SPI Podcast Session #193–
(Updated Recording)
Types of Passive Income Generated Online and
What to Expect from Each – Part 2

Show notes: smartpassiveincome.com/session193

This is the Smart Passive Income podcast with Pat Flynn, Session #193. Let's keep it moving!

Intro: Welcome to the Smart Passive Income podcast, where it's all about working hard now so you can sit back and reap the benefits later. And now your host – he used to believe hanging from the monkey bars would make him grow taller – Pat Flynn.

Pat: What's up everybody? Pat Flynn here. Thank you so much for joining me today in Session 193 of the SPI podcast. I appreciate your time. This is the second in a series of 3 SPI podcast episodes that are coming out back-to-back starting with 192, to help you understand what kinds of passive income business models exist.

- What are the different kinds of ways you can generate an income online in a passive manner, and what can you expect from each of them?
- Who are they for? Not all of them are for everybody.
- How long will it take to find success?
- What kind of income are we talking about and how does that work?

We're going to talk about all those things. We're going to talk about a number of different business models in this particular episode and in the next one, too. If you haven't listened to Episode 192 yet, I highly recommend you do that first because we laid down some foundational things that you need in order to find success with a lot of what we're going to talk about in this episode and the next.

If you're listening to this one for the first time, I recommend you go back and actually listen to 192 first. You can easily go there by going to smartpassiveincome.som/session192. Of course if you're following me on iTunes or Stitcher or another platform you'll probably see 192 listed right under this one, because it's 193.

What are we going to talk about today? Today we're going to talk about what happens after you build your platform and you start to build your audience. How can you monetize on that platform? There's a number of different ways to do that, a number of different business models, and that's what we're going to talk about today.

First we're going to talk about affiliate marketing. Then we're going to talk about advertising. Then we're going to talk about product creation, so what kinds of products. We're going to talk about in this episode ebooks and online courses. Then in the next episode we're going to talk about membership websites, software, SAS (software-as-service), advertising, and also coaching. There is a way to do coaching and those types of things – freelancing, consulting – in a productized passive manner, so we're going to talk about that in the next episode. Again in this one it's affiliate marketing, advertising, ebooks, and online courses. Let's go.

I will mention that I did cover affiliate marketing last month in a very, very highly detailed session all about how to become a successful affiliate marketer. That's in Session 186, so if this business model after I share it with you sounds interesting, you can get more in-depth with it in Session 186 at smartpassiveincome.com/session186.

Just as an overview, what is affiliate marketing? Affiliate marketing I feel is one of the top ways you can generate an income online if you have a following, if you have a platform, if you have trust or build trust with your audience. Affiliate marketing is a smart thing to do. It's you promoting, recommending, and sharing other people's or other company's products and generating a commission when people end up purchasing those products through your recommendation.

It's typically tracked through a special link that those companies give you, and then if people go through that link and make a purchase you get credit for it, and then, depending on the set-up that you have with that particular company, you might get paid every couple weeks, every month, or once a year. It depends on the company and the product that you're promoting, but it's a great way to generate an income for a number of reasons.

First, you can get started right now if you have some sort of platform, no matter how many people are on that platform right now. Let's say you only have a subscriber base of 100 people. That's 100 people! You might think that's a low number, but imagine a room full of 100 people. That's more than some places that I've spoken at. When you think about it that way, you can literally help those people by giving them recommendations for things that are going to help them achieve their goal.

That's the #1 rule with affiliate marketing. You want to offer, recommend, and promote products that are going to help them, so you need to understand them. This goes back to what I mentioned in the last podcast, Episode 192, in terms of foundational items – things that you need to know in order to succeed, no matter what business model you choose. You need to understand truly the pains, the problems, the needs, the wants, the issues and the struggles that your audience is having, and finding those solutions.

Sometimes those solutions are things that you can create on your own, which we're going to talk about, but a lot of times those solutions are already created. If you can be that person who can recommend those things that are going to help them, it's going to be a win for everybody and that's the beauty of it.

Affiliate marketing does come with a little bit of negative connotation because technically it's quite easy to do and people take advantage of how easy it is to do technically. What happens is people find products that have a nice commission, and they might not even use it or know what those products are about, and they bombard their audience with recommendations for stuff that they don't know.

Then of course those products don't always pan out like one would have hoped, and then those people get upset. Yes, they might have a terrible experience with that product, but really who loses? It's you because you didn't recommend a product that actually helps them.

That's why affiliate marketing has had a bad rap, because too many people are promoting things when they don't know what those things do or they're just promoting it for the wrong reasons. Never promote just because of the commission. The commissions are a result of sharing something amazing and awesome that's going to help your audience.

Another thing that I implement on my end to make sure that I follow that rule is to use those products. I only promote and recommend products that I use and know completely, so that I can make sure that those products will actually treat my audience in the way I want them to be treated.

Again that trust that you have with your audience is the most important asset that you have. That's everything. Everything else comes after that. You don't want to break that trust because you're recommending a product just for the commission, so make sure those products that you're recommending are great.

So how does affiliate marketing work? I talked about it a little bit in terms of tracking, but in order to make it work for you there's a few things you need to do. Besides having used those products and being comfortable with that recommendation, there's a few things you can do to increase the likelihood that people are going to a) click on those links, and b) follow up with a purchase.

First of all, you want to make sure that you're always being up front that there's an affiliate commission for you on the other end, and I always do this. Actually when I first started out I would hide it. This was back before there were rules for that sort of thing, at least in the US. Now you have to disclose that, no matter what, so for that reason you should do it, but also just going back to the story, I used to not do it because I used to not want people to know that I would be making money when people click on that link.

But actually I found out that when I was being honest about it and saying, "Hey, here's a recommendation for a product that is going to help you achieve this and do this. If you go through this link and make a purchase, at no extra cost to you I will actually get a commission and you help make me money too at the same time."

When I was sharing that publicly every time I mentioned an affiliate link, people were actually wanting to go through that link. People were actually taking the time and making sure that they were doing that, instead of opening a new window and doing that and going that route. Or some people didn't even know that this affiliate thing existed, so people who were looking for a way to pay me back for the information I shared with them were going out of their way to look for affiliate links.

Sometimes I even get emails from people now, talking about new products that I've never heard of before, asking me if I have an affiliate link for it. That's really cool because people want to make sure I get paid back in return. Oftentimes if it's a product I haven't used, like I said, so I just say "No, I don't have one. I've never used this product, but thank you for thinking of me."

That's how you can make affiliate marketing work for you. That's one thing you can do. Just be open and honest about the fact that it is an affiliate link or referral link, and you do get a commission on the other end.

Another thing I like to do is offer to answer any questions that people have about that particular product. If people have any questions and they come to me, and if I answer that question, it shows that I know what I'm talking about and that I've used that product before, and it just makes people feel comfortable that there might be

somebody there in case something were to go wrong or anybody has any questions after they purchase it. It just makes them feel more secure about making that purchase and following through.

Another thing I like to do is show the insides of that product. One of the best strategies I can offer you is to treat that affiliate product – again, that's a product that somebody else has created – as if it were your own when you promote it. If you had your own product what would you do? You would show people what it's like on the inside, right? You want people to feel comfortable with that purchase, that thing that you created. You want to show them all that's inside, all they can do with it.

The thing is with affiliate marketing, because it is so easy, people often forget that people want to see the insides of it, and you'll just see links everywhere saying, "Hey, click on this link and click on that link."

No. "Here's a link for this product. By the way, here's a video that I created that shows you the insides and what you're going to get."

Blue Host is a hosting company that I recommend, and that's why it's one of the top affiliate products that I promote. It's a) something that's useful, something that people need in order to get started with their online business, so it's going to help them achieve their goals, and b) it's something I've used myself and feel very comfortable recommending. I even know it like the back of my hand, to offer support at the same time. And c) like I said earlier, I have a video that actually walks people through the process of what it's like to sign up and build your own blog in just 4 minutes. That video has been seen over I think 200,000 times.

So there you go. Open up the box. That's why there's those YouTube channels where people open up their new thing. People just want to watch people open up a box and take out the styrofoam and play with their new toy. People love those because they want to see what they're going to buy before they buy it, so do the same thing with your affiliate marketing products.

That's all I'm going to talk about in terms of affiliate marketing right now. I go into more depth in Session 186, so again smartpassiveincome.com/session186, but I think everybody out there with a website right now can find a product to promote as an affiliate. It might be as easy as just signing up for the Amazon Associates program, which is their affiliate program, available in most states, that allows you to promote any product that can be found on Amazon. Of course, as we all know, most things can be

found on Amazon, at least in terms of physical products like books and that sort of thing.

You share a special link that you get from Amazon for that particular product with your audience, and talk about it like I said. Be open and honest about it. Give some more insight. Answer their questions about it. Share a video about it. You're going to get people to click through it, and when people purchase you're going to get a commission.

The cool thing about Amazon – as a side note – is that when you promote an affiliate link from Amazon's Associate program and people click through it, you not only get a commission on the thing that they buy that you recommended, but you get commission on everything they purchase in that checkout, which is valid within 24 hours after they click on that link, I believe.

There are some weird things that you get a commission for, because people add other things into their cart too. I think I had a pool one time. I only recommend books and things like that on Amazon, or little electronic devices that I use to help me with my business and things like that, but it was like a backyard pool. I don't know how many hundreds of gallons it was, but it was just really interesting. That was a high-priced item so I got $60 as a result, in terms of the referral fee.

So that's affiliate marketing – recommending other people's products, hopefully products that you've used also, that you trust. It's sharing with your audience that you know about this product, and even opening it up a little bit maybe through a [Screenflow](#) recording, which is a screen recording software, or just talking about it on a podcast, maybe even just sharing some images and screen shots of it with your audience too.

Affiliate marketing I feel is the easiest and potentially one of the most profitable ways to generate an income. Of course if you plug those into your blog posts, to your podcast episodes, and hopefully you create a resource page on your website too that is a passive place on your website that people go to to find things that they want – if you put those things on there, and those are affiliate links, you will passively generate an income through people coming and landing on that page. So that's affiliate marketing.

Next up on the list, let's talk about advertising. Advertising is similar to affiliate marketing in the sense that you're promoting and recommending other companies, for example. However, you are not getting paid per sale in that way, although you can set up advertising to do that. There are ways to blend affiliate marketing with advertising, but advertising generally, similar to sponsorship, is companies paying you X amount of dollars for a certain amount of views or traffic or exposure on your particular platform.

The thing with advertising, in order to make it work it's going to be something where you're going to need a lot of traffic. A lot is sort of relative. What's nice about advertising is that advertisers will typically pay you per viewer or based on the number of views, so the income that you generate is proportional to the amount of traffic that you can get, but there's other things that are important to the advertiser that might make them pay you more.

We'll get into different advertising models, but this is important. Just because you have traffic on your site, that's helpful but there are other things that advertisers are looking for – for example, the type of traffic and how long they stick around and where they're coming from. What kind of person is it? What are their interests? Do they align? Are they a target market that fits that company too? That can help you understand what kinds of companies you could work with.

If you're going to get into advertising, there's a couple of different ways to do it. The first way is to reach out to advertisers on your own and do private deals with them, meaning you work one-on-one with each of those companies that you find. Again, you want to be careful about the companies you choose because you don't want to have a company sort of represent you in a way that you don't want to be represented.

Find a company that you feel would be a good fit for your audience. Perhaps it's a company that you've used before. Perhaps it's one that you've seen be advertised on sites just like the ones that you have, or other sites in the same niche that you're in. You reach out to them and you try to talk to somebody who can help you come up with some advertising deal.

It's helpful if you do that if you create what's called a media kit. This is something that you create, a PDF file. It could just be a single page even that includes information about your website, what kind of traffic it gets, and the kind of person that comes and visits your website – any information that an advertiser or somebody who's looking to put their URL, their traffic, their ad on somebody else's site would want to see. That's what you want to have on that media kit PDF file that you're going to send.

I've actually had success without using a media kit, just through general conversations with people, but it does help to have that, too. I never advertise my advertising fees publicly. That's always going to be negotiable. Again we're talking about private advertising deals. There's other types of advertising that are done more automated and through 3rd party systems, but the private advertising deals are interesting because you're actually working one-on-one with these companies.

This was really one of the first experiences I've had myself making money online, and it's very interesting because I was very scared. It's like, "Oh man, I have to go and reach out to a real company myself?" This was when I first started my own business in the architecture industry. It was kind of intimidating at first and I didn't know what a company was going to say.

I had this website, GreenExamAcademy. I was working on my ebook but I knew there were other ways to generate an income, and I knew advertising was one way to do it, so I reached out to this company. They did practice exams for the same target audience that I had, people looking to study and pass the LEED exam, which is an exam in the architecture industry

I reached out to them and said, "My name is Pat Flynn. I'm the owner of GreenExamAcademy.com." Actually, back then it was called InTheLeed.com. I ended up changing the name later, based off a trademark issue, but that's a whole other story. I reached out to that academy and said, "This is who I am. This is how much traffic I get to my website. I would love to advertise your website in front of this audience. They're all looking to pass the same exam. This is how long they're on the website. This is how many pages they're viewing and it would be a great fit."

Of course they came back and said, "Yeah, we're interested. What's your price?" and I freaked out. I said, "$50 for a whole month," and I thought that was a lot, and they said, "Deal," so I had my very first advertiser on my website.

Essentially I took one of their images for their logo, a 150x150 pixel image, and I put it in my sidebar and that was the deal. For one month for $50 they'd have their image on the sidebar. It was shown on every page and that went great. After that first month they wanted to continue to work with me because they were getting a lot of great traffic from it. They actually gave me a link to place there so they could keep track.

Traditionally that's what's going to happen when you do these private deals. The companies who do these advertising deals will give you a special link so that they can keep track and make sure that campaign is working for them. If it is, they're going to want to continue to work with you.

I got some good advice from mastermind group members during that time because I told them that I was so stoked about this advertising deal, and they were so surprised that I only charged $50. They were like, "Of course they would say yes, because that's a great deal."

When I did the calculations it was literally 200,000 views for $50, because I was getting that much traffic on my site every month. It's kind of a no-brainer if you're a company and looking to get that much traffic, so I raised the price to $350 per month. I told them, "If you want to do it longer, let's do a 6-month deal for $300 per month," so they'd actually be getting a month for free, if you work it out, or around that, so they agreed. I was able to get $1,750, so that was pretty awesome to get that right then and there, especially when I was first starting out.

Again this is a way for you to work with a company, to have them pay you to get access and exposure on your website, and there's a number of different ways to do it. I didn't know about all the different ways you could do that, which could increase the value and of course increase the price that you could charge.

Having an advertisement in the sidebar is traditionally something that people do. Also having a mention in a newsletter. I didn't have a newsletter at the time, but if you have a number of subscribers you could send out email blasts, for example. You might be able to do this through a blog post review of a particular site, and of course you always want to be honest and up front when you do something like a review. If you get paid for something like that you want to make sure you're up front with that for your audience. Legally you have to do that, at least in the US.

There's other places on your website to add banners and advertising space for those advertisers. There's other kinds of mentions like social media mentions too. I've also seen people get people to sponsor ebooks, products, and events and things like that by just having these companies pay to be associated and have their logo within those things. A logo within an ebook, for example, is another thing you could do.

Again you're working with these companies and they're paying to get access and exposure on your website because they want your traffic to go to their site, so that's private advertising. It's private because you're working one-on-one, and there's a number of different ways to do it. You can be creative. Sometimes that's a flat fee. Sometimes it's based on the number of traffic or views or downloads.

For example, in the podcasting world a podcast sponsor will pay you a certain amount of dollars per 1,000 downloads. This is why it's sort of attractive for a lot of people on both ends, because they're only paying for the exposure. If they're paying based on the number of downloads, if there's just 1,000 downloads they're only paying for 1,000 downloads, but if they're getting up to 80,000 or 100,000 downloads it can be a

significant amount of traffic and exposure, but also a significant amount of money for a potential podcaster or the person who's running that podcast with that advertiser.

Just to give you an idea and a ballpark of the kind of income we're talking about, John Lee Dumas from Entrepreneur on Fire has written a great article about how much one could get in terms of sponsorships on a podcast. I've gone anywhere between $23 all the way up to $45-50 CPM, meaning cost per thousand.

If you consider that an episode of the Smart Passive Income podcast averages at this point about 90,000 downloads, so 90,000 x $35 CPM, just to put it right in the middle there, that's $3,150 per advertiser per podcast episode.

You can have multiple sponsors on a particular episode. You can have multiple spots within that episode. I only have my sponsorships at the end, where some podcasts have them at the very beginning and even in the middle. A mid-roll is the one in the middle, post-roll is the one at the end, pre-roll is the one in the beginning, so there's that model tool.

If you're doing private advertising on a website, typically it's done with a flat fee, although I have seen it in a similar cost per 1,000 views, so in a similar way. Again it's going to be up to you and how you deal. That company might come in with a pre-conceived way that they've done it before, and you come in with the way that you feel it should be done, and you kind of negotiate and you can go from there.

That's the cool thing about doing these private deals, is it's your website, it's your podcast, it's your video channel. You can do whatever you want and negotiate in any way you want. Be stern with what you feel is right, but also make sure that you know that these companies have their own agenda too, and work together.

Before we move on to the other kinds of advertising models that you can use and what's involved with that, I do want to mention another episode of the SPI podcast. If you're doing any sort of videos and you're generating a lot of views on YouTube, there's ways to work with advertisers beyond just using YouTube's advertising model, to work directly in a private way with companies to advertise on your videos and do it very successfully.

This is the story of David and Bob, who are two woodworkers who make a full-time income from what they do, primarily using YouTube and sponsorships and things like that. You can check that out on Session 180 with Dave and Bob. Go to

smartpassiveincome.com/session180 if you're interested in doing videos and you want to understand how you can advertise and work with sponsors for videos on YouTube.

There's some other kinds of advertising you could do. There's something called AdSense. There's other forms of using 3ʳᵈ party services on your website. This is where you essentially allow somebody else to control who advertises on your stuff, and there's a lot of different ways to do this.

The pro to this is you're just making it really easy to fill in those spots because you don't have to do any of those private deals. The prices are already pre-negotiated. AdSense, for example, is where you can put in any place on your website a piece of code, and that piece of code will automatically generate when somebody opens that page a series of advertisements that are related to the content that are on that particular page.

In some instances this works really well, and in some instances it just works terribly – not terribly well, terrible. In the first example, it's worked really well on my website at SecurityGuardTrainingHQ.com, which is a niche site. It's a site that has a finite amount of information on it because that's all it needs to serve that particular audience. It helps people become a security guard, depending on what state they live in in the United States.

On that site I have Google AdSense, and for the last four years it's been generating between $1500 and $3500 a month primarily through AdSense. When people visit a particular website or page on that website, those ads are served to them and those ads are clickable, and when people click on those ads I get a certain amount of dollars from Google, because that's a tool that Google has. That's Google AdSense.

It hasn't worked so well on a few of my other sites. It kind of depends on what kinds of advertisers are putting them in Google AdSense, using the Google AdWords platform. If you're an advertiser and you want to serve your ads on sites like that, you use Google AdWords. If you're a website and you want to serve ads that people would put on your website so that you can then generate an income, you would use AdSense.

I had once a long time ago put AdSense on SmartPassiveIncome.com, and the types of ads that were showing up – because my site is about building a business, generating an income online – were all work from home, fill out surveys online, and get rich quick type stuff.

As soon as I saw that, I took those off because it just didn't work. You want to make sure if you do go down the AdSense route, having Google help select advertisers that go on your website, that you make sure that after you put those on, the ads actually make sense for the type of content you have.

A lot of people have negative thoughts on AdSense, and I feel like it works well only in certain situations. If those advertisers that are on there are actually helping and serving your audience then keep them. If not, then no.

Of course the one thing I want to mention about advertising in general is any advertisement is a distraction from your own content. Now yes, it can provide value. It can be a great way to round out your stuff because it's also providing value through different services or tools that other people might want to get use out of on your site, if it's all relevant.

However, it's taking people away from you, and you have to weigh the pros and cons of that, especially on a website where people can click and easily get distracted, and once they click on that advertisement they go down a totally different rabbit hole and forget where they came from and they don't go back to your website, so you want to be careful there.

I always recommend that if you have advertising on your website in any way, shape, or form, if possible to have them open into a new window if people click on that link, so that when people end up closing that particular window they always go back to your website, so that's one thing.

Secondly, you just want to make sure that you test and make sure that, if you have your own products to sell, for example, that the advertising that you do for other people isn't taking away from your own sales. This happened on GreenExamAcademy.com. I actually ended up taking AdSense out altogether when I came out with my own ebook and courses, so just keep that in mind.

If instead of a blog you maybe have a podcast and you want to do advertisements but you don't want to do those private deals yourself, there's a company out there called Midroll.com that I've used before. It's a podcast advertising network, one of several that are out there but this is the one that I've worked with before and continue to work with for a few of my podcasts.

What's cool is they do a lot of the heavy lifting for you. All you have to do is go in there, find the episode that you're going to do, and the advertiser is already there. You print

out the script and you read it, or you just open the PDF file and you read that at the time at which you were supposed to read your sponsor, and you get paid.

Midroll pays you and everything's great. They essentially connect the advertiser to the podcast. Of course they take a cut, like a lot of these 3rd party companies do, but that's part of the deal, so you could go that route too.

The other thing you could do is, no matter what kind of platform you have, there are people out there who will work for you to find advertisers. You might have to find them. You can hire these people into your business. There's no particular hub where you can find these people, but you can look for them online or different places. Ziprecruiter.com is a cool place to go to hire new people for your business, or you might be able to find people on Elance, too.

You might have somebody in your network who's really good at finding and building relationships. These kinds of people would be great for helping you and connecting you to advertisers specifically, and even working out deals for you. These are people who could potentially be a big player in the generation of income that you have, because they're doing a lot of the heavy lifting and you're just the person who reads whatever you need to read on a particular spot on your show, or who places particular images on your blog, or places a particular product or does a product review on your video show.

Again, having somebody else on your team manage this is something I know a lot of people do and have done very well to generate a significant amount of income in the advertising route.

So that's an overview of advertising. There's a lot of different ways to do it, a lot of different concepts. You'll have to pick the one that works best for you if it is something you're interested in. However, just to reiterate, my feeling is advertising is great and it can work really well for you or work against you too.

It works well if you choose to work with companies and advertise companies that you know are going to help and serve your audience. That's what I do and choose to do here on SPI. But you also have to consider what it's doing to everything else you want your audience to do, too, because it is a way for another company to get in front of your audience and literally distract them from what they're doing, to pay attention to them.

Just keep that in mind when it comes to advertising, because it's really important. If you have your own products and courses to sell, you might actually not be doing

yourself a favor by generating an income now from these advertisers versus having customers for a lifetime by going through your products.

So again, a lot of things to consider here, but most importantly you have a lot of options. You can always change things over time. I've not had advertisers, and then started adding advertisers. I've started with advertisers and then took them out. There's nothing that when you've set it's set forever like that, in terms of monetization. You can always change things and move things around. As long as you're conscious about what you're doing and what it's doing for you, that's what's going to help you win.

Next up we're going to talk about writing, publishing, marketing, and automating your own book. This is a topic that's near and dear to my heart, not only because I'm working on a book right now that's going to come out in January 2016, but because it was an ebook that helped me get my start online really.

Back in October 2008 I published an ebook which was essentially a study guide to help people pass an exam in the architecture industry, the LEED exam, and this is the ebook that changed my life. That's why I wrote [Ebooks the Smart Way](#), and I recommend you go there now. It's going to help you write, market, and automate an ebook. I'll talk a little bit more about it here, but of course if you want details on it you can go visit that and download it for free at [EbooksTheSmartWay.com](#).

Like I said, this ebook changed my life and I've shared this guide with a number of other people, and a number of people have said it's changed their life too. [Kimanzi Constable](#), who was a guest on my show too, took the information in that book, wrote his own book, and now he's written several and he's doing public speaking around the world because of the content that he's been sharing.

The question is what do you write about? Even before we get into, "How do you market it? Traditional or self-published?" when it comes down it, first things first. You need to figure out what you're going to write this book about, and then you need to write the book before we get into distribution models and all that stuff.

You need to write this book, so what do you write about? That again goes back to the foundational stuff we talked about in the last episode. What is it that your audience wants to know about? What resonates with them? What are their struggles and what do you have to offer that you can share? What kind of information can you put into this book to have people experience the transformation that they want to experience?

That word 'transformation' is one of my favorite words because that's what I use whenever I approach a new piece of content online, not just a book but including a blog post, a podcast episode, a video, a public speaking gig, anything. What is that transformation you want your audience to have after going through or reading or watching or listening or sitting in on that piece of content?

It's just kind of a fancy way of saying, "What's the purpose of it?" but I love the fact that it's called a transformation. Why? Because it means that there's a change in the audience's mind and actions they're going to take. It's focusing on the audience. It's not just what's the purpose of it for you? It's what's the purpose of it for your audience?

Once you nail that down it becomes so much easier to work backwards from that. "What's the transformation? Well, what are the things I need to make that transformation happen? What are the case studies? What stories do I need to tell? What data points do I need to share?" All those things start to develop as a result of first understanding that topic and that transformation.

From there, to make it easier I would actually do a sort of brainstorming session, a brain dump you might call it, and I would recommend using a strategy that I share in Episode 1 of SPI-TV. Some of you might have seen this. Over 30,000 people have watched this video at this point, which is how to write your first draft fast. I'll put a link in the show notes but you can also search on YouTube. Look up 'how to write a first draft fast' and you'll find my video right there at the top.

That's going to share with you how I use Post-It notes in combination with a tool to help transcribe how I use those Post-It notes, in terms of taking those Post-It notes and just brain dumping them into an audio version that I then have transcribed with this really cool app that I share. That just makes it very easy for you to write that first draft, to just essentially take all the information in your brain about that particular topic, whether you know all about that topic or not. It's just stuff that comes to mind.

You put it all down on your white board or piece of paper or Post-It notes, and then those notes allow you to reorganize them and put them into different clumps, and you'll see that those clumps become chapters and sections. Those individual Post-It notes become sub-sections or points or stories that you want to tell, and it becomes a very easy way to organize and visualize this book. It essentially becomes an outline.

After you do this – after you reorganize and re-order things – it becomes its own outline, and from there you can just pick and choose one of those Post-It notes or one

of those pieces of that outline and write those, and that's going to help you create this book. Again SPI-TV Episode 1 is where you can find out more information about that.

Now, you write this book and then what? Well, you have to figure out how you want to distribute it. Do you want to distribute it as a physical book or an ebook? I recommend thinking primarily in terms of an ebook, because a physical book is something that you personally are going to have to ship out, if you get a whole bunch printed, for example, or you're going to have to work with a traditional publisher for distribution, which is a very long arduous process. You lose and give up some control, depending on the publisher you work with, and it becomes tough.

To be honest, in the conversations I've had with people who have written books traditionally, there's not much money involved. There's a lot of prestige involved still with writing a physical book in a traditional manner; however, we're now at a point where ebooks are becoming more popular and self-publishing has become at the same level in terms of prestige, depending on the success of that book, as a traditional book too.

So from this point forward we're going to talk about publishing an ebook, although I will say that if you publish on Amazon, for example, there are print-on-demand services where people can get a physical copy of that ebook too, or other services like that. I think there's one called Lulu that allows you to print on demand too, but Create Space works exactly at the same point of sale with Amazon.com, and that's where I would go with that.

From this point forward let's consider where do we want to publish this? Where do we want to distribute it? Do we want to distribute it on Amazon or do we want to distribute this ebook on our own website?

When I published my ebook for GreenExamAcademy.com it was published on my website. When you publish it on your website you get the benefit of controlling more of the process. You get the benefit of understanding exactly who your customer is.

When people purchase a book on Amazon you don't necessarily know who that customer is unless you somehow pull them back into your website, but when people purchase something on your website like an ebook, you can then control the whole process, the user experience, the work flow, what happens after they're a customer, follow-up sequences, all that stuff, leading them into other products that you have, getting feedback from them. All those sorts of things happen very easily on your website.

The profit margins are likely going to be much higher too because Amazon takes a cut, like I said earlier all other 3rd party companies do, or most do. So if you're publishing on your own website you're potentially going to make a lot more money than if you were to publish on Amazon.

Plus Amazon has it's all way to force people into a certain price range with their ebooks, whereas on your website you can likely increase the price and – I don't want to say "get away with it" but you can command a higher price on your website. You can add bonuses or different bundles or packages that people can have. Tier 1 is the book only. Tier 2 is the book and this bonus, and Tier 3 is the super platinum package that includes all these things.

Nathan Barry, who is now the founder and owner ConvertKit, came on a long time ago on Episode 75 and talked about how he used ebooks. This was even before ConvertKit was an idea. He made six figures a year writing ebooks and self-publishing them on his own website and using that 3-tier system, by making it super obvious for people that the third tier is the one that they really need. He was charging over $100 for a book, but it came with all this other stuff, and he was making a lot of money.

I was making a lot of money too with my ebook study guide, which came with some bonuses too. There was also an audio version of that guide, which I added on and put that into a package where people could get both of them for a discount, and that sold very well. My ebook was $29.99, the audio book was $29.99, so $60 total, or you could get both of them for $44.95, and most people would buy the $44.95 version. Again, they're both the same thing, just shared in a different way.

If you want to make more money with your ebook, I would recommend publishing it on your own website. However, I will say you need to have an audience or get an audience in order for that to work.

If you're writing an ebook and publishing it on your website when you're just starting out, you're going to have really focus on either getting traffic to your website by paying for it through Facebook ads or Google AdWords, or by getting influencers to help promote it in that way too.

That's where Amazon comes into play and becomes a benefit. Amazon I feel is a great way to get exposure more than money. You will make some money through the ebooks that you've published on Amazon. I've published one already and I'm going to publish

my second one on there too, and if you're looking for exposure that's where you want to publish because Amazon has an incredible way of having people find your stuff.

They have different algorithms not only for the search engine capabilities, but just the products that are related to different products, or 'people who bought this also bought this one.' You get to take advantage of Amazon and the 350 million people who have credit cards who are on that site to buy stuff, so that's where Amazon comes into play. Again you don't get to keep track of who those customers are either, until you somehow within those books bring them back to your website.

I think everybody has a book in them. I know that, and I'd say I have maybe a dozen or so in me, and I'm working on my second one right now so I'm really excited about that. I know that this is something that anybody in any niche could benefit from, whether they want to do this for profit or for exposure on Amazon, for example.

You could even create an ebook for the purposes of giving it away for free and becoming a lead magnet, so something you could give as an incentive to get people onto your email list, which can then drive them down into a funnel to purchase your product or online course, which is what we're going to talk about next. We're going to talk about online courses.

So what is an online course? An online course is essentially a class that you teach on the internet. Typically it's within some sort of protected area of your website or another website that you create, and it's a way for people to learn as they choose or on their own demand.

Instead of having them attend something live, like a class or even a webinar or something like that, which we'll talk about in a later podcast episode, this is where people typically log in with a user name or email address and a password, and then they get access to certain things that will teach them something, like this class. It could be videos, audio files, transcripts, written instructions. Sometimes there's worksheets and activities involved and certain actions that you need to take. Sometimes there are quizzes to take too, and sometimes there's even communication with the course instructor or other course-takers too.

Again, the primary goal when you create an online course is to have people experience a certain transformation, and the reason you would want to use an online course is because a) it's interactive and it allows people to learn on the go, b) because of the type of media that you use, you're more easily able to teach certain things, especially if

it's something that's more visual in terms of instruction. You could use videos to teach certain things and see.

There's a lot more value that comes along with an online course. Typically you're able to charge much more for an online course than you would a book of the same topic. We're not going to get into talking about recurring revenue yet, although you could charge a recurring revenue for something like an online course. However, the general rule is if you're going to charge a recurring fee for something there has to be a reason for people to do that.

For software, for example, it's to continue to have access to a certain tool that allows them to have some sort of convenience or get something that they would continue to use every single month. If it's something like a membership site, for example, it's stuff where there would be new things added every month, where they would need to continue to pay to keep getting access to that new stuff.

For an online course I'm speaking mostly about a standalone course that teaches a specific topic that gets a specific result when people take it. That's what I'm really excited about because I have online courses coming out next year too.

Online courses have been around for a while. We've seen a lot of colleges start to implement online courses into their curriculum too, giving people an option or a way to study or learn or educate themselves or even get degrees through online courses, but what's really cool is it's not very difficult for any of us to create our own online courses too.

There's two ways to do this. The first way is using a platform that already exists where you can upload your own videos and course work to students, who then through that 3rd party platform can have access to your course. You will get paid, if you charge for it, a certain amount of money. Typically that 3rd party company will take a piece of that, but that's part of the deal. They have that platform already there. Oftentimes there's a number of users on that website already looking for people or looking for tutorials or courses on specific items, and there's a number of different platforms out there.

The first one that comes to mind is Udemy.com. I know a number of people who have created several courses on that particular website and have done very well. Again, you don't even have to have your own website to do that, but if you have one you can then direct your users to a course that you create and publish on that particular site.

The pro to that is, like I said, that platform already exists. All you have to do is focus on your content. They have some marketing capabilities because they have an email list. There's a lot of Amazon-like features. For example, 'people who have taken this one have also taken this one' or recommended courses and things like that, but you're still going to have to get people in there mostly yourself. I just wanted to make that clear.

They also have payments already taken care of. They take care of all that for you too. The platform is already built. You just put it up there and they've built that over time and have changed it over time to make it optimal for the person who's learning from you on that particular platform.

There's another platform out there called Lynda.com, which is a little bit more difficult to get access to because they only promote highly-qualified experts on that site, and you do have to work with them and fly into their studio to get those things promoted and have access to that particular platform.

There's a number of other platforms out there too, but those are the top two I'm going to recommend, depending on your style and what you're looking for and how far and deep you're willing to go with that.

Lynda.com is actually a lot bigger than Udemy.com and there's a lot more prestige that goes along with that one because it's sort of "Lynda-certified courses" I guess you could call it. I don't know if that's an actual thing, but that's kind of what I'm using in air quotes right now. It's "Lynda-certified" and Lynda comes with a high reputation. Udemy does too, but anybody can post anything on that site, I believe.

So there's that route, but the con with going with that route or the negative aspect of going down that route is you typically lose access to a lot of the control. You've got to make sure you read the fine print and make sure that you can continue to use that content on your own, that it is indeed yours.

I don't know exactly what the terms are right now with either of those websites, so you want to make sure that it's still yours. And again you're sharing some of that fee to take your course that you would normally be getting if you controlled it mostly yourself, with that 3rd party company.

That's the other way to go about it. Instead of publishing on a platform that already exists, you can create your own course like you created your own website. It's something that could either be put on top of your website, where people can then get access to a certain part of your website that they need to pay for, so you essentially are

creating protected content on your website, and in order to get access to that they have to purchase your course. Then they get a user name and password to go get access to that. Or you can set it up on another website that you control, that's your own website for that particular course. Either way works.

How do you do this? There's a lot of different tools out there that enable you to create your own membership site. I say membership site because that's the kind of software you would be using, but you're essentially creating online courses on it. A membership site is something that's fairly different in terms of the approach and the interaction and how to get people in there, how to get people to pay recurring fees and that stuff.

That's the first thing we're going to talk about in the next episode, but right now again we're talking about online courses. You would use a membership site or an online course plugin or tool to enable you to create these online courses. We'll talk about how to structure that course and what that's like in just a sec, but we're still talking about the tools right now.

There's a couple of WordPress plugins that are very popular. The first one is called ZippyCourses by Derek Halpern. You can check that out at smartpassiveincome.com/zippycourses. That one's really easy and it's pretty cool because if you add more courses over time they would only have to use the same username and login, and just pay to get access to those other forms of content or other courses that you create. I've set up courses on Zippy Courses before. It's probably the one that's fastest and easiest to use.

There's also WP Wishlist or Wishlist Member. That is traditionally the one that most people have used, probably the most popular one out there. They have it integrated with a whole bunch of different 3rd party companies and email service providers and things, just to make it work across the whole board, and that's another one that's great.

WP Courseware is another one that I've used, and a couple of my own students from old courses and coaching classes that I did actually used that one and have done really well with it too.

There's another one out there called Teachable, and this is different than a WordPress plugin. This is one where you set up on their platform and you actually host videos through their platform and everything is done on their platform, but you integrate it into your website and it becomes very seamless, essentially creating your own Udemy on your own website.

You're using this software from Teachable.com to create your own Udemy, and it becomes a very fine-tuned experience because they're a giant team that's helping to really hone in and optimize the learning experience.

That's really what this is all about. It's not just about you creating a course. It's about you actually teaching your audience something. If there's a company out there behind you and working in your favor to help you help your audience learn better, that's always going to work out.

All of these plugins and companies are doing that. I've had a conversation with the CEO of Teachable. I got very excited when I saw their software and its capabilities, so all of these are great. All these work. I'd recommend you check out any of those and just weigh the pros and cons when you go ahead and decide to do an online course.

Now let's talk about what goes into your online course. Similar to what I said with the book, you want to brainstorm and try to figure out an outline. Try and create an order to the things that you're trying to teach to create that transformation that you want to create.

Typically an online course is broken down into not only the whole entire goal, the thing that you're trying to get people to achieve, but different modules. Those modules are sort of like different segments or chapters I guess you could call it of your particular course, and within those specific modules there are different lessons.

For example, if I was teaching a course on fly fishing, Module 1 might be called "Fly Fishing Equipment." Lesson 1 might be fishing rods. Lesson 2 might be fishing reels. Lesson 3 might be fishing line. Lesson 4 might be fly fishing flies. Lesson 5 might be bait. All those 5 lessons are within that first module, which is all about fly fishing equipment.

The second module might be "Fly Fishing Casting Techniques." Lesson 1 is the whatever technique. Lesson 2...you get the idea. That's the kind of hierarchy involved.

Within each module you could have, for example, a welcome video that shows people, "Okay guys, this is what we're going to talk about in Module 1. Here's a summary..." and all those sorts of things. That's traditionally a great thing to do to introduce people to the thing they're about to learn. Then in each of those lessons, one video per lesson.

How many minutes should it be? However minutes it needs to be in order to teach that particular lesson. Then you can also include things like an audio transcription to add

more value to that product, too, and also bonus worksheets, addendums, checklists, and anything that you can add that would help people learn that particular thing.

There are some advanced software tools out there. Some of these I've already mentioned allow you to do this, some of them don't. You could have it where people need to watch Lesson 1 and complete an item before they get to Lesson 2, and they need to complete a quiz after Lesson 2 before going into Lesson 3, and all those sorts of things, just to make sure they have that knowledge.

It gets pretty sophisticated, but the big thing is you want to keep it simple, so make sure you outline your course beforehand. You want to understand what videos you're going to create and what kinds of things you're going to have in it and what kind of content too.

The actual creation of those videos becomes an important component too. I keep mentioning videos because that's typically what is included in these and that's what's going to help it become more high-value, but also that's the best education tool for these types of courses, especially for things that an online course would be good for. Hopefully it's because video makes sense.

Batch processing the production of these videos is a very smart thing to do, spending a day or two just chunking out a whole bunch of time batch processing, creating all these videos back to back to back to back, just really nailing it down. It's going to be a tiresome couple days or however many modules and lessons you have. It depends. It could be one day, it could be a whole week of just constant shooting, but when you batch process it you get into that mindset and you get to nail them down and you get to complete that course much faster in that way.

You can also ahead of time understand what goes into each of those videos by creating bullet points. You could even get as far as creating a transcript for it beforehand and then reading that off in a way like using a teleprompter. I've done that before and that was actually an interesting experience in terms of writing all that stuff beforehand and making it sound great when I spoke it, because how we write is different than how we speak.

There's some skill that goes into writing a transcript and then reading it off afterwards. It's much easier to speak it first and get a transcript after that, but of course it's going to be a little bit hard to come up with stuff on the fly.

The other thing I want to mention is that it's okay to edit. It's okay to stop, and if you have somebody helping you with the video that's even better. Then you could just have one take, for example, and even if you mess up you just keep going or pick up right where you left off. Then you can just cut and slice and have your editor do that for you.

Then the launch of the course is something that's going to be something that you're going to have to consider too. To help you with that there's a couple podcast episodes that go back to back. It was a series of two, all about online courses, and the second one was about how to promote that course.

The first one is SPI 136 with David Siteman Garland, who runs a program called Create Awesome Online Courses. I've had a number of SPI listeners go through that course and have a lot of success with it. You can check that out at smartpassiveincome.com/session136 for that particular episode. There's a ton of great advice in terms of getting into the details of creating your course, and a little bit about selling it too.

Then in SPI 137 with talked with Amy Porterfield from AmyPorterfield.com on how she created a 3-video series, which is what a lot of people have been doing. It very much is based off the Jeff Walker Product Launch Formula to launch a particular course, which includes a lot of creating buzz about it, shooting one video, then having another one come out a few days after that, then another one coming out days after that, to then launch it.

Then we get into also talking about the details of do you keep this online course open all the time, or do you close it every once in a while? Again I'm not going to get into the details of those, because we could talk for a whole other hour about that, which we do on those particular episodes.

So if online courses are something that's interesting to you, go ahead to smartpassiveincome.com/session136 and smartpassiveincome.com/session137. Both of those I would deem to be required listening for those of you who are interested in creating your own online course.

The benefit of an online course, like I said, is it's higher value. You're able to actually teach your audience in a better way, and it helps you because it also provides a lot of authority for you and what you do. If you're somebody who has a course on something it just says something about you, and also shows that you're a great teacher.

Over time as your students go through that course, make sure you get feedback from them. Make sure that you're always improving it. The nice thing about a standalone course is you don't need to constantly adding new content into it in terms of month-to-month because people are paying a recurring revenue. However, you do want to make sure it's up-to-date and you do consider what's working and what isn't working with your audience.

You can get even into more advanced features like, for example, if you were to host your videos on Wistia, which a lot of people do, especially for online courses, just because the user experience is better but also because the tracking is amazing on the other hand. On the back end if you're hosting through Wistia you're able to see how many people are watching which videos, even down to the users who watch each particular video. If you use something like Teachable this would do that for you really easily because they host through Wistia too.

You'd be able to see, "Oh, on this lesson people aren't watching the video all the way through, or 95% of the people are cutting out at this minute. I wonder what I said at that minute to make them do that." Then you can go back and listen to that and just improve your course over time.

Speaking of time, we're coming up to the hour here and I just wanted to thank you for sticking with me all the way through. We talked about a lot today – affiliate marketing, advertising, ebooks, online courses, and even sub-categories on those – to help you discover what might be right for you.

Hopefully there's one thing here. I feel like everybody has at least one of these things in their arsenal of what they can do to help them generate an income online, so I wish you all the best.

I'm looking forward to your comments and concerns and all that stuff over at http://www.smartpassiveincome.com/session193. That's where you can get the show notes for all this. Again go back to the first one, http://www.smartpassiveincome.com/session192, if you haven't listened to that already and you're listening to these out of order, which I know some people do.

Some people watch Star Wars out of order. Some people don't even watch 1, 2, and 3 because those weren't that good, but 7 should have come out by the time this recording comes out, and I'm hoping it makes up for all those. Anyway, let's not get into a Star Wars chat because we could be here for another five hours.

I look forward to the next episode because we're going to be talking about the Holy Grail of passive income, which is recurring revenue. We're going to talk about things like membership websites and also software, including apps, SAS (software as service), and some digital goods too.

We're also going to talk about coaching, group coaching, webinars, consulting, freelancing and how those sorts of things are actually great starting points for a lot of businesses too, to kind of become a stepping stone for passive income, and how you can actually make those things passive. How is coaching and consulting and freelancing passive when you're doing all the work? There are ways and solutions around that, so we're going to talk about that in the next episode.

Until then, thank you so much. I look forward to hearing from you at smartpassiveincome.com/session193. I hope this has been super helpful for you. Again, make sure to check out Ebooks the Smart Way to sign up to get your free book there, and also if you're doing any email marketing you can get your free email marketing guide at EmailTheSmartWay.com.

Thank you guys. I appreciate you and I'll see you in the next episode, where we round everything off and finish off the year. Man, it's almost the end of the year! Merry Christmas to you guys, if you celebrate Christmas. Happy Holidays. I appreciate you and love you all. Peace.

Outro: Thanks for listening to the Smart Passive Income podcast at www.SmartPassiveIncome.com.

Links and Resources Mentioned in This Episode:

Screenflow
Elance
Smart Passive Income Episode 186: How to Become a Successful Affiliate Marketer
Smart Passive Income Episode 180: Two Woodworkers and How They Make a Full-Time Income from Their Craft
AdSense
Midroll
ZipRecruiter
Ebooks the Smart Way
Smart Passive Income Episode 145: How to Become a Contributing Writer on Large Media Sites—From Bread Delivery to Content Delivery with Kimanzi Constable
SPI TV Ep. 1 – How to Write a Book: The Secret to a Super Fast First Draft

[Smart Passive Income Episode 75: Six-Figure Earnings with eBooks (Not on Amazon) and a Pricing Structure that Works with Nathan Barry](#)
[Udemy](#)
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[ZippyCourses](#)
[WP Wishlist](#)
[WP Courseware](#)
[Teachable.com](#)
[Smart Passive Income Episode 136: How to Build an Online Course that Sells with David Siteman Garland](#)
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