are in three areas - your personal relationships, your health and your work, your business, your career. If anyone of those things are out of balance, and I want to share with you here have been times in my life when I've been a workaholic, basically.

That's the thing that can easily get out of balance. Does anyone else ever become an alcoholic, or -live like a - not an alcoholic, but a workaholic. Freudian slip. Haven't been an alcoholic, but a workaholic. Anyone else share that? Lots of you. And when you get yourself out of balance, your life gets out of balance. That's an area that I think is very, very crucial. I see people that are striving to be successful, and they allow themselves to get out of balance. When you do that your whole life just goes awry.

My goal is to share with you seven important principles and one of them is keeping your space ads in balance, and I'll get to it in just a moment. I was thinking about what I was going to talk

with you about today, and I was reminded of Will Rogers' definition of success. Will Rogers said that success is easy. All you do is you find a company that's growing, and you buy stock in that company while the stock is going up. And then when it goes up to a high level you sell it. But take no risks. If it doesn't go up, don't buy it.

It would be nice if success was that easy. But it really isn't. There are lots of things that constitute success. You know one of the things that constitutes success - I've been studying successful people since I was twenty years old to try to learn why are some people so enormously successful, and why are others so spectacularly unsuccessful? What are the principles that make someone succeed? Does that interest you? That subject? I found that one of the most important things that you can do to be successful is to find champions in their field and to start walking like them, moving like them, thinking like them, developing a value system like they have. Because you know what? Success is not an accident. When you start adapting those principles, those actions, even the way - it took me a long time to understand this. That even the way people act and behave has a great deal to do with their emotional mood and their performance.

Winners act and behave a certain way. They walk a certain way, they move a certain way. I call the principle of emulating champions "Modeling." Modeling. And here you have some of the best direct marketing minds on this planet. And some of you attendees are also very, very accomplished and successful in what you do. And I think you all have a great opportunity to do some real modeling with the people that are here. When you're around winners you start thinking more like a winner and start being able to put into action the things that you need to do to be successful. There are no short cuts. I wish there were. I looked for them.

I basically say to be successful I think about the three P's. You have to be prepared. You have to prepare yourself to be successful. You have to have a strategy or plan to be successful, because you can't be fully prepared unless you have a plan or strategy. And you have to have passion. You have to have a passion for what you do. I was sitting in my office when I got Gary's invitation to come here and speak. Before I got his invitation I was sitting there thinking what can I do to help those victims of this hurricane?

I live in Florida. I live in Clearwater, Florida, but we were spared any damage. And I thought what can I do? And I got Gary's invitation and thought what a brilliant, brilliant idea. And if I can come and share information that I have that's going to be possibly helpful to other people, and also help encourage contributions to that cause, I couldn't think of anything better to do.

That's why I just have such respect for Gary's organizing this whole event. My passion, my mission, my life is to work with the undiscovered heroes. Basically, you. Entrepreneurs are the people that make the free world go. And all of you that are coming here to this event, you're coming here when all the teachers, a lot of your relatives and friends are saying you must be crazy to consider being an entrepreneur. You ever hear that? Anybody ever hear that? You must be crazy to be in business for yourself, you ought to go work for the government or a big company and have security.

And in spite of all of that, you guys somehow filter through that system and you create 95% of the wealth in this country. 95% of the new jobs in the last five years are created by entrepreneurs

and it's my privilege to work with you. I've written 13 best-selling books. I have sold two and a half million copies. How many of you have bought a book from me? So there's a few that haven't. That encourages me too, because that means that my market just continues to grow. So I'll be working on that problem, too.

The passion that I have is to work with entrepreneurs. In order to be successful at what you do, you have to have passion for what you do. All the great cathedrals, the churches of the world are built by people with passion. There's never been a skyscraper built unless one person pioneered and had passion for that idea and sold it to a lot of other people and made it happen. You, in order to be a big success, have to develop passion for what you do. So you've got to have those three P's.

Plus you have to have the energy to make your dreams a reality. There are too many people that have allowed the physical part of their lives to get such that they don't have the energy to carry forward with their plans. Some of you may get up in the morning at times. Has this ever happened to you? You get up and you say, "My God, another day? Do I have to get out of bed?" Has that ever happened to any of you? "Do I have to get out of bed and try to act ... " - thank you - that happens to a lot of people. Without the energy you're not going to be able to do it. Some of the things you can do for energy is to keep yourself physically fit. Is to work on your health. To exercise, to watch your diet, to do those things that make it possible for you to fulfill your dreams and your goals.

And the final thing that you need. And this is what separates all the winners from all the nonwinners, you have to act. You have to take action. If you don't act on your principles and your values and your goals, nothing will ever happen. And that's what makes the champions. In my school, I was not, by any means, the smartest kid in the class. There were kids a lot smarter than me. I'm reminded when I was a kid my father used to take me to New York - my father was a moderately successful small business owner, owned a restaurant. And he used to take me to buy shoes at the Carriage Shoe Store in New York and when I would see the people lying in the alley. I'd ask my father, "Why are those people there?" I was a very impressionable little kid at four, five years old. "Those people must not be very smart."

He said, "A lot of those people are really smart." I said, "How did they wind up lying in the alley." He said, "They didn't take any action in their lives. They just let life do with them what life will do." And I thought to myself, "There's no way I'm ever going to wind up in an alley like that." That really made an impression on me. And I thought if I have to have three jobs, and during a lot of my life I had three jobs, I was determined that that wasn't going to happen to me.

Let me quickly tell you a little bit more about myself and then I'll get into the 7 principles. I started my own business when I was twenty years old, after being in the Marine Corps for two years. Any former Marines here? A few. My first business was called Peterson's House of Fudge. It was a chain of candy and ice cream parlors. I started with \$800 in savings, \$96,000 in debts, and opened my first operation in Bear, Delaware in 1958. And a lot of people have asked me, "Well, how did you ever start with \$96,000 in debts and only \$800 in savings?" And what I basically did was to go to the landlord. I needed to buy a property. I wanted to open a roadside candy operation. I went to the landlord, his asking price was \$50,000 and I said, "Mr. Kendall," - his name was Harry Kendall, "Harry, I am an enthusiastic young guy, twenty years old, and I

don't have any money, but boy do I have a lot of ambition. What I would like to do is buy your property and I'm going to create a candy kitchen here that is going to be a roadside candy operation. We're going to make the candy before people's eyes and it's going to be a terrific thing." And he said, "Fine, give me a 20% deposit." I said, "20% deposit?" There was a slight problem. "I don't have any capital right now, but I am going to convert your property and I'm going to improve it like you never seen. And I personally am going to do that. I am a person who keeps my word."

He thought it over over the weekend, he thought what did he have to lose. We signed a purchase money mortgage for twenty years. I'll never forget it, the payment was \$308.74 a month, and I bought the \$50,000 property. And then I went to some equipment people and I said, "Guess what, I want to open a roadside candy shop and I want you to put your equipment in my candy factory and if I succeed I'll pay you." And they said, "Are you kidding? Are you crazy? We can't do business like that." I said, "Gee, that's about the only choice that I have. I'm an honest guy, I'm a hardworking guy. Here, I'll sign my life away, I'll do anything you want. But I don't have the capital to give you a big deposit and things like that."

I finally found an equipment supplier, \$36,000 worth of equipment, they put it in my place. And I did the same thing essentially with my raw materials supplier. So the day I opened my door I had \$96,000 in debts and I had a real attractive -- I painted it barn red with white shutters and we took in a grand total of \$36 that day. And I thought, "Boy, I'm going to go bankrupt by next week." So, I thought to myself, what turns people on? I noticed a lot of people were riding by. There were 30,000 cars a day going by the roadside candy shop. And I noticed that they seemed to be turned on by two things, because they were male drivers. They're turned on by women and cars. Not necessarily in that order.

So I thought I'd go out and get an attractive women to stand out in front of my place and stir a big kettle of fudge. And I went to the local roller skating rink and I got a young woman and put her in front of a copper kettle and started stirring the fudge on a Saturday and I mean we had traffic jam in front of the place. The local paper wrote up the event and soon lots of people started coming into my shop and it became highly successful and within a few years I had six company-owned stores, and then by the time I was 29 I had 24 franchises, 30 stores in 6 states, and I was voted the outstanding young businessman in the State of Delaware at age 29.

I was invited to the White House, where I'd never even been as a tourist. But also along the way I set up 18 companies. I had 18 companies by the time I was 35 and that's when I got the idea. I was a frustrated writer, I used to write letters to the editor. I thought someday if I could get paid for what I do for free, it would be a marvelous thing. I wrote my first book, *How to Form Your Own Corporation without a Lawyer for Under \$75*. A lot of you have shown me copies and asked me to autograph your copies that you have, which I'm pleased to do.

I went to nine publishers and I said, "I've got this book, it's going to change the world, it's going to change how people incorporate, it's going to get lawyers out of business, it's going to blast away at the legal profession." They looked at me like I was crazy. I couldn't get a publisher, so I set up my own company called Enterprise Publishing out of the corner of my living room and I ran my first ad and I'll show you my first ad if I can get that set up.

[technology business]

[TIME STAMP 0:19:19]

Do you want to see that first ad?

[technology business]

I ran that first ad Right there in the Wall Street Journal. Eastern edition. It costs \$90 at the time. The ad says, "How to form your own corporation without a lawyer for under \$50. New book, complete with tear-out forms, hundreds of money and tax-saving ideas. Send for free information. Enterprise Publishing" and my home address. In the meantime the book was at the printer. I didn't know how many books to print. I got back 340 or so responses. And I sent out my first mail piece. I wrote a brochure describing the benefits of the book. And I got back in \$360 in orders. \$90 ad cost. \$360 in cash orders, and I said, "This is the greatest business in the world. I'm going to create an empire."

So I started running larger and larger ads. I'll show you some. For some reason this doesn't encapsulate the entire ad. The surface could be a little larger. Maybe some of you have responded to this particular ad, because this particular one has sold about 200,000 copies of the book. I noticed the larger and larger ad that I ran, the more orders I was getting per dollar invested. So pretty soon, within six months, I was running nothing but full page ads. I was spending \$50,000 a month, but I was taking in \$2-300,000 in my living room. I was operating out of my living room.

So other people figured I must be the world's largest publisher because no one else was running full-page ads. No one. So other authors started sending me their work. Lawyers, Accountants, novelists started sending me their work. And bit by bit I started publishing other people's work and I developed the concept of my company, Enterprise Publishing Company, which became the largest How-To publisher for the entrepreneur in the United States. You may recognize the publishing company because a lot of the titles, several of you have told me are in your libraries.

In the meantime, at that particular point in time, my book made it easy for anyone to set up a corporation. And by the way, there have been 89,237 corporations formed from that book in the last twenty years from every one of the United States and most of the countries in the free world. And when I first started no one would handle the registered agency for a corporation unless it was owned or controlled by a lawyer. In other words, the lawyers owned the registered agency companies.

I thought that's ridiculous, so I set up my own company called the Company Corporation. Anybody ever set up a company with it? Good. Good. The Company Corporation is the largest incorporating company in the United States. I also sold that this past year. In other words, the book shows you how to do it, and the incorporation company helps you service your corporation after you are in business. It's the fastest, most economical way of setting up a company known. I'm proud of the fact that I was able to create that whole mini-industry. Basically it's a whole mini-industry now. Some of you may see the ads of all the companies now in the Wall Street Journal that are competing -- a lot of companies are owned by non-attorneys and are competing with us but we're still the largest.

I say all of that to you, not to impress you with my accomplishments, but frankly because it impresses me. That a little kid like me, from Bradley Beach, New Jersey, college dropout. Starting with zero capital, \$800, I was able to accomplish these things. This country has such great opportunities if you don't allow all the people that are ready, willing, and able to talk you out of your good ideas to discourage you from going forward. If you're willing to act on your ideas.

How many of you would like a formula of how you can never fail? Well, I'm going to share a formula with you, because first of all, what most people call failure - I want to ask you a question, would you guess yes or no that the ads that I've written for all of my books and books that I've published by numerous other authors, would you guess that the majority of those ads and marketing campaigns were successful or unsuccessful. What do you think?

That's right. I'll never forget, when I first started, you remember the late Joe Carbo's *Lazy Man's Way to Riches* and Joe asked me, "How you doing?" And I said, "I'm doing fantastic. Everything I'm doing is working." He said, "You're not trying hard enough." I said, "What do you mean I'm not trying hard enough?" He said, "You've got to be failing a good bit of the time in order to have those real home runs." Now, do you think everything you do is going to be successful? I don't think so either, but that's what other people call successful.

If you start reprogramming yourself - what most people do, I've noticed, when they do this in business - see, I started the 18 companies that I mentioned to you, 16 of them were enormous successes, two of them were unsuccessful, I learned more from the two that were unsuccessful, then all of the 16 successes put together. I had a real good - and I have perhaps, if not the best, one of the best batting averages on space ads in the world and I'm not successful every time I go out, as I said before.

So what you've got to learn to do to be successful is learn how to accept what other people call failure. But I have a better way of reprogramming yourself to share with you. And that reprogramming is instead of failure, all you have really is results. Results. If you keep working to develop your results, because some of the things you do are going to do are going to have been results in proportion to your investment in those things

You've got to learn how to fail forward just like a child does who touches the hot stove and learns from that experience. That's what you have to do in order to be the really big success that you want to be. This is a highly-driven, highly-motivated group. I like that. You guys really want to accomplish a lot. I respect and admire that and you have the ability within you, you have greatness within you, you can go out and do terrific things, and those of you who are selling information, and if you're not you ought to consider it, you're in the greatest business in the whole world. The whole world.

Power used to come from - in the caveman days, physical strength. If I was stronger than you, I had the power. Then in the feudal period it came from being a king or queen or being related or being influenced or having their influence. Then in the industrial revolution from capital. If you had capital you had that power. Now, the power comes from information. Information is where the power is. Those of us that sell information are in the position of personal power. And if you handle it properly, you're in the best business in the world. Some of the reasons are because you

have good margins. Because people aren't buying the paper and ink or video or floppy disk, they're buying the value of the information.

You're in a business that has the least amount of government regulations of any business that I know, because you have the First Amendment, and as long as you're not libeling someone and you're talking the talk, you can say and print what you want to print. It's a terrific business. Those of you that aren't in it, ought to consider if not as a direct business, but as an adjunct to what you're doing to help sell your product and other things by having information, bonuses and things of that nature to help induce people to get involved with your service or product.

But anyway, I wanted to give you a little bit of background and couple of the ways that I look at what I think are the main principles of making it all happen. I want to begin sharing with you I'm going to try to leave time here for questions, the seven principles that I feel are crucially important for success with space advertising. By the way, I'm known more for space advertising than any other form of advertising, partly because I've spent over a hundred million dollars of my own money developing the techniques to make space advertising work.

I'm not a copywriter in the sense that I work just for clients who are spending their money, I'm spending my money. So - although in my new business, I do work with a few clients, but that's a whole separate area. For twenty years I had not. During that course of time I've learned a lot of principles. First of all, to make a magazine ad successful you need to have a balance between the offer itself and the product and the offer together. The magazine itself, is it targeted correctly to your list? In other words, the magazine or list. By the way, the principles that I talk about apply to direct mail. I'm less known for direct mail, but I send about five-ten million pieces of mail a year for the last several years as well, so I use both mail and space.

Are any of you on my mailing list? Good. The third thing is creative graphics. If any one of those three elements are out of balance -- in other words, great copy, not a very good offer, not a very good strong product -- you're not going to be able to produce profitable sales. And if the magazine isn't targeted to the right audience - now in order to get a magazine that is targeted to the right audience, you have to find out the kind of customer that are more susceptible to your product offer and you get -- those of you that have done magazine advertising, it's very easy to call the magazine and get what they call their media kit that describes the profile, the age, the income and so on and all the statistics about their customers. And what you need to do is to match your offers to those right audiences, so you want to have in our office lots of copies of media kits and constantly be reviewing them.

It's also a good idea if you really do your homework to look at the mailing pieces that the magazines use to get subscribers, because that gives you a good insight into how they're targeting their mailings to generate their list. That make sense? So those are very, very important. The next thing, principle number two, set up your own house agency. Because right off the bat, you're going to save 15-17.5% off media costs. Do not work with an advertising agency. Now, am I opposed to advertising agencies? No. But I'm a big believer in business structures, and you have to structure. See the problem with an advertising agency is - there are a few exceptions to this, but generally they are motivated and they get paid by spending your money. You as an advertiser, marketer, get paid by spending the least amount of money you can spend to get the most customers in the door.

So, all things being equal, you're much better off having your own house agency. And ever since I started I've had a house agency. You can have a house angry, you can make your company. For instance, my current company is called Nicholas Direct, which sounds like a house agency, doesn't it? It's a direct marketing company and one of the reasons we have that name is because we get over the initial discussion hurdle of presenting ourselves as an agency.

Okay, where are we. What number? Okay. This is where it starts to get really important. You need to negotiate the rate. I teach in my seminar a lot of details as to exactly how to go about it, but I just want to give you a few tips that you can immediately put to use. If you call a magazine and ask them what their rate card rate is, what do they tell you? They give you the rate card rate, and if you place an insertion order on that rate card rate, what will they do? They accept it. And you would too if you owned the magazine and so would I. But the issue that very few, and I'm talking about national advertisers that are friends of mine that are aware of, and what I'm about to share with you is, that 90% of the magazines in the world that I am aware of, that I do business with, and I've talked with a lot of them, are very anxious to make deals on their advertising.

So your task is to call the magazine and make the best deal you can make. I have three or four questions that I'm going to share with you and that you can ask that will help you get the kind of deal that you're going to be able to reduce your advertising cost while getting the kind of returns that you need to be successful. The first question is, "What is your mail order discount." What's the worst that could happen? Now I would say 70% of the time they say, "Mail order discount?" A lot of times frankly, they don't know what it is, because people don't ask. But they go back and they talk with the boss and they come back and they say, "Oh, yeah, we offer a mail order discount." And when they do, it often can be 20%. So already you've saved 17.5% and 20%.

The next question you ask is, if you're an information seller, a lot of you are, "What is your publisher's discount?" Now, what's the worst that could happen. "Sorry, we don't have publisher's discount." But 70% of the time, 80% of the time, they say, "I just talked with my colleague here, the advertising manager, yeah, we offer a publisher's discount." See, the advertising agencies don't ask the questions. They're placing ads for General Motors who pays the full color rate-card rate.

And the third question is, "What is the best test rate you can offer me sir?" Test. T E S T. Test rate. Now, again, the worst that can happen is, "Gee, a rate card is the best rate we can offer." There's only one publication in the world that comes to mind that doesn't vary from their rate card, and that's the Dow Jones publication, *The Wall Street Journal*. All the other publications, virtually, are open to negotiations. Now, if the first conversation, on the other hand is, "Gee, I'm sorry, Ted, we don't offer a mail order discount, we don't offer a publisher's discount, we don't have a test rate." Say to them, "That's fine. If you reconsider, give me a call. Goodbye."

You'd be amazed how they reconsider and call you back because the reality is 90% of the magazines in the world are losing money and 'they're advertising-driven, and they need you. You're the hero. They need your business. And you're in position, and these are the magic words. These are the magic words: "If you come up with a good test rate, give me a call, because I can act immediately." You know what that means to them? Money. Money. Because do you

think General Motors can act immediately? They've got to have 1700 board meetings to decide their next budget. You can act immediately. Do you think Dow Chemical, Shendley, can act immediately? No. But you can. If you know what you're doing it, you have a tested ad, you get it at a good rate, you can immediately go forward with that.

So you want to make sure that you understand your strengths. Now, the important thing is, the most important thing of all is, here is the reputation you want to develop and the one we've worked so hard for twenty years. That you're a fair and firm and honest negotiator. You are in business to stay. You're not here to make one good ad deal and stalk off into the night. And I directly tell the people that. "Look, we have been doing this for a long time When I first started I couldn't say I was doing it for a long time, but I would say, "Look, I'm a national advertiser. I'm very anxious to build an aggressive space-buying program, but I need to have a good test rate, I need to have good rates for me to be in your magazine on a consistent basis. I'd like you to work with me."

And you will find that by developing that kind of rapport with the person where if now it costs a magazine \$2400 to print that ad, I'm not going to try to buy it for \$2200, because they're going to lose money. That's very short-sighted on anybody's part to do that. I want that magazine to make a profit, a small profit, but I want them to make a profit because I want to be able to go back again and again and again.

So you want to open up your whole area of opportunities. Now most people that see my ads month after month, the biggest advertisers in the world can't make the ads work, and Ted Nicholas' ads are running in airline magazines all over the English speaking world, one of the big reasons is because they are bought cost-effectively. Because if I had to pay the rate card rate in a lot of those magazines I would either break even or lose money. And I'm not going to run ads if I lose money. That hundred million dollars that I mentioned before, I started Enterprise Publishing with a borrowed \$5,000. That hundred million dollars came from my customers financed the business. In other words, you're in a business where you get paid before the bills are due, once you establish credit in magazines, you get the cash with order, and on a 30-day basis you could have the money turning around like that, and build your business and start becoming a big advertiser in that fashion. But of course you need to go through the issue of testing the ad and getting the copy tested and all of that. Does that make sense?

Okay, so you want to buy cost-effectively. The position in the magazine. This is an area where I see some of the biggest advertisers in the world making the mistake. They think, "Man, we see a lot of these ads running, we want to be a national advertiser in magazine, so we're going to run the ad and they have an ad running, and they put it, the let the magazine put it – if you don't ask the magazine for position in the publication, they tend to put you in the back. But see, somebody has to be in front. And I find that the best positions to be in in a magazine are pages 1,3,5,7,9 or 11. Those are the positions you want to go for.

If they say to you, "We're sorry, we can't put you in those positions because our color advertisers come first." Say, "Fine, then I want to be your first black and white ad on page 13 or page 15." Be upfront. The more upfront you are, all things being equal, the better your response is going to be for that ad.

Many of the ads you'll see mine running are on page 1, 3 or 5.

[END OF VIDEO]