



POWDERKEG

PRESENTED BY VERGE®

POWDERKEG PODCAST TRANSCRIPT: JAY BAER

Intro: Jay Baer is a social media expert, consultant, thought leader, keynote speaker, podcaster and NY Times bestselling author of five books. He's the [most retweeted person in the world among digital marketers](#), which makes him practically a celebrity in that industry.

Baer is best known for founding [Convince & Convert](#), a conversion rate optimization (or CRO) blog turned consulting firm focusing on social media marketing and customer service. He and his team work with some of the best brands in the world, including Adidas, Allstate, Cisco, Oracle, and even the United Nations.

Meanwhile, the C&C blog continues to be [ranked among the very best content marketing blogs on the web](#), and their Social Pros podcast has been named [one of the best podcasts for entrepreneurs in 2017](#).

Last year, Baer published his fifth book, [Hug Your Haters](#). It's all about how critical it is to listen to feedback from your customers—*especially* the ones who hate you. This is the first modern book on customer service, and it's essential reading for anyone who cares about their business.

Jay sat down with me at the Convince & Convert headquarters in Bloomington, IN to talk about his journey as an entrepreneur, the importance of networking, how to tackle customer service in the age of Yelp reviews, and why you need to love your most vocal critics. I even walked away with a sweet pair of "I Love Haters" socks!

If you'd like to see what Jay is up to these days, jump over to his personal website, [jaybaer.com](#), or follow him on Twitter [@jaybaer](#).

This episode of Powderkeg is brought to you by [DeveloperTown](#). If you're a business leader trying to turn a great idea into a product with traction, this is for you.

DeveloperTown works with clients ranging from entrepreneurs to Fortune 100 companies who want to build and launch an app or digital product. They're able to take the process they use with early stage companies to help big companies move like a startup.

So if you have an idea for a web or mobile app, or need help identifying the great ideas within your company, go to [developertown.com/powderkeg](#).

If you like this episode, please subscribe and [leave us a review on iTunes](#). You can also follow us on [Soundcloud](#) or [Stitcher](#). We have an incredible lineup of interviews we'll be releasing every Tuesday here on the [Powderkeg Podcast](#).



POWDERKEG

PRESENTED BY VERGE®

Matt: Jay, I want to talk about all the things you're up to these days but first I would love to talk about sort of the history of where you got your entire entrepreneurial mojo, your business sense, some of the things that were inflection points along the way but first let's talk about where we are. Where are we right now, Jay.

Jay: We are in the global headquarters of Convince And Convert also known as my basement in Bloomington, Indiana.

Matt: It's a really cool basement.

Jay: Thank you.

Matt: I really like the way you've decorated down here. I mean, it looks like I could entertain myself if not weeks, at least days.

Jay: You've got plenty of booze too.

Matt: Oh, no kidding. Alright. So, I can stay here after you have [inaudible]. Okay, cool. Got it on tape. That way when your wife asks me, I'll be "No, no, Jay said."

Jay: Yeah, here's the keys.

Matt: You've got this place decorated with a certain type of art down here. Can you talk a little bit about that?

Jay: Yeah. I've kind of been a fan of this art for a long time, my wife and I. It's Canadian First Nation's art. So, it's the aboriginal art of Canada, if you will, and it's from Pacific Northwest. So, Vancouver, Victoria, Vancouver Island, that area, there's six or eight different tribes there and they all make different styles of art but often carved into seeder and almost all of the art from the region of the world is figurative. So, they're all different animals. So, here we have a beaver, we have a skunk, we have a trout, raven which is one of the most famous animals in that kind of collection of art. There's an orca. And each of these animals has different legends for those peoples and each of those animals has different kind of spirits and talents and they use these animals to tell stories. It's almost like they're bible. So, while we turn to our Bible passage and learned something from it, they'll say "Let me tell you the story about the beaver" and that's a



POWDERKEG

PRESENTED BY VERGE®

story for their kids and their culture and I like the style of the art. It's very colorful and linear and I just like the message in the stories too.

Matt: Well, I think it's really interesting that you have these artifacts that are representations of stories because you yourself are just an amazing storyteller and I think that it's one of the things that comes through in all of your books and every speech I've seen you present and then also even just in seeing, you all seem to find the right story to tie ideas together or bring an idea to life. Could you tell me the story of how you first got introduced to entrepreneurship?

Jay: Well, I tried storytelling too. I was named in high school most likely to be a game show host. So, I've almost achieved that goal. So, I kind of come by it naturally I guess. The entrepreneurial thing was sort of always around me. My family owned a furniture store in Nebraska since like 1870s. So, my great, great, great, great grandfather and great, great, great everybody has been self-employed like my whole life and my dad, I was in Nebraska, I was maybe a year old but he went out to Arizona on a flight and it was this sort of real estate deal and like "Hey, it's winter in Nebraska. It sucks here. Fly on out to Arizona for free and we'll show you some land." And he's like "I don't care. I'll go." He was a financial planner at the time working in an insurance company, he was like 23 and he was "I'll go." And so, he's in the airport in Phoenix and meets a guy who says "Where are you going?" and my dad says "Lake Havasu." Now, for those of you listening, Lake Havasu is now America's home of the London Bridge and a famous spring break destination right on the border of California and Arizona but at that point there was like 500 people. So, my dad goes "I'm going to Lake Havasu to look at some land." And the guy's "Lake Havasu? Man, I've always been thinking about putting a restaurant there." This guy happened to own a very famous steakhouse in Phoenix. He was like "I want to put a restaurant at Lake Havasu. Do you want to run that?" My dad's like "Well, I've never worked in a restaurant." He goes "I don't care. I like you. You're a good guy." So, my dad's is like "Oh sure." So, dad comes home two days later, I'm an infant, my mom's a schoolteacher and my dad says "Hey, we're going to move to Arizona and I'm going to open a restaurant." And it's like...

Matt: Dropped the mic.



POWDERKEG

PRESENTED BY VERGE®

Jay: Exactly. So, “Wait, what?” So, packed up, did that. Then my dad started to ...

Matt: “Time out. So, I was only just on board. [Inaudible] just got there. So, let’s go.”

Jay: I was only a year old. So, my ability to negotiate was limited.

Matt: Sure.

Jay: I don't think my mom was fully on board but I think it was one of those “Well, we're in this together.” So, yeah, we moved out there and he started a restaurant and he was successful and then he started the very first ice company making ice and Lake Havasu, for those of you who don't know, it's literally the hottest city in the US, the highest average temperature of any city in the US. So, owning an ice company is a good gig. So, he did that. So, my dad's always had sort of the entrepreneur but and that kind of wore off on me a little bit, I think.

Matt: Did you work for you dad at different times?

Jay: No, I was always too young. Well, I never really had a real job from my dad. My parents got divorced when I was younger. Then he moved back to Nebraska for a while but when I was little and my dad owned the steakhouse, my job – and I was like 7 – my job was to man the jukebox. So, he would give me a roll of quarters and he was like “Okay, whatever you want to play. This is your gig. Just don't let the music stop.” So, that was my job. So, I know so much more about like early '70s rock than I should because that was my gig and I think that may have got me on my path to be in radio and podcast and I started the radio station at the University of Arizona and now do lots and lots of podcasting. So, maybe that long ago jukebox gig was impetus for all that.

Matt: Early appreciation for audio.

Jay: Yes for Helen Reddy and a lot of other weird like Olivia Newton John and Donnie and Marie Osmond like a lot of things that are well before your time.



POWDERKEG

PRESENTED BY VERGE®

Matt: Well, these are all familiar names to me. I don't know if you knew this but my first entrepreneurial venture was taking vinyl records and putting them on the popular format at the time, the compact disc.

Jay: Compact disc, CD-R.

Matt: Yes exactly and I had a CD-R burner which is just hilarious.

Jay: We call it transitional occupation.

Matt: Exactly. Well, I know that you at one point in time were a shopkeeper. Is that right?

Jay: Yeah.

Matt: Did you learn any lessons in business when you were working at a shopkeeper?

Jay: Well, I never really had any prominent position but I certainly worked in retail quite a bit when I was young, especially in high school a lot and I had a circumstance and I actually talked about it in my new book where a guy – I was a stock boy. So, one of the things I did was man the return desk – and a guy comes in and he has underwear that he wants to return and this underwear is not new. This underwear had been worn and not just one time. This had been multiple times worn and the guy's like "I want to return this."

Matt: I have to ask how did you know that they were worn.

Jay: It was all stretched out. You could tell this was not snap-back, right? I mean, the elastic's all kind of funky. So, he's like "I'd like to return this." I'm like "Okay. Well, what's with this?" – "Wrong size." I'm like "Okay. Well, before or after you wore a few times?" So, I'm like "Okay, hold on. I got to ask about this." So, I go to my boss whose name was – and I swear this is true – Mr. Big which is the best name for a manager ever like everybody who's boss should be named Mr. Big. So, I'm like "Hey, Mr. Big, this guys in the front and he wants to return some underwear and the underwear is used. So, I suspect that the answer to that is no." He's like "No, actually our policy is we will take anything no questions asked and even in a weird circumstance like this." And I didn't really understand that like I couldn't and I'm like "Really? That's our policy? That seems so silly." And I couldn't figure it out but what is interesting about



POWDERKEG

PRESENTED BY VERGE®

that is that Mr. Big and the company figured [inaudible] the price of doing business, right? Yes, some of your customers suck and some of your customers sucked then which is 30 years ago and some of your customers will suck 30 years from now. What changes is technology, right? What changes is consumer behavior and how customers interact with businesses but the core sort of whether your customers are honest or not, that doesn't change and the ratio doesn't change. And the reason I think that's an important story to tell is that what I find today is a lot of businesses are really frustrated by customer service and the disruption that technology has caused. So, you have lots of businesses including businesses owned by really good friends of mine who purposefully, willfully and strategically do not answer complaints on Facebook, do not answer complaints on Yelp, do not answer complaints on Trip Advisor, do not answer complaints and Angie's List. It's not accidental. They just don't. That's our plan. We don't answer. And to me that's crazy. And I asked him about that and they're like "Well, those guys at Yelp suck and that's totally BS." And I'm like why are you blaming the messenger?" Mr. Big didn't blame the car and say "If it wasn't for these cars enabling these customers to come back and return an underwear, I wouldn't have these problems." So, your customers' morality remains static. The only thing that changes is technology.

Matt: Well, it's clear that you're an early adopter of technology and you've even invested in over a dozen technology companies. I want to make sure we talk a little bit about that but take me back to that gap between shopkeep to starting your first company. What were some of those pivotal inflection points that led you to the path?

Jay: So, when I was in high school, I did a lot of writing and that led me to journalism. So, I was the editor of the school newspaper for a couple times and it was a really good high school newspaper, we won lots and lots of awards and I did a lot of writing for that and then I ended up working for the city newspaper writing high school sports. So, I was the high school sports columnist which was awesome because nobody actually knows what happens at high school games like football, yes, but anything else, no, nobody goes to high school baseball, nobody goes to high school swimming or volleyball. So, I would just go get the score book from the coaches and any of my friends that played the game, they were the star of the game regardless.



POWDERKEG

PRESENTED BY VERGE®

So, so I'd be like "The Friday Knights lost 6 to 3 but [inaudible] had a key walk in ninth inning." I'm sort of like trying to craft a story so that my friends get [inaudible]. So, that was good time.

Matt: Awesome.

Jay: So, I did that.

Matt: Taste maker.

Jay: Yeah, absolutely. So, that led me to end up going to School for Journalism at the University of Arizona and once I was there, I realized that I was kind of actually [inaudible] down on it. So, I got involved in politics. I had a class, it was the first class I ever had in college which was Honors in Political Science. It was actually where I met my wife.

Matt: No kidding.

Jay: First day of college, first class.

Matt: That's pretty good luck.

Jay: I knew right away. She definitely did not know right away. It took her quite a while to come around. So, I had an amazing, amazing professor who is now a professor at University of Virginia and we did a whole unit on political consulting and kind of political campaigns and I was fascinated by the whole concept of marketing an individual and I ended up switching my Major to Poli-Sci and got an internship for a very, very prominent political consultancy in Phoenix and launched a career in politics. For the first few years of my career I was a political consultant, ran campaigns, ran races for Governor, for Senate, for state wide initiative for president, did all kinds of things like that and eventually kind of got out of that and into a more traditional marketing.

Matt: You're obviously good at it if you can continue to maintain a career in that path. Was there a mentor or a handful of mentors or guides that helped?



POWDERKEG

PRESENTED BY VERGE®

Jay: Yeah. So, what was interesting is that the professor was actually a pollster. So, he was a professor but his side gig with his wife was as a political pollster. So, he was really one of my mentors and kind of led me into that business and I really liked it.

Matt: Can you explain what a pollster is?

Jay: Somebody who does surveys, so actually does public opinion surveys which of course is the lifeblood of politics in many ways. So, I realized later like a long time after that that's why I ended up getting into digital marketing because the mechanics are really something ... A great thing about politics is that you either win or you lose like the day after the election you're elected or you're not elected. There's no question about that. So, I was in traditional marketing for a while after I got into politics and I didn't like it so much because "Well, we ran some ads. And I don't know, did we sell some stuff? I don't know. Maybe we did but was that from print or radio, I don't really know." And then digital came around and I was super early on that, I can tell you that story, and I loved it because it was so measurable like "Oh, I know whether somebody clicked. I know whether somebody opened this email. I know I have a conversion funnel like there's math there that I can understand and I can test and I can optimize." So, to me online marketing is very similar to politics and I guess why I ended up there.

Matt: That's really interesting and it's interesting to see how politics today are now adopting the marketing.

Jay: Comes back around, right? Yeah, it's like this weird infinity loop. So, digital was like politics and now politics has taken a playbook, all the social media. Look at what in the Republican primary right now is happening. It's so much of what we would consider to be sort of a social media campaign.

Matt: Sure, absolutely. I know Obama was the first president to ever have his own staff videographer.

Jay: Absolutely, yeah, making content.



POWDERKEG

PRESENTED BY VERGE®

Matt: Yeah exactly just pumping it out and now everyone has their own videographer and they're doing this.

Jay: And their own Snapchat account and everything else and here is all the behind the scenes stuff and when I was in politics, you would never think of doing something behind the scenes. It was "Hey, if we're going to do any video, we're getting like a full-on legit film crew and we're getting dry ice and lasers [inaudible] lighting." There was no like "Hey, let's just run and get it." It was inconceivable that you would do that.

Matt: That's so interesting. So, you were in politics. Why did you decide to get out of politics?

Jay: The problem with politics at that time – it's no longer true – is that if you're not working on a campaign, so once campaigns are over, you have nothing to do for like a year. You really only do elections every other year. Now you're always running just because of the way politics works but back then in the off year you typically had to go be a lobbyist and I didn't like lobbying because there was no finality to it. Well, I got to convince some people when I still didn't like it as well. And also when you're seriously in the campaign business like that, it's a tough gig. It is a tough gig. It's not a good family gig because during the high season, I mean, you're seriously doing 18-hour days all the time and it's rough and I can't see myself doing this for 25 years. This is tough. So, I got into more traditional marketing. I was like "Look, if I can get somebody elected, I can sell too or whatever." So, I ended up working for about four years as a Marketing Director for Waste Management, the big environmental services guys. I can tell you, Matt, so much about landfill design and enterprise recycling programs. So, I did that for a while. I really liked it. I left there and ended up as the spokesperson for the Arizona Department of Juvenile Corrections where my job was primarily to give tours of juvenile prison which is not even as good as it is made to sound in previous sense.

Matt: No kidding!

Jay: What made that job position stand out to you that you said "I have to apply for that?" Well, it was more the other way around. So, I liked my waste management job a lot and my boss got promoted. So, the new guy who came in was an idiot, really bad and I was young and foolish and I'm like "I can't work for this guy. I quit." So, then I was like "I'll take any job" and I ended up



POWDERKEG

PRESENTED BY VERGE®

as a spokesman for the prison and then of course the guy who I quit because of got fired in 30 days. So, I learned a really important lesson there about patience, about “Hey, you know, things by their own level. You don’t have to be knee jerk and reactionary.” So, I was I worked for the government for four months. That was it. That was the extent of my ... And I still get my pension checks for like one penny. So, I decided to take my leave after they put me in charge like “You’re doing a great job here, Jay. We’re going to rebrand the juvenile corrections department. First we’re going to start with business cards. We’ve got a committee, a 13-person committee. You could be in charge it.” I’m like “If it takes us 13 people to redesign the business cards, this is probably not the entrepreneurial culture for me.” At the same time some friends of mine had started the very first internet company in Arizona. This is 1993.

Matt: Wow!

Jay: And I met them at school and we were having beers as one does and they said “Hey, you know, this internet company what we started is starting to get kind of busy and we don’t know anything about marketing.” And I said “Well, that’s good because when you say the word ‘internet’, I don’t know what that word means” and I really didn’t. At that point it was basically AOL, right? That was it but I’m like “Look, I’ll do anything to not give another tour of this prison and to not run this business card committee.” So, I walked in the next day and quit and started as the Vice-President of marketing for an internet company having essentially never been online which is a very interesting first day of work. You’re like “Whoa! This is crazy.”

Matt: Yeah. I bet it was like drinking from a fire hose.

Jay: Absolutely and it turned out my partner in that business, my buddy from school invented web hosting. So, before he invented this, it used to be back in the day that if you wanted a website, you had to have a server. It was one domain to one box. So, you could only run one domain name on an actual piece of hardware, one server. So, he invented a partitioning algorithm that allow you to run multiple domains on a single box which of course we got everything that we have now – Rackspace, GoDaddy, whatever.

Matt: No kidding!



POWDERKEG

PRESENTED BY VERGE®

Jay: WordPress. But for a while we were the only ones in the world who could do virtual hosting. So, we went from a handful of customers, mostly dial-up, that thing in Phoenix to about 1200 hosting customers in 23 countries and that happened in like 60 days. It was insane like all the apocryphal stories, sleeping on the floor to make sure the servers don't meltdown, like all of that happened. We did all those things, kind of hyper growth.

Matt: Were you guys able to patent that or protect that in any way?

Jay: We were able to protect it a little bit but the technology moved so fast, it was really tough. So, we made all kinds of classic mistakes. I was the senior partner at 23. So, we just did a lot of bad things. So, I ended up leaving to start another internet company and we sold that business ultimately to Mind Spring which eventually became Earthlink back in the day.

Matt: No kidding! The first company or the second company?

Jay: The first company.

Matt: The first company.

Jay: Yeah, those guys. Yeah, we sold that.

Matt: Wow! That's awesome.

Jay: Yeah.

Matt: What made you decide to leave and start the next one?

Jay: So, it was just getting too much rancored, too much like intra-friend rancor.

Matt: Lesson in pick your partners.

Jay: Yeah and when you grow like that, we just didn't know what we were doing, number one. We needed a grownup and we were trying to get a grown up but we couldn't get a grownup fast enough and then it sort of melted down. And then at the same time I got a really great opportunity. I was the President of Ad2 which was the young professionals advertising club in Arizona at the time and I met a lot of people in that gig and I got hired away to start an internet



POWDERKEG

PRESENTED BY VERGE®

company for a family owned media conglomerate which had three TV stations, three radio stations and a magazine and they're like "We got TV. We got radio. We got magazine. We need some of that internet. Can you get us some internet?" and I was like "Yeah, I can get you some internet." So, they poached me away from my partners and set me up with a sweet gig, sweet salary. So, I come in the first day and I'm like "Okay, what's the plan?" and they're like "Well, you're supposed to tell us the plan." And I'm like "Oh, so you really have no ... When you said "Get us some internet," that was literally what you meant" and I'm like "Okay." So, they gave me a desk and an office and a notepad to figure it out.

Matt: That's cool. Autonomy is cool.

Jay: Yeah it was. So, we got into that the dial-up business, did a partnership with which was then Quest and then built a large local website like IndieStar.com, that kind of thing but powered by the TV stations and at one point we became the second largest TV station based website in the US. And then I got into web design and did all kinds other stuff. That was crazy.

Matt: I want to go back to Ad 2, the professional network that you joined because, Jay, you're probably one of the best networked people that I know or at least ... Yeah, I mean best networked and not only you know a lot of people but a lot of people know you as well and I think that's probably by virtue of what you do as a source of income in terms of being a thought leader and author. You're emceeding conferences where other connectors are presenting, so you're probably getting to know them but then also what you're doing with content, atomizing it, putting it on several different platforms at once and it sounds like this address ... Was it called Address 2?

Jay: Ad 2.

Matt: Ad 2, sorry. Address 2 is a software company in Indianapolis. Ad 2 might have been sort of the early starting grounds of that professional net.

Jay: Yeah. I mean, even before that, Matt. I mean, it's like my grandfather and my dad really got me sort of tied into that concept, right? They were involved in every club and organization that there was and in everything, in Rotary and in [Inaudible] and in Jester's and in this and in that and in this and in that. So, they taught me like "Look, if you want to make a difference,



POWDERKEG

PRESENTED BY VERGE®

you've got to be involved. You be the part of the problem or part of the solution.” And from a very young age it wasn't even a conversation. That's just how it works and I've always been a joiner like I've always liked to be around people and be in an organization to work on things together. So, when I was in high school, I was involved in 15 clubs. It was crazy.

Matt: That's awesome.

Jay: My mom's friend was still a guidance counselor there and she says that I still hold the all time record, the all time record for most bullet points on the high school resume of anybody who's ever been in that school and my kids now are high school students now at home and they're always bitching about how busy they are and I'm like “You've got no idea what you're talking about. You wouldn't know busy if it walked in your room and laid on your bed.” And when I got out of college – and I was super busy in college too, I ran the student activities council and planned all the concerts and ran the radio station, all this other stuff – so when I got out, same thing. I'm like “Okay, join a bunch of stuff.” So, Ad2 was a great place for me. I started my own club called Version 27 for tech entrepreneurs way back in the day. I was like “There isn't a club this. I'm going to start one.” You know everything about that and it was called Version 27 because we held meetings on the 27th of the downtown office building. So, I just always have done that and I always feel like you're going to meet a lot of people that you like, you're going to meet a lot of people that you might eventually do business with and you're also going to meet all your competition which is also a good thing to do because everybody who is a competitor is a potential collaborator and I really believe that. So, I try to be involved in as many things as I can and I've met a lot of people in Ad2. In fact, some of the people I still work with today, my graphic designer Chris von Sack, I met in that club. Christina Paider who is my editorial assistant on my new book, I met in that club. We're talking about 25 years ago and we're still doing business together.

Matt: How do you decide who you stay in contact with? Do you try and stay in contact with everybody?

Jay: I mean, it's funny it's way easier now with Facebook.

Matt: Sure.



POWDERKEG

PRESENTED BY VERGE®

Jay: Because you at least have some idea of what people are doing. Some of it is just random and some of it is people stay in the same industry. Other people I know like a good friend of Dean Trossel, he and I used to do a lot of business together when he was in Marketing but then he ended up going into car sales. So, I bought a lot of cars from him but he doesn't do what I do anymore. So, it's different. So, some of that is just people going different directions and things like that but I try and keep tabs on as many people as I can because you never know when you're going to need to get something and I find that as I get older, I want to work with people that I've worked with in the past because I don't have to explain to them, like they already know what I want, they already know how I work, we already have a shared history but most importantly I trust them because they've delivered the goods in the past and we have a relationship. That's not to say that I won't work with new people. I do it every day. I mean, we run guest posts every day from people I've never heard of but when the chips are down, I don't care what it costs, I want to work with people that I already trust, right? It reduces risk and I'm moving so fast all the time that that reducing risk is more important than cash flow and more important than a lot of things.

Matt: As you built up the trust along the way, it seems like a lot of that trust has also been poured into Convince and Convert which is the brand that you've created for your current company which is amazing, it's consistently ranked as a top marketing and technology blog, the content that's coming out there if not daily, several times a day and promoted through all of your social media accounts. Can you take me back to the moment you decided to start that company?

Jay: So, I had a company in Arizona that I started in 2000 called Mighty Interactive which is a digital consultancy and online marketing firm, ran it for a few years, sold it to a traditional ad agency, worked there for a few years on an earn-out and then when my earn-out was up, my plan was to not do any of this. So, my plan circa 2007 was to go teach and I had a bunch of different universities gigs lined up that people wanted me to do and I was going to kind of do that professorial deal but at that point we had this simultaneous collapse of the stock market and the real estate markets. As I had a bunch of money in real estate because in Arizona that's what one does, so all of a sudden I was like "Oh, I no longer have the cash to just kind of go do that. I'm going to have to get back on the horse I ride." So, I started Convince and Convert and



POWDERKEG

PRESENTED BY VERGE®

the reason this company is called Convince and Convert, Matt – I don't know if anybody even knows this. This may be a world debut – is that my original premise was I was going to do conversion and optimization. I did a lot of conversion rate test and optimization – multivariate, A/B – a lot of that stuff in my previous gig. So, that's why it's called Convince and Convert because it was going to be all about conversion.

Matt: I didn't know that.

Jay: I started a blog. I never blogged before. I wrote a lot of business magazine columns but I never blogged. I was like "I'll start a blog on this one." So, I started writing a blog post every day. So, I write about email and I write about conversion rate and everyone's following it on social media and I realized with a very simple analytics examination that every time I wrote about social media, I get like 800% more traffic and when I wrote about anything else. I said "This business is no longer about conversion and optimization. This business is about social media." So, I ended up picking up some great clients primarily in agencies. My original thrust for this business was helping agencies kind of make the digital transformation and understand how social media works and I still do some of that work but over the last eight years now my team and I – and there's about a dozen sort of primary collaborators – we're working with the best brands in the world. We're working with the United Nations and Adidas and All State and Cisco and Oracle. It's remarkable what we've been able to do but you said it, it's not me, it's them like it's really not. It's not Jay. It's our whole team and one of the things that's been a challenge and we've work really hard on it is to set it up so that Convince and Convert has an identity because if people think it's Jay's company or Jay's blog or Jay's podcast, then if it's not men, then they're "Well, where is Jay?" So, it takes years like literally years to change that thinking so that people realize "Oh, it's not just him. There's a whole crew there" but that's one of the reasons, the most important reason, that I didn't call this company Jay Baer and Associates or something because then you've totally boxed yourself in a corner.

Matt: That's really true and I know a lot of other entrepreneurs have struggled with that. I mean, you can see it in case study after case study after case study and just in the marketing tech world one that comes to mind is SEO Moz or now Moz, the original being Rand's Blog and then



POWDERKEG

PRESENTED BY VERGE®

transforming into consultancy and then a software company. I imagine that had to be just as difficult.

Jay: Incredibly and even more so [inaudible] much bigger company than we are and a little bit about Rand's, he's been so open and transparent about the struggles that he's faced and mistakes that he has made personally in that journey and that's why people love him.

Matt: Yeah absolutely. And likewise with yourself, you've been very transparent and always willing to hop on an interview like this and talk candidly.

Jay: For you, of course because I trust you. See, we already talked about that.

Matt: I love it. Full circle. I'd love to ask you that you mentioned that you had transitioned to focus on the social media aspect.

Jay: Yeah.

Matt: And I'm curious if you remember what your early pitch was for the social media focus to agencies.

Jay: Well, what was great back in those days is that to me I had already been through this multiple times because in my first career in internet in '93 and we were working at Internet Direct, it was "Well, you don't think you need a website but you do and here's why. Let me show you that your customers are online." And then it was "Well, you don't think you need an email newsletter but you do and here's why because your competitors are doing it and your customers want it," "You don't think you don't need paid search but you do and here's why." So, by the time I get to social media "You don't think you need social media, you don't think your clients need social media but you do and here's why because your customers are already talking about them," I've already run that game like four times, five times, right? So, I already knew. It's basically search and replace, right? Search and replace paid search for social media, same story but what was great back then is that you could actually blow people's mind. You just get some simple social listening software, Radian6 or whatever back then and you just type in the name of the brand and then turn the laptop around and people are like "Oh my God, there's this much conversation out there on the interwebs about us. What's this twatter?" So, it was so



POWDERKEG

PRESENTED BY VERGE®

easy to prove the point because you just simply “Look, this is actually happening. I’m not making this up. This is a real thing.” So, that part is always fascinating to shock people into realizing that “Oh, I’m behind.”

Matt: So, once you turned the laptop around and showed them everything that was being said about their brand, you had escalated the conversation to that moment to make the ask. Do you remember how you made the ask and got your first couple of customer?

Jay: So, I learned at my previous company is that being transparent about not knowing all the answers is incredibly powerful in professional services and almost nobody does it because usually in professional services your approach in a pitch is “I know everything. I am the Wizard of Oz and you need to pay me to tell you the secrets.” I always do the opposite. My killer line – feel free to steal this – is “I don’t know the answer. I do not know what will work for your company but I know exactly how to find out” and people love that because they realize that it’s not magic beans – “We’re going to go through a methodology together and you’re going to know where every dollar goes and you’re going to know what every dollar yields and at the end of that process, together we’re going to identify a recipe that I guarantee will work for your business.” Ta-da! Works every time.

Matt: That’s great. Well, I would imagine you just get an extreme amount of empathy and those customers or potential customers feel like you understand them.

Jay: Well, I think it’s the difference between being a guru which I don’t think is a very easy position to hold on to, people bestow it upon you but I don’t like it and being a coach which is much easier is that “We’re going to do this together. I’m going to show you how to do this, not let me perform magic.”

Matt: Yeah that’s great and what you’re doing now with the book that’s coming out – Hug Your Haters – is really focused around that same concept where you’re actually saying “We don’t know exactly how to do this but here let me show you what others are doing.”

Jay: Well, customer service has been disrupted in the same way that marketing has been disrupted. Everybody thinks they’re good at customer service but they’re not. In fact, the research from Forrester says that 80% of businesses say that they deliver superior customer



POWDERKEG

PRESENTED BY VERGE®

service, 8% of their customers agree. So, we have this like massive problem here where everybody thinks they're good at it except for your customers whose opinion actually counts. So, disruption is happening right now. So much of what companies have to contend with now is in public in ways that it wasn't whether it's social media complaints, discussion board complaints, review site complaints and most businesses are still thinking about customer service in private, they're thinking about calls and emails and we have to start interacting with customers on the ground that the customers prefer which is increasingly digital and public and not insist on dealing with customers on the ground that businesses prefer which is private email and phone. So, lots of different case studies and examples in the book, small business, large business, US, global, B2B, B2C, kind of showing how customer service is the new marketing and is the thing that can differentiate you because, look, your competition can and if they're smart, they'll steal everything from you. They'll steal your products. They'll borrow your website copy. They'll copy your trade show booth. They'll poach your best customers. They'll go after your best employees. They will do all of those things but the one thing they can't take from you, the one thing that is yours and yours alone, the one thing that they cannot grab is if you genuinely and truly care more about your customers and maybe if you are willing to hold on to your customers in ways that your competition simply is not, if you're willing to invest in customer service and customer experience at a level they aren't, that is a differentiator, that is the defining factor that will set you apart and businesses are starting to understand this, right? If I ask you, Matt, who's really great at customer service, you can come up with a couple of names. Everybody listening can and that's the problem, right? The fact that you can come up with somebody who's good at customer service tells me that it's rare, so rare that it's memorable to you. My vision – and it'll probably never happen – my vision, my hope is that after people read this book 'Hug Your Haters' that we get to the point a year or two down the road when I say who's great customer service and you can't come up with an answer because so many companies are good at it, nobody is exceptional.

Matt: Yeah and that's a really compelling pitch in and of itself that you're saying that the future of digital marketing is in your customers and turn your haters into fans or at least not detractors. What do you say to the entrepreneurs who are playing by the philosophy of fire your worst customers, get rid of them, focus your energy on the 20% that gets you 80% of the results?



POWDERKEG

PRESENTED BY VERGE®

Jay: I don't believe there is any such thing as a bad customer. I think all customers are good customers. Not every customer is right of course but every customer deserves to be listened to and this is especially true when customers complain in public because it's a spectator sport like yeah, you want to make that person happy and you ideally want to hold on to their business but you got to realize that when that person puts you on blast and you ignore them, then all these other people see that and a lack of response is a response. It's a response that says "We don't care about you very much and we don't care about our customers." So, yeah, mathematically it makes sense to say "Okay, fire 20% of your worst customers" but when everybody else sees you do that, what do they think about your business, right? Nobody ever talks about that side of the equation, right?

Matt: That's a really, really good point. And one of the things I love and you even shared one of the stories from the book 'Hug Your Haters' here in this podcast earlier in the interview and all of your books seem to be just jam packed with really great examples that not only bring the principles to life but you literally say "Steal this strategy" like "This is not a metaphor. This is not a concept or something just to bring it to life. Take this strategy, implement it in your business and go." Do you have a favorite from this book?

Jay: Yeah I do, I do. The one thing that I like about this book too is it's rooted in research. So, this isn't just like "Hey, I have an idea. You should do this because I say so." This book is full of research that I conducted with Edison which is one of the biggest and most well-respected attitude collection companies in the US. Everything in this book is based on actual research from real consumers. This is not your typical customer service book which says "Don't point and be polite." I mean, this is real data about how business needs to act right now as we're having this conversation. It's the first modern book on customer service ever written and I think that's why it's doing really well. I think my favorite example from the book is from Le Pain Quotidien and they're a chain of bakery cafes. They're based in Brussels. They have locations in Southern California and also the Northeast but mostly in Europe and there's 220 of them, I guess, something like that, locations and their Director of Customer Experience, this woman Erin Pepper, she started with them two years ago maybe. So, when she started, she says "My



POWDERKEG

PRESENTED BY VERGE®

goal as the Director of Customer Experience is to triple the number of complaints.” Triple the number of complaints. Think about that.

Matt: Interesting.

Jay: Right?

Matt: Why is that?

Jay: Normally you would say you want fewer complaints. She wants to triple the number of complaints and here's why, Matt. Because the most overrated thing in business, the most overrated thing and frankly the most overrated thing in life is praise. Every time somebody says “Matt, you're so good at this. Matt, you're so good at that,” it feels amazing but it teaches you nothing because you already know what you're good at, you always already know. What teaches you something is negative feedback and criticism. Criticism is the Petri dish for improvement. Erin understands that. She wants every customer who has anything less than 100% perfect experience to let her know because if she doesn't know, she can't fix it and that's why I say quite literally that haters, complainer are your most important customers. They tell you everything you need to know to get better but yet we treat them like our least important customers. We have it backwards.

Matt: Wow! And is there something that she does specifically to do that?

Jay: I think that what she does day to day that's so awesome – this is one you should definitely steal – so anytime somebody has a negative feedback for them in a review site – and as a restaurant they get a lot of reviews on like a Yelp and a Trip Advisor or Urban Spoon, that kind of deal – so, if somebody has a one or two-star review, she answers them in public as you should every time, answer everybody. She says “Hey, I'm terribly sorry, da, da, da. We're going to make sure we take this advise, let the store manager know”, the usual customer service playbook. Great, perfect but it's what she does next is so noteworthy. So she usually waits a couple hours and then in many cases she'll answer them again but this time in private using the private messaging function of all these sites. She says “As you know, I left you a message a minute ago but I've been thinking you're a particularly perceptive customer, you see things that other people simply don't see, you have a gift for this. What I'd like to do with your permission is



POWDERKEG

PRESENTED BY VERGE®

I'd like to send you two gift cards a month and with each of those gift cards, I'd like you to visit a different Le Pain Quotidien location and upon the conclusion of your visit, I'd like you to click this link and fill out this very detailed survey of your experiences because you notice things that people simply don't notice. Your feedback can make us the best bakery café chain in the world. Will you do that for me?" and it totally works. She has more than 150 now of these secret shoppers working for her all the time filling out these super detailed experiences. She turned hate into help and the total cost of that program – some gift cards. It's remarkable. Everybody should do that. Do it in every business, right? So, "Just tell us 100% what was your experience with this Verge and I will send you a gift card to a applet. Tell me everything." That kind of solicitation of detailed feedback is really priceless.

Matt: And it's memorable and remarkable too which is fantastic. Jay, I'm really excited about the book. We bought 10 copies to give to our listeners and our readers. So, drop a comment below with something you learned or an interesting thing about Jay or customer service that you just loved and we will send 10 copies out to the first 10 comments.

Jay: Thank you very much for your support.

Matt: Jay, if people want to get the book, where do they go?

Jay: So, you can get the book in all the places and ways that books are available – online, offline, your local bookseller, Amazon, Barnes & Noble – audio as well, read by myself and Tom Webster.

Matt: Awesome.

Jay: That's available and if you could to HugYourHaters.com which is the official site for the book and buy it there from me, I'll ship it to you for free and there's all kinds of special bonus stuff you could get including – which I'm going to hook you up with here in just a second – the limited edition, incredibly awesome, 'I Love The Haters' socks.

Matt: Oh what? I'm getting a pair of awesome ...

Jay: You'll get a pair of socks.



POWDERKEG

PRESENTED BY VERGE®

Matt: That is awesome. That's awesome socks right there. Cool. Jay, thank you so much and I really appreciate you hosting me here in Bloomington, Indiana.

Jay: Anytime! Come on down.

Matt: Alright, brother.

Jay: Thanks.