

Robert: Hi, everyone. This is Robert Middleton of Action Plan Marketing and the Action Plan Marketing Club. Today, I have as my guest Tad Hargrave of Strategic Coaching for Social Entrepreneurs. Tad is a marketing consultant in Edmonton.

I discovered Tad, who is a member of my list, when he emailed me and told me of something that I found intriguing. At first, I thought, “No, this isn’t for my people.” When I found out a bit more and talked to him, I said, “This is one of the coolest things I have ever heard as far as marketing.” I really did, Tad.

It is about paying what you can for certain services. We’re going to go into this in great detail. The title of this is “Secrets to Successfully Using ‘Pay What You Can’ in Your Service-Based Business.”

Tad, before we start, you have a very interesting background, and you’ve done a lot of things. Why don’t you give us a one-minute summary of who you are and what you do?

Tad: I have the funny mix of being entrepreneurial since I was in high school teaching magic tricks to my friends to make money.

I worked for Tony Robbins in a franchise of his and did a lot of personal-growth stuff learning sales. Then I started a business doing workshops for high schools all around Alberta around school spirit.

While that was all going on, I was getting really heavily involved in activism and doing youth environmental summer camps and summits of young activists from

around the world and hanging out with anarchists and all of that.

Those two just kind of came together. I've always had this sort of knack for marketing. I would be sitting at the bar talking with my friends, and they would say, "I've got this great idea for a green business," and I'd say, "Your marketing is terrible."

Finally I decided to start charging for it. Yeah, so I've been doing that since about 2001, what I call "marketing consulting for hippies."

Robert: That is a lot of green businesses and such. You do consulting, but you also do a workshop.

Tad: It's a three-and-a-half day workshop.

Robert: What really got my attention is that it's a three-and-a-half day workshop and people pay for it on a Pay What You Can basis. Not only that, it really works. He makes very good money at the workshop, and people get huge value.

I said, "I'm interested in that!" One thing is that the workshop business, and this will apply to a lot of people doing workshops and other things, is a tricky business. It's tricky to get people to sign up for workshops.

It takes a lot of time and effort, and this Pay What You Can strategy, if done appropriately, might be the perfect strategy for you listening as well. Let's get right into it. What is exactly is Pay What You Can?

Tad: There are a lot of different models of Pay What You Can. Basically, it's where people determine the value themselves. Often that happens when they've already

received the product or service in entirety, and then at the end they decide what they want to give.

Robert: It's just that they decide. What are some of the models for this? How widely is this used in the business world?

Tad: It's funny. I think it's actually used a lot more than people would think. We're all familiar with buskers. Street performers will do it, especially the best street performers. They'll do a whole, hour-long show and then ask you for money at the end. It's funny.

Actually the reason and one of the inspirations for me to do the Pay What You Can was I got mentored years ago by this guy named Gazzo Macee, who's a British street performer from Oxford.

I saw him do his show, and I was so inspired. He mentored me over the years in doing close-up magic. I only found out years later that he's actually one of the top. He's probably considered one of the top street performers in the world, in the top three or five street performers.

I remember at the end of his show he said, "Ladies and gentlemen, you just saw this show. Anywhere else you would have gone to see a show like this or if you go to the theater, you're going to pay \$10 to \$15 dollars to see a show. You have to pay it in advance. If you don't like the show you can't leave. You just got to see the whole show for nothing.

"I think street theater is one of the most honest forms of theater in the world because you get to see the show first and then you decide what it was worth.

“I think if you saw this show in a bar, you’d buy me a beer. Beer’s \$5. I think this show’s worth \$5. If you don’t have \$5, \$1 or \$2 is fine. If you can’t even afford that, please, this show is my gift to you.”

I thought that was so generous and so beautiful. Buskers and street performers use it. Even giving tips at restaurants, I think there’s a bit of a little tipping on performance.

Robert: You pay what you think it’s worth.

Tad: A lot of the live theaters have Pay What You Can matinees. There’s a number. I’m surprised at how many Pay What You Can restaurants there are where literally you go, you eat the whole meal, and at the end there’s no bill. There’s just a pay by donation.

Robert: These restaurants actually survive doing that?

Tad: Yeah.

Robert: That’s amazing.

Tad: It’s kind of funny. It’s something I want to do more research into, so I’m not too familiar with it, but I’ve seen enough examples of these restaurants so there’s got to be something to it. A lot of them seem to have been around for years.

There’s a magazine I just heard about that’s Pay What You Can. Radiohead, the band, released one of its latest albums online.

Robert: It was “In Rainbows.”

Tad: Right and allowed people to just pay whatever they wanted for it. There's the Vipassana meditation retreats that some people may be familiar with where people go for this meditation retreat and then pay whatever they can based on what they can afford. There's a hotel I heard about that did a Pay What You Can promotion. It seems fairly common.

It's interesting because I think we're about to see it get a lot more common, just with the economy in such a rocky place right now. There's a recession and all these woes and everything happening. People are losing jobs. People get a lot more tight with their money. It's funny. That tightness has to do with the direction of things.

If things are bad but they're getting slightly better, people get more generous. But when things are great and they get a little worse, people get more tight and are less willing to take risks with their money.

But if they can try it out before paying, hands down one of the most powerful tools or principles that I can ever give anybody in marketing is this idea of risk reversals. It's identifying what the risks are that somebody might have and addressing those head on.

To me Pay What You Can is not totally risk free, which we'll get to I guess a bit later, but it really handles a lot of the risk.

It's funny. When you were talking about workshops, I thought, "My hope is that actually some people might hear this who have been wanting to do workshops but not sure how to fill it." This might actually inspire them to do it. You can fill a workshop a lot more easily on Pay What

You Can than you could charging full rates, and make more money sometimes.

Robert: Sometimes you make more money, which is fascinating. Tell me more of your story of Pay What You Can. How did you get into it?

Tad: I wish I could say it was this altruistic bug, and it was just I saw this busker and it inspired me for life.

When I started, I was charging \$1,500 to \$2,000 for a marketing-weekend workshop and it was hard. It was really hard to promote it and to fill it.

Then I went to Fairfield, Iowa, which if anyone has been there, it's a trippy town. It's the home of the Maharishi University of Management, so half the town are the "rus," which is short for gurus. Half the town meditates twice a day, and then half the town is the townies and they do not meditate, but they peacefully coexist.

I went there to do a workshop but my computer had totally died right before I went. So like six weeks rolling up to the event, I couldn't promote it. I was on the road. I showed up because I already had my plane ticket, and nobody had enrolled in the weekend. It is always rich when you're doing a marketing training that nobody signs up for!

Robert: "What does he know about marketing? He can't get anyone to show up."

Tad: It was painful. I did two three-hour intros. The first one on the Wednesday night before the weekend, three people showed up to it. The next night there were 16 people.

I was like, “Look, here’s the deal. Nobody signed up, and then my computer crashed and it was kind of my fault, but I’d rather do something.

“My ticket doesn’t leave until Monday. I can’t change that. I’d rather do something and make some money and have fun than do nothing, so why don’t you just come to the weekend and pay what you want at the end,” And like 12 people signed up immediately for a whole weekend.

Robert: Whereas if you’d said \$1,500, maybe you’d have gotten one or two.

Tad: At that point, it’s hardly worth the weekend. I thought, “That was fascinating.” I just thought I’d keep experimenting with this and try it.

I told everyone at my workshop, “Look everybody. This could be a terrible idea. I don’t know if this actually makes sense or if this is a sustainable thing. I’ll try this for two or three years, and I’ll let you know.” And I just haven’t stopped since.

Robert: How did you do in that first workshop?

Tad: It’s funny. I can’t remember. The first few workshops I did, it was like \$150 to \$200 per person. That was for a two-and-a-half day.

Robert: We’ll talk later about what you’re making now and how you structure it because it’s not just Pay What You Can. There’s a lot of structure around this. In all of my interviews, we really get into the hands-on, how-to stuff. Let’s talk. What are the benefits of this? Why do it in the first place?

Tad: Well, there's a number of benefits about it. The first is that with Pay What You Can, sometimes you'll make less money per person than you might if you charged the full industry rates, but you're going to attract so many more people because the risk is so low.

Number two is a lot of people really feel like they're getting a deal. In fact, they're guaranteed to feel like they're getting a deal because they're choosing the amount that they pay. So nobody is going to feel ripped off, which is really important.

That was my stress. If I was charging \$2,000 for a weekend, I was like, "Damn, this better be good." Of course, it had to be good but sometimes it's not a fit, and I just found myself very anxious during the workshops wanting to make sure that they were getting the value.

Robert: You know, Tad, I also find in these expensive workshops that when you read the sales letter, it seems there has to be more hype. It has to be more over the top with more miracles and more breakthroughs to justify it. Often the average person isn't necessarily going to get that kind of breakthrough result, but for that price you have to promise the earth, the sun and the stars.

Tad: Yeah, I think there's a whole separate conversation around authenticity. It's one of the things I love about your sales copy and your materials. It's very nuts and bolts and very down-to-earth.

Yeah, when you charge that amount, you do have to do it. I think there's a way it can sway people's moral compasses a little bit in how authentic they're being willing to be. There's this idea that you're going to get this information

from a weekend and it will change everything when the reality is a lot of them are still going to need handholding in different places.

One of the other benefits of Pay What You Can is there's so much goodwill in it. It engenders so much gratitude, versus with the very hyper-expensive there's the sense that they're just in it to get rich. People might go, but there's not the same goodwill.

People really see you as a hero, which is a good thing. What I also love about it too is it aligns really well with people's politics, left and right. Everybody loves this. Everybody respects you for it and because of the goodwill, it's very talkable in a word-of-mouth sense. People will tell their friends about it.

The main driver of word-of-mouth is that people want to tell their friends about cool stuff and help their friends out. If they just went to a workshop that was \$5,000 for five days or whatever and then they try to tell their friends, it's a real weird conversation. "You should go to this workshop. It's \$5,000."

Robert: "It's only \$5,000." "That's too much."

Tad: Versus, "I went to this workshop. It was amazing. It was so good. You could totally pay whatever you want. I went to it. I thought it was a scam, but I could really just pay whatever I wanted to pay and there was no funny business." It's very talkable.

I think part of why Pay What You Can works is because most entrepreneurs are pretty cash-flow poor.

Robert: Often that's the case.

Tad: They're rich in so many ways, but not necessarily in cash on hand in the moment. I think it works because there is just a genuine process of reciprocation. When people receive something, they want to give something back.

Pay what you can really works on inspiring people to give instead of demanding it, "Look, I'm worth this much." It's saying, "I think I'm worth this much. I think I'm good, but you decide."

It really puts the decision in their hands, which is the whole flip. And I think it's funny because there's this myth in marketing that people don't value things unless they pay for it. I don't think that's true. I think it's a misnomer.

I think the truth is that people value things they invest in, or the more they invest in it, the more they value it. But that doesn't necessarily have to be money. We'll talk about it.

With Pay What You Can, this is the potential downside if you don't think about it strategically. If it's just like, "Show up, Pay What You Can," there's a way that people could see that as, "Oh, it's free," and then they don't value it. There are things we want look at around that.

Robert: Tad, where does Pay What You Can seem to work best? We talked about workshops, but that is not the only thing. What are some other kinds of services that you could use this for?

Tad: You can use it for special events, like it's a one-time sort of thing.

Here's the biggest overall thing that I've found. Pay what you can seems to work best in situations where people have a really clear sense of what it already costs. If it's a Pay What You Can restaurant, people kind of know what they're going to pay at a restaurant generally. If it's an album, people know.

But if it's a marketing workshop or it's a retreat or it's a consultation, people don't necessarily know. In that case you have to educate them.

I think it works really well for group events. I do some one-on-one Pay What You Can, and it works okay, but I definitely think with group things it's more financially viable.

It tends to work really well in the industries where no one else is doing it. If you're a theater and you're like, "Hey, cutting edge new thing: We've got a Pay What You Can matinee." Well, everybody does that.

So I think it also does exceptionally well in traditionally high-ticket industries where you're just expected to pay a lot. If you suddenly say, "Hey look, you'd be spending \$3,000 anywhere else for this, but I'm going to offer it on a Pay What You Can basis," that's great.

Robert:

Something I noticed in your letter about your workshop is that you give a little comparison chart of what some of the high-end marketing workshops are charging. They're charging anywhere from \$5,000 to \$1,500, or something in that ballpark.

People are seeing, "For this workshop, we're going to give you comparative value and you Pay What You Can," so

you create the perception that, “Wow! This sounds like a really good deal. I’m not sure I’d risk \$5,000, and there seems to be so much hype. You’re not giving me so much hype and it sounds good anyway, so why not try?”

That’s sort of how the mind thinks through this before you sign up.

Tad:

Yes, and I think obviously Pay What You Can is best placed for people who are really wanting to grow their business and attract more clients, versus doing more with the clients they have.

Even so, this could be used with existing clients. You say, “Hey, there is this new second-level thing and I want to try it out. I’m willing to try it for the first one on a Pay What You Can basis.”

It can be used as a gift for existing clients like a reward. “You’re some of my favorite clients, so I wanted to offer you this on a Pay What You Can.”

If you’re rolling out something new and you want feedback on it, this is practice time for people who feel like they’re still apprenticing.

You know, I just feel like real humility is not our biggest virtue in this culture. For people who are starting out, I think sometimes there can be this pretense of needing to position themselves more strongly as an expert than they are and try to charge the same rates.

I was probably guilty of that when I started. When I started doing Pay What You Can, it felt so good. I really felt like I was apprenticing. I thought, “I am still learning

this, and let me figure out from other people what this is worth. Let me get that real feedback.”

It's funny. I've done some crap weekends where I tried it. I thought, “I'm going to try this new exercise.” It was a disaster. I got paid less, and I thought, “How appropriate.”

Robert: If you do stuff that's not so good, they're going to pay you less. You're always thinking, “How can I put this together to give the most value so they'll reciprocate?” That's great. That makes a lot of sense.

I think there are a lot of people in this club who are coaches. I can see beginning coaches using this as not-a-forever strategy but for a beginning strategy.

“I'm starting coaching. Most coaches charge X hundred dollars a month. What I'm doing is offering the first three months totally based on a Pay What You Can basis. Pay what you think it is worth. Then after that, we'll continue it on a slightly different format perhaps.” It's a good way to get started and get some initial clients.

Tad: I would almost recommend for coaches the Christian Mickelsen thing, “The 3 Sessions that Sell.” It's so brilliant. I love that interview with him. (This material is included in Part 4.5 of the Fast Track – Selling Conversations.)

I think part of the challenge of Pay What You Can is when it's a continual thing. I think what you're saying about doing it for three months is probably the most I would do it for. I haven't tried it. My sense is that it would start to

feel weird. But if you sell it as a package, I think that could work really well.

Robert: Especially if you can look back and measure the results. We're going to talk about conditions whereby you offer this. That's very important. But nevertheless, that's a possibility. Are there some businesses or situations where it doesn't work as well?

Tad: I think ongoing situations I would just raise the flag on. Memberships or a series of workshops, I'm not sure.

Robert: I have this Marketing Club which is \$29 a month. If I told everyone every month, "Pay what you can," it would probably fall apart. It would also be very hard to administer.

Tad: Exactly and I think it would be stressful for people every time having to reevaluate.

Robert: I didn't use it this month, so I won't pay this month, etc.

Tad: I think also situations where people have no idea what to pay. Again, if you're getting a magazine or staying at a hotel, you kind of look at it and say, "I have a sense of what this could be worth." But if it's something where people don't know, that's trouble.

Industries where it's very low-ticket, where things have been commoditized so much that it's really cheap, could be trouble. Then you do Pay What You Can, and people are going to look at everyone doing it and say, "It's just worth this because that's what everyone else is doing.

If you're in that kind of industry, you really have to innovate and differentiate yourself from that industry and

say, “I know it would normally be this. Here’s how we’re different and better.”

I guess if an entrepreneur has a really huge list and they can’t handle any more clients or, you know, they’re not wanting to grow at all, it’s probably not a good thing. It’s probably better to just change to a finite amount.

Robert: Yes. For instance, I have a high-ticket program called the Marketing Mastery Program, and I can easily fill that and at the price that I want to get. Pay what you can just wouldn’t make sense for me.

Tad: Exactly.

Robert: But if I was maybe starting it the first time, it was experimental, and I wanted to see how it worked, then it might work in that situation. You really have to think through this. It’s not an overall blanket pricing strategy for your business, but it really can be used in certain places to get things going.

After all, if you did it as a workshop, you had a lot of people at the workshop, and then those workshop participants were people you talked to later who converted into one-on-one clients, it could be a fabulous marketing strategy.

One of the first things I did years ago when I moved my business from San Francisco to Silicon Valley was a couple of one-day workshops. I actually offered them completely for free, Tad.

If I’d known this, maybe I would have done this, but I didn’t want any resistance whatsoever. A ridiculous

number of people showed up. Approximately 180 people showed up for these things.

I gave them a good one-day workshop, but it warmed it up for my business. I got clients from it. The next year, I did it again. I launched my InfoGuru Marketing Manual and started to sell hundreds of them. Things just took off.

Tad: People can get so precious. It's funny. I want to see people getting their needs met in their business, and there can be a bit of ego in it. People think, "I am going to be paid what I'm worth."

I remember Thomas Leonard. Some people are probably familiar with him. I was talking with him one time, and he was telling me how he started. He'd been doing it for awhile and he had this workshop.

He just was like, "I want to offer it for free," and his branding coach was freaked out, "No, you'll destroy your brand. People won't perceive the value." He said, "Whatever. I still want to do it for free." He packed it so full with so many people.

Robert: He created some energy. I was in the same office as him.

Tad: No kidding?

Robert: It was in the late 1980s when he did that, and I actually attended one of those workshops.

Tad: That's a trip.

Robert: It's interesting. The difference between Pay What You Can, or even free up front, is infinity compared to even a

low price like \$50. If you do a Pay What You Can, you'll get more people than even a low price of \$50.

Tad: I'll tell you, when I started I was doing a lot of the free intros. It took me honestly about five years to really figure out the intro that I wanted to do. I did a lot of them. I kept tinkering, and a lot of it was me figuring my own understanding of marketing.

I just did it for free, and I kept tinkering and fiddling. Then just in the last couple of years, people started paying me for them. I was like, "No, this is a free intro," and they said, "Yeah, but I need to pay you." I'd say, "No, no! It's free." They'd say, "Really, shut up and just take my money."

Robert: They felt they got a lot of value obviously.

Tad: Yeah, that's when I decided I'd start charging for it. Now I do my intros, which used to be free, on a sliding scale of \$1 to \$40, which is sort of a strategy.

If you're going to do a sliding scale, why not make it the lower end? Again, if you have enough clients and can fill it easily, don't worry about it, but why not make it \$1 to \$40? Nobody is going to pay \$1, but the fact that it is \$1, who's going to say no to it?

Robert: It's kind of intriguing.

What are some of the mistakes that you might make with Pay What You Can? What have you seen?

Tad: The biggest one I call the "Put the Money in the Basket." People will do an event or concert or whatever it is. Then they say, "Everybody, thanks for coming. Thanks so much.

There's a basket at the back of the room. Put some money in it if you want to put some money in.

"You don't have to. There's no pressure. Please, don't bother. You're probably broke. Don't put any money in. It's cool. In fact, if there's money in the basket and you need some, just take some out. In fact, I have \$5 here. Who wants some money?"

There's this crazy awkwardness about it, and it's very disorganized. There's so many challenges with that. One of the biggest ones is you'll have people who want to give you money who will just forget.

They genuinely are like, "I'm going to give \$20." They'll have it in their hand and walk by. They just get caught up in a conversation. They'll feel bad about it later. So there's that.

Robert: So don't do that.

Tad: Don't do that. The other mistake I've seen, there's so many, one is this. It's funny. I was talking with a street performer, Nick Nickolas, who's this brilliant guy from Australia, and I asked him. You know street performers will do their whole show. They'll do their pitch at the end.

I noticed how different street performers had a different pitch at the end. You know how they phrase it differently. His pitch was really short. A lot of performers would be really long.

I asked him, "Nick, what do you say is the biggest mistake street performers make when they do their pitch?" He said, "They save too much of it for the end. They do this

Robert Middleton Interviews Tad Hargrave

whole show and then there is this whole thing. If you watch my show, you'll notice that I'm sort of doing the pitch throughout the show."

So he'll do a trick, and he'll be like, "An old lady saw me do that trick," in a horrible accent, but it's the only one that they have. Should we make fun of them?

He said, "An old lady came up to me and said, 'I like that. That show was really good. That show was worth \$5.'" Then he looks at the audience, "I just thought I'd point that out."

He may make a reference, "If you'd seen me do this at a pub, you'd buy me a beer and a beer is \$5. I just thought I point that out." He's naming it.

Robert: He's priming the audience for them to expect that he's going to ask for some money, but it's going to be reasonable.

Tad: Yeah and he's also saying, "Here's what I think it's worth. Here's what you'd pay anywhere else." He gives a number of examples throughout the show.

When I do a weekend workshop, it's not like, "Hey, it's a Pay What You Can workshop," and then at the very end, "By the way, you'd pay \$2,000 anywhere else." That would be a real shock for people.

In the sales letter and in the flow of the weekend, I'm making reference to it. I'm saying, "I was at this Jay Abraham marketing workshop. It was \$5,000 for five days, and he had 600 people there." I'm using it to

illustrate the principle of risk reversal, but I'm naming that so there's some understanding as we go through.

I think another mistake people make is pretty rare, but I've still seen it. People say it's basically a free event, and then they pass the hat at the end. That's terrible. Or they charge something at the door and then do a pass-the-hat as well. That's a terrible mistake.

Also a mistake is giving no context for what it's worth and then being shocked at how little they receive at the end. It's like I do a whole weekend, but if they have no idea what to pay, they will generally pay like \$20 or \$50. There's got to be a context.

And not developing their back end. Pay what you can is great, especially as a lead generator, but like you're saying, they may go through the weekend and then decide to work with you one on one or sign up for an advanced thing. It's really important to think about what's going to happen after.

Robert: In marketing we call that the back end. The front end is the initial sell. The back end is long-term sales and business that you generate.

Tad: I think it really is a mistake to think about doing everything as a Pay What You Can. It just isn't going to be appropriate in every situation.

I think a mistake, too, is giving up after one event because it didn't make the money they thought they deserved, versus getting really curious. "How can I tweak this to make this even better and make it more valuable?"

I think actually one of the bigger mistakes is when people who are using Pay What You Can treat it too casually. It's sort of like, "Pay whatever you want," versus really, especially in a workshop setting, creating the space to talk about it. I take about half an hour at the end of my workshop to talk about money and to talk about the payment for the workshop.

Robert: We'll talk more in a few minutes about what you say in that. This whole thing about giving up after one event is so important.

As you said, you gave all of those intro events. You kept tweaking it. You sound a lot like me, Tad. A lot of people call me Mr. Tweak. I keep tweaking it, changing it, augmenting it, adding to it, slimming it down, and all these kinds of things.

I keep looking for audience response. What do they like? What's working for them? What are they excited about? Where do they get involved?

A workshop that you do now might be half as good as one that you do a year from now or 10 times as good. Interestingly, on the Pay What You Can method, you're somewhat more motivated to improve it so that people will feel its higher value. Just keep trying it. You don't have a heck of a lot to lose.

You say that there are three keys to making these all work. What are those three keys?

Tad: This is the three keys in my mind at this time. This could change. It's funny. When I was prepping for this call, I

was really thinking, “What makes this work?” I think there are three things at this point.

The first key is setting the stage and making sure they understand the Pay What You Can setup. I’ve done workshops and had people come, and they were like, “Oh, this is Pay What You Can? I thought it was free,” or “I didn’t understand. I didn’t get that.”

It’s really important that people sort of understand that setup. “It’s Pay What You Can, and here’s how it works.”

The second key is you’ve got to give really incredible value. You have to give them more than they expect. If you’re a street performer, you’ve got to give a really good show if you want the audience to even stick around. You’ve got to inspire them to give.

It’s funny with workshops or coaching. This isn’t just about giving them more information. It’s about giving them more value. It’s about actually helping them get the results.

Sometimes people think they’re doing a great workshop, but all they’re doing is just giving info. They’re not really supporting people in getting the results they want. That will show up in Pay What You Can. You get real feedback on not just what did they give, but you get feedback on what they got.

Robert:

That’s one of the challenges of a workshop. It’s easy to give a lot of information. It’s one of the downsides of workshops. People get a ton of information. They leave with all of this information. They don’t know how to implement it.

It's better sometimes to give less information in more depth with more exercises, interaction, Q&A and role playing, so that people feel they've really integrated it. It's a workshop. It's not just an information dump.

Tad: I wish I was as good as that. I keep getting that reminder.

Key 1: Setting the stage.

Key 2: Give incredible value.

Key 3: Make it easy and pressure-free to pay an amount that feels good to them.

We'll talk in a bit about how you remove the pressure.

Robert: Okay. Let's get into these principles. You've listed four big principles with several sub-points to them. The first is that payment is feedback on value. Tell us about that.

Tad: I think it's an interesting thing. We tend to think, "I get paid for the time I put in. I put on this workshop, therefore I get paid." This is really inviting people to flip it and say, "Are you willing to take the risk and be paid based on the value that people received and what they can afford?"

Seeing that the payment is a feedback, again, when I do an off workshop that doesn't work as well, I get paid less. I do feel like that's appropriate.

That's part of the principles, just being genuinely open and okay with whatever they pay, and treating it as feedback. It's like when I did my free intros and then finally people just started paying voluntarily. To me, that was feedback.

Robert: Sure. How do you establish the value?

Tad: This is one of the areas where I feel the most excited about Pay What You Can. It's a mistake. I'll use workshops as an example on this one because it's the area I'm most familiar with.

You can't just give people stuff. I think you've really got to help them understand it. At my workshop, people get a 600-page workbook. It's really good. It's a great workbook.

Robert: It's a printed workbook?

Tad: Yeah.

Robert: Wow! Six hundred pages?

Tad: I go on the one acre of rainforest per person at my workshop!

Robert: Wow! That's obviously material they can refer to later in the program.

Tad: We don't even touch it really during the workshop. There's a few things we look at. They get that. It's interesting.

I say, "Look, there's two ways I can give you this workbook. One is I can say, 'Hey everybody, here's a workbook. Trust me it's real great. Make sure you check it out later,' or I could really make sure you get what you just got."

So I take about two hours, sometimes two and a half. I give them all little sticky-note tabs, and I walk them through the workbook. I say, "Here's this section. This is

what this section is about. This is what this could mean to your business, and here's the pages within the section I want to flag for you and the exercises that are really important. Please put a sticky tab on the pages that are of interest of you.

“You're not going to read this whole damn thing. Don't kid yourself that you're going to go home and read it. Some of you will, but you're crazy. You probably will read 20 or 30 things that you put a tab on.”

I walk them through it. By the end of it, I say, “Raise your hand if this workbook feels very different to you right now than when you first saw it.” They all raise their hands. They're just like, “Wow!”

Robert: You have all those materials which are sort of like the workshop after the workshop in a way. You orient them through all those materials.

Tad: Exactly.

Robert: Very interesting.

Tad: It's like when I bribe people with chocolate to come to my workshops. I say, “You'll get chocolate on Saturday morning.” But when I give it out, I usually get some raw, organic, fair-trade, alkalizing-whatever chocolate.

I say, “There's two ways I could give you the chocolate. One is I could just be like, ‘Everybody, there's chocolate at the back table if you want.’” That poor back table is so maligned.

I could say, “Here's some chocolate,” and I could talk about chocolate. I could talk about how the Mayans used

cacao beans as a form of currency. I could talk about how incredibly powerful it is as an antioxidant and how it's so high in magnesium, which is where almost everyone is mineral-deficient.

I could talk about all that stuff, and I could tell the story of how it was made, how my friend Malcolm in Calgary makes this, and it's all handmade and totally raw. It's 100% healthy. There's no sugar. It's all just agave sweetener. This is a cleansing fat, cocoa butter, and this is actually healthy for you.

Then I could get people to pick it up but not taste it yet and then explain a little more. "Take a bite, put it in your mouth, close your eyes, and just take a minute to let it melt." It's a very different experience.

Robert: You're really creating the whole context for the experience of that chocolate and not just saying, "Some chocolate at the back table. Pick some up." Very good.

Tad: It's the difference between "Do we give them value?" or "Do we help them experience the value that they're getting?" You know, people who do massage find this a lot. They'll give a free massage to somebody and they don't get the same benefits out of it as somebody else. Who knows why exactly, but it seems to be true.

For everyone listening, this is the biggest moneymaker in Pay What You Can. When I first started, I was making about \$150 to \$200 per workshop. I was fine with that. I was younger at the time. Whatever, this is great. I thought, "How perfect."

But what I found was people were coming up to me at the end. They'd pull me aside, and they'd always look so guilt-ridden. They'd say, "Tad, I want to give you more than this, but I literally can't pay rent if I give you more, but this was so good."

I was like, "It's okay. It's cool. That's why it's Pay What You Can. This is the perfect amount," but there was still that guilt for a lot of people.

I thought, "This is not a healthy relationship. They're going to avoid me next time I'm in town because they think they owe me something." I did it for a few years because I just didn't know what else to do.

Then I got this idea. I said, "Why don't I give them the choice to postdate it." At the end, I said, "You can pay with more than one check if you want," but nobody did it. I think they hadn't been framed walking into it, and some of them hadn't brought checkbooks or hadn't thought that through.

Then I had this idea. I actually made a condition. I said, "You pay with three checks, one payable now and two postdated up until six months." It took me a few workshops to really work that in and figure out all the places I needed to communicate it.

Then my money went up from between \$150 and \$200 to between \$300 and \$500. Now what I've shifted it to and I think I'll stay with is four checks payable over a year. The first one immediately and three postdated up until a year. That's been about \$800.

Robert: Do most people actually give you four checks, or do some people give you one?

Tad: Some people just give me one. They're like, "Tad, I can give you more money in one check." I'm like, "Then please just give me one check."

Robert: It's their choice.

Tad: I explain that. Usually somebody will ask. I'll say, "Here's the reason for the multiple checks." That really does help to establish the value because it shows that you are taking your value seriously by giving them that space to pay in that way.

It was the biggest shift. It's funny. I almost feel awkward talking about it because at the workshop people will ask me, "What's the suggested amount?"

I'm like, "I'm not going to answer that." For me, it's just that I never want to say, "The average is \$800," because there's going to be people who can't pay \$800. I never want anyone feeling bad.

Robert: And then they'll feel bad. You could always just say, "\$20,000."

Tad: You're hired. I like you.

Robert: It's kind of a joke perhaps. You want them to really look at this value.

Tad: I guess another way to do it is giving them homework before. I'll do Pay What You Can consultations. I don't actually know how much longer I'll keep doing it because of the recession.

When I do a Pay What You Can consultation, people get three hours of my time. I charge \$100 per half hour when I'm just doing regular consulting. So they get like \$600 of my time functionally because I read their homework, we do the 90-minute call, and then I do some follow-up.

When I first started doing it, I wasn't giving them any homework, and I just felt like the amounts I was getting I wasn't happy with. So I shifted it, and I said, "There's about three or four hours of homework that you need to do before. You need to get it to me 24 hours before the call."

If they didn't, I'd say, "Great, that's fine. No problem. We're going to reschedule the call." That definitely increased the amount of money I was getting.

This is part of the principle of getting people to invest. It doesn't just have to be money. It could be time and energy. People took it more seriously. People showed up excited for the call, really ready for it. The homework itself had been really useful.

So that can be really great. Charging full rates in other arenas, I tell people every week, "If you want to work with me one on one after the weekend, it is \$100 per half hour." When people hear that they're like, "Whoa, I'm totally getting him for free this whole weekend."

That can be part of the establishing the value. It's Pay What You Can on the weekend, but it's charging full rates in another area.

Robert: Exactly. Do you give homework to people before the workshop? Have you ever done that?

Tad: I do, yeah. Not everybody does it. I'm still trying to figure out the systems and how to really do it. I send people homework, and then I have an assistant who does a welcome call and invites them to do the homework. Not all of them do it. I find about half of them do. Even to me, the asking to do homework is useful.

Robert: That increases the value. I've done workshops where people said, "I've gotten more value out of this homework than I have out of most workshops. I can't wait to attend the workshop because obviously we're going to get into more depth."

Here's the thing about that. It doesn't cost you a dime to assign homework, and yet they get value by working on it. You're supporting them. You're coaching them. You're holding their feet to the fire. That's something worthwhile.

Tad: Because if they're not willing to do the homework, they're not going to follow through on the suggestions you give anyway.

A workshop is different. Especially if it's one on one, when people want to work with me, I'll often say, "Great, here's some homework to do before. Let me know when you're done."

If they don't get back to me, I'm just like, "Okay, it just wasn't the right timing, or they weren't really that committed. I don't have to waste that time." It's a kind of prequalification step. I mean if you're really struggling for clients, you might not want to do that.

Robert: I think it ups the level of commitment. The people in my Marketing Mastery program have three to six hours of homework before the first session together.

Tad: That's great.

Robert: They print out anywhere from six to 14 pages of material that they read before I have my first meeting with them. It really creates a great foundation.

It's not a Pay What You Can. Nevertheless, it is value because I charge a lot for this. Anything that they're really feeling has value, they'll feel better about paying more at the end, which is the whole idea. What else?

Tad: I think one of the other things I wanted to toss in was it is really important, too, in a workshop or consulting setting to insist that they pay you at the end.

When I do my one-on-one Pay What You Can consultations, I actually insist that they don't send the check until 10 days after the consultation.

Robert: Wow!

Tad: I tell them, "Look, this is a fun conversation, and you may be really excited about some of these ideas, and 10 days later you're like, 'Wait a minute. This will never work.' Or you might hear some idea and you're like, 'That sounds ridiculous,' but 10 days from now, it's going to sink in and you're going to be like, 'Tad was right.' I want you to have some time to steep in this so you can really appreciate what you received and then receive it."

During the weekend, sometimes people will come and they'll be like, "Hey, let me just pay you early." I won't

take it unless it's a really large amount that is clearly from a company check or something.

Robert: That's rare.

Tad: If they pay before the end, it's like they're making a decision before they've received all the value.

Robert: "Here's a \$149 check. I'm going to get \$149 worth of value."

Tad: Yeah and I tell them, "You know what? I want you to pay at the end." Sometimes people will be like, "Let me take you out for lunch," but I can tell the tone is like, "As part of my payment for the workshop."

I say, "You know what? Thank you so much. Here's \$20," if somebody is going to run out and get me lunch. "Here's \$20. I'll pay for it. It's on me."

They decide at the end. I really want to emphasize to them during the workshop. I also say it at the beginning, "Please don't make your decision until the very end. The truth is maybe the first two days are great and the third day I offend you massively. Who knows what happens before the end? You're going to feel bad about it if that last day is just terrible and it traumatizes you."

Robert: That's not likely, but basically you have a structure. You stick with it because you know that structure works. You let them know well ahead of time that this is how it's going to work and this is how we've based this. "You don't pay until the end."

You do something else unique which I think is probably a key point. It's that you ask people to pay you a deposit. That's so people show up, right?

Tad: Yeah, oh man, because I had this happen in Seattle. I was like, "This is terrible." I did a workshop. I had 35 people sign up over the course of the thing, and then some people dropped out as I was getting closer to the workshop. Then I got there, and there were 20 people who were going to be there. Then there were only 12 who showed up.

It went from 35 to 12. I was calling people to say, "Hey, I'm just calling to see if you have any questions about the weekend that starts tomorrow." They're like, "Oh yeah, I can't make it. I should have called you." I was like, "That would have been nice."

It's Pay What You Can. There is not necessarily anything they're investing like with typical things. What I started to do was a \$100 deposit.

I'd say, "Postdate it for two days after the workshop so I can't cash it. You're not even paying anything really, but it's for if you bail like two weeks before the thing. If it's more than two weeks before, I'll give you all your money back. If it's within the two weeks, I'll give you \$50. If it's the week of, you lose the money entirely."

Robert: That way almost everybody shows up.

Tad: Much more. I've actually had some people not show up, but I'm like, "Great," then I cash their check.

Robert: It's a draw. That makes sense.

Tad: It establishes the value. Here's something that is just a little trick for people thinking of trying out Pay What You Can and the deposit thing.

On the registration form, I recommend you create some fields where it's like, "Do you understand that this is Pay What You Can and that you're receiving a workshop that would normally be priced at X for whatever you want to pay at the very end? Yes or no?" They can check that. "Do you understand there is a \$100 deposit that you're going to need to send in right now? Yes or no?"

It's like giving them something where they have to actually acknowledge it. And like, "Do you have questions about the Pay What You Can thing?" If they check it, then I'll contact them and check in about it.

Robert: I don't even know if you have this in your material, but do you talk about that people literally have to apply for your workshop?

Tad: I do. In the sales letter, I talk about that quite a bit, and on the application.

It's funny. I've shifted it from being a registration form to an application form, and that's just because I work with hippies. I've had a few experiences with people who were in super-mainstream businesses who could not have even identified the smell of patchouli to save their life.

Robert: "You must be able to identify patchouli in order to get into this workshop." That's pretty funny.

Tad: It just weirded it out because they made some comments that were just like, "Yeah, I've been thinking about setting

up a sweatshop in China,” or something. I was like, “Wow! That’s not going to fly.”

Robert: That’s not your kind of thing. Again, I also do applications for certain programs like my Marketing Mastery. You can’t read the sales letter and then put in your credit card number.

You have to read the sales letter and then request a consultation with me to see if you’re right for it. You also answer a whole bunch of questions, including, “What are the goals for your business? What’s stopping you? What’s your income right now? What do you want your income to be?”

If people can go through that, it shows me they’re pretty serious about it. This is a high-commitment, one-year program. Obviously I need serious people in it.

Tad: It’s like the homework thing. The application is a flip of the homework thing.

It just drives me crazy when people say, “If you don’t charge this amount, people won’t value it.” It’s like indigenous people have been doing initiations for years that were incredibly valued because you risked your life going into some of them. It’s like you were putting a lot on the table.

It’s not about the money, but it is very important to respect what we do and set the boundaries so it’s going to be a win for us instead.

Robert: How do you remove the pressure from payment? Are you going to tell us how you sort of pitch the payment at the end and what you say?

Tad: There's a whole half hour that I say. Maybe we can figure out a way to get this to your people later because there's a whole thing. This is such an important principle.

When people get a lot of value, they just naturally want to give a lot back. There's a human principle of reciprocation.

What will actually kill that is if they feel pressured. Imagine if it gets to the end of the weekend and I said, "So people, I hope you liked the weekend. If you look at the doors, you'll notice I taped them shut. So all right you, punk asses," and it suddenly became this big pressure. I'm trying to make sure they understood what this was worth and what I expect them to pay.

That actually kills the natural generosity that people have. People might pay even the same amount, but they'll feel very differently about it.

So here's one of the things I do at the end. This is a really good thing to say. I tell them, "Look, please don't pay me more than you thought this was worth or more than you can really afford this year because if you do, you're going to resent it. You might feel like, 'I got manipulated.' That's not good for my word-of-mouth.

It's not good for our relationship. I think our relationship and my word-of-mouth is more important to me than a few hundred dollars or \$25 or whatever. If you pay more

than you thought it was worth, checks will bounce repeatedly, which is a logistical pain in my ass.”

Robert: By the way, does that happen very little for you?

Tad: It happens from time to time. Maybe 10% of the checks bounce, but then I just contact them and say, “Hey, your check bounced,” and then we work it out. Sometimes that results in me saying, “Do you need me to forgive this money?” and they say, “Yeah,” and I say, “Okay.”

Robert: Is there any reason, Tad, that you don't accept credit card payments?

Tad: Because I'm lazy.

Robert: It's because you're lazy?

Tad: I just haven't gotten to it, but I'm getting on it.

Robert: You could do that as well. I have a whole credit card payment system. They could fill out a form, and then at home you just fill in the information and it goes through on their credit card.

Tad: I actually probably will start moving that through. People are like, “Checks?” They look at me like I'm Betamax, “Do they still make you? What's wrong with you asking for checks?”

Robert: There's no particular secret in a check versus credit card payment, but in some ways if you're doing the four-payment thing, it's a little more flexible if you do the checks. You can do a continual payment thing with the shopping cart thing, but everyone would have to be somewhat customized, so it's a little bit tricky.

Tad: I don't really know a lot of the details on that. Technically you could definitely do it. Credit cards in some ways would probably be easier just because it's way less likely to bounce.

Robert: Yes, although you get NSF charges all the time from maxed out credit cards. It happens.

Tad: I tell them, "Please don't pay me more than you thought this was worth. Look, I'm not just saying this so you think I'm a great guy. Well, I'm partly saying this so you think I'm a great guy, but our long-term relationship matters to me more than a few dollars.

"But I also don't want you to pay less than you thought this was worth. If you pay less, you're going to feel guilty. There's no reason both of us should be miserable. You're going to feel guilty.

"The thing that I just want to lift up is there is an amount that is perfect for you right now. There's just the right amount. There's an amount you give and feel stressed, then it's too much. And there's an amount you give and feel guilty. And there's the one that's just right that you feel so happy to give me. You might want to give me more, but then it's important to let people know."

I'll tell them, "If you feel guilty like, 'I'd love to give you more but this is what I can afford right now,' just remember you can spread the word about what I do. You can tell your friends. Next time I'm in town, you can forward emails for me. That's incredibly helpful for me.

"Please know that I have no idea why you're paying the amount, whether it's because you don't like me or because

you didn't think the workshop was that good or because you're broke. I don't know where it's coming from. Just know that I'm just happy with whatever you give."

Robert: You're not going to be judgmental about whatever it is.

Tad: Right and I tell them that. I usually weave this in through the weekend, but if I don't, I throw it in at the end.

This is true. When I get a really small check for the weekend, I actually feel great because to me what that's saying is this person would never have been able to afford this anywhere else.

Robert: Yes, and they probably honestly are paying what they think they can afford as well.

Tad: If all the checks are low, it's not like that.

Robert: That's a problem.

Tad: When there's a few that are really small, I'm actually touched. I feel really connected to that person. I feel that I was really able to give them something that person couldn't have gotten somewhere else. It just feels so good to me.

In whatever way we do it, I think the most important way is just that we really actually have to be cool with whatever they pay. We have to be clean about it.

If it gets to the end and it's like, "Boy, a lot of work went into this weekend. God, this room was really expensive and I'm kind of broke. I'm hungry if anyone wants to buy me a pancake after," then there's all this heavy energy.

Robert: There can't be any scarcity energy, so to speak. It has to be an energy of abundance.

Tad: One hundred percent.

Robert: You sort of give a whole talk about that. "Don't pay too much. Don't pay too little. Find the right amount. It has to feel good to you." You just sort of elaborate on those things, I would imagine.

Tad: I talk about scarcity, and I talk about money, our relationship to money, and how funny and strange people get around it. I talk about it and say, "Look, you've just received a whole weekend. There's an incredible amount of reciprocity," and I explain the whole psychological principle of reciprocation.

I'm like, "So that's there in the room. There's also the principle of authority. I've been at the front teaching you the whole weekend, and so there's a power dynamic in the room because of that. That could have you pay more than it was worth. You may just like me and want to."

I try to unpack a lot of these things just so they can really be giving from a clean place that they're going to feel good about. Because I know if they do, they're going to tell everybody they know about what I do. The next time I come back, the word-of-mouth is going to be flowing so easily from them.

Robert: I know you do workshops around Canada. Do you do some in the US as well?

Tad: Of course not! If anyone from INS is listening, then it's no. It's actually just folks in Canada these days.

Robert: I'm glad you're not in my area! I'm only kidding. I'm actually from Alberta, Canada, which is kind of funny.

Tad: You're from Calgary, right?

Robert: I was from Calgary.

Tad: I can't believe we're on the same phone call.

Robert: After you've wrapped that up, now you say, "Now's the time to pull out your checkbook."

Tad: Yeah, and I give them a feedback form where they can write a testimonial. At that point, they're usually so zonked. I've got so many testimonials at this point that I actually literally don't know what to do with all of them.

I'm kind of like, "Look, you can write the testimonial if you want. I don't need it though, but if you want to and your brain isn't too addled, feel free."

Robert: It makes them feel good to fill that out too.

Tad: Yes, and I ask them if there was anything annoying or frustrating about the weekend. What could have made it better? Where should we promote it next time?

There's a bunch of those questions. There is a space for them to write how much they're paying and if they want a receipt. I give them an envelope for them to fill out. They put it in the envelope and then they can bring it up. I kind of like that it's a little ceremonial. I really give time to it. It's like, "Now we're going to take five minutes for you to all do this."

To me, it's really important. I'm finding with the workshops it's important to create a moment for it to

happen instead of, “So I hope you like it and there’s that basket at the end. Whatever. Drop some bills in.”

Robert: I love your sensibility about this because you’re really helping them create the value in their mind. I don’t know if you say things like, “Think about the things you learned. Think about the things that you’ll be able to implement. Think about the potential returns from that over the next year.”

Tad: Honestly, I could do more of that. I don’t do as much of that as I think would be useful. For people listening, one of the things I’ll probably start weaving into my workshop is a small group exercise or a partner thing where people share what were the most valuable things that they got.

What are the top three or five things? If they were to really implement them, what would that mean to their business? That type of thing, the debriefing and unpacking, and putting some money and value on that.

Robert: If you really think about that, Tad, if somebody gets one or two clients minimum, the bottom line is what is a client worth? It really depends on what business they’re in. If they’re a massage therapist, it’s different than if they’re a consultant.

They might earn \$1,000, \$5,000 or \$10,000 or more from a client over the period of a year that they might not have gotten without the information and strategies that you taught them. It’s useful for them to think. It’s not just the feeling. It’s the real bottom-line value of this over a period of time.

Of course, they don't know quite yet because they haven't applied it, but sometimes in the course of a workshop people say, "I know if I apply this, I would get that client." It just goes "ding" for them, especially if you're doing a marketing workshop.

Not everyone is doing something that is so easily measurable. I'm going to talk about this later but I'm thinking of applying this to a particular workshop that I have done once. I want to do more. I'm going to start doing it as a Pay What You Can workshop.

It's not about making money. It's not even about marketing. You can't even put a value on it.

Tad:

It's funny when there isn't a tangible thing. For people out there who are doing more relationship or health stuff, it can be tough. Sometimes it can almost feel crass to put a dollar figure on it. I know a lot of people have resistance to that.

But I think it's all the more important to have the conversation of, "What is the impact of this going to be?" and to have them really connect with and take the time to do that.

I go to huge conferences and it just kills me every time they're like, "Hey, there's feedback forms. Can you take one and mail it in?" or "There's feedback forms on your chairs and we don't have any time for you to fill them out, but can you please do it?" People won't.

It's similar when it's just a throw-off like, "We hope you got value from this weekend. Please pay now."

It's really creating 30 to 60 minutes where they really get to sink in to it, feel it, and experience it. That could mean doing a closed-eye exercise, partner sharing, or walking them through a process.

I really could do this better and ask, "What are the top three things you learned? If you applied this, what do you think that would result in? How many more clients or what percentage or increase would you see here? What does that mean financially?" Have them really connect with it.

Here's the really important thing. There's a principle with that. If you're saying all those things to get them to pay more, it's gets energetically funny.

To me, it's the whole thing. I tell people at the end of the weekend, "Look, I have mentioned a whole bunch of workshops that are very expensive, and you might think I was doing that to get you to pay that amount and I'm really not. I'm doing it so you can understand and appreciate the value that you're getting. You've got to make your own decision of what this was worth to you."

As long as the intention is, "I want you to appreciate the value so you're going to get more out of it. You're going to use it. You can come from a real, integral, honest place in your payment that's perfect for you." But it can't be about navigating people or pushing them in a certain direction.

Robert: It's a non-manipulative process. It's where you're coming from that's the most important thing.

Tad: Totally.

Robert: It's like anything. The more you do this, the better you'll get at it. It's also the kind of thing that you want to script out and practice out loud before you do it. The very first time you give this closing should not be in front of that group. It should be in front of a mirror, wouldn't you say?

Tad: Yeah, I would. I would also almost reframe it from a closing to an opening. It's like you're trying to open up a possibility. You're trying to open up a conversation around something that's real funny for people. It's the whole money thing.

There's something else I throw in at the end that I think is important. I kind of joked about it, "This weekend cost so much to put on," but I do think it's important to let people know what went into it to help them appreciate that.

It's like this weekend was six weeks of my life because sometimes people would be like, "Well, why should I pay you so much when it's only one weekend?" You really have to help people appreciate it. "Look, there are those 600-page workbooks you got. My assistant did welcome calls to you all. That takes time and money. I had to pay for my plane ticket to get here."

To help people appreciate it is not coming from a scarcity place. It's just so that people can know. That becomes an important part of the decision. They're often thinking it anyways.

You can lay it out, "Hey, this doesn't happen for free." Street performers will do this a lot. They'll be like, "Hey, I had to pay for my plane ticket to get here. If you give me \$20, I'll be able to leave."

Robert: “I’ll put you in my hall of fame.”

Tad: “If you don’t pay me, I’ll stay and breed with the locals.”

Robert: Tad, if you’re giving a workshop, especially a multi-day workshop at a hotel or something, I assume they are paying for their hotel of course. Are they also paying for their meals? Do you provide any refreshments?

Tad: I’m so terrible. I actually don’t do hotels. I probably pay for a weekend spot for three-and-a-half days maybe \$400 to \$600.

Robert: Really?

Tad: I find places that are inexpensive that I can use and that usually works for my kind of crowd. That may not work for everybody’s crowd. I work with super-granola people.

Robert: It might be a community center or something like that?

Tad: Yeah, sometimes it’s that or sometimes it will just be often through connections I have. I’ll say, “Who knows a good site?” I’ll get one at a good rate, so it’s not a huge expense for me.

Here’s an interesting thing about Pay What You Can that I’ve really just been learning lately. You might think with a multi-day thing you would make so much more than a one day, but one-day Pay What You Can workshops can work really well.

Right now, I’m charging \$1 to \$40 for a day, like I do a day-long holistic-practitioner workshop. It’s Pay What You Can with two checks, one payable now, one postdated. With a weekend, it’s four checks. If you do a

day-long thing and you're like, "Pay with four checks," it's weird.

Robert: I understand. There are going to be things you have to work out.

We still have a lot more material to cover, believe it or not. We have some information on risk. What are some of the risks and some of the downsides?

Tad: This is the trippiest thing. When I first came across Pay What You Can, I felt like I'd found the Holy Grail. "This is incredible. There's no risk at all." But there really is a risk with Pay What You Can. It's important to be cognizant of it. The big risk that people experience is if they pay too little. "What if I insult them?"

I did an intro in Calgary. I had this couple. On the little feedback form at the end, they checked, "Please contact me. I'd love to explore coming to the weekend."

So I called them. I said, "Do you two think you're coming to the workshop?" They said, "No, we don't think we're going to come." I said, "Oh, how come?" They said, "We just don't think we can pay you what we think it's going to be worth."

That will happen for people. The discomfort around what to pay and not being able to pay enough is real for people. That's actually something that could stop people from going.

If you're doing an intro or however people are finding out about it, it's really important to acknowledge that. That may be directly addressing it, "I know it can feel

uncomfortable.” It’s also important to let people know why you’re cool with it and why it works for you.

Sometimes I’ll say it could be good to share your politics around it. I’m like, “Here’s politically why I’m doing it.” Especially in my crowd that helps. I’ll talk about my class analysis.

I talk about the back end. I say, “You know, even if I don’t make as much per person as I might if I’m charging the full amount, there are still people who will go to advanced programs and do one-on-one coaching with me.”

I tell them about the word-of-mouth benefits that I get from it. It’s Pay What You Can. People talk it up a lot. How much easier is it for me to market and fill in an event on Pay What You Can? It is so much easier, and I’m okay with whatever they give.

I told this couple. I was like, “Look, I’ve already printed the workbooks. There are zero extra costs for me having you there at the workshop, but whatever you pay is more money for me. So stop it.”

Robert: “So come already!” Did they come?

Tad: Yeah, they did. Just know that people miss that with Pay What You Can. It’s important to address.

Robert: That’s also something you could actually put in your sales letter. You could have a piece about that explaining, “This is our whole philosophy around it. This is why you should come no matter what you think you can pay,” etc.

Tad: Actually, I'm going to redo my sales letter for my weekend workshop. I'm going to put a video on top of it. That's what the video is going to talk about.

"Hey, everybody! I want to welcome you to a weekend workshop that you'd normally pay about \$2,000 for anywhere else on a totally Pay What You Can basis. Here's where that's coming from and why it is." I address some of those risks right away.

When I do my intros talking about marketing, I get to a point where I talk about risk. Then I start talking about the weekend.

I kind of unveil that risk, "How many of you might actually feel uncomfortable with the whole Pay What You Can?" Almost everyone raises their hand. I say, "Yeah, I know." Just even in the talking about it, it releases the pressure around it and it's fine. In whatever way you do it, address it.

Robert: Are there any downsides that you can see?

Tad: Yeah, there's three main downsides. One is that it is really hard. I haven't figured out totally how to do pitching yet. You know how there's this sort of model of workshops where people come and do an intro and then they're sold into this next thing? At that thing, they're sold into the next level.

It's a smart model, but it's real hard to do with Pay What You Can. If I get to the end of my weekend workshop and I'm like, "Hey, everybody, there's a Level 2 weekend workshop and you can sign up right now," well, let's say somebody was going to pay \$800 for the weekend.

Now they see that for another \$800, they could sign up for this other thing, or let's say for \$400 they can sign up for this thing. They might just go, "Well, then I'll just pay \$400 for the weekend and \$400 for this advanced."

I think it can make it confusing to pitch a Level 2 thing right there at the space. I haven't figured out a way around it. If anyone comes up with an idea, let me know.

The second thing is you eat the tax on it.

Robert: We don't have to worry about that in the US.

Tad: You don't. We've got goods and services (GST).

Robert: We don't pay sales tax on most services like workshops.

Tad: Wow!

Robert: It's not a big deal.

Tad: For the Canadians with GST, you can't be like, "So, whatever you just paid, I need another 7%."

Robert: You have to take it out of whatever you got.

Tad: That's a bit of a pain. The other downside is that unless you're really doing a lot of the things we just talked about, people may see it as free. People will come and treat it very lightly. And they'll put \$10 in the thing and feel great about it at the end. It's not going to be feeling great for you or be sustainable.

Robert: Right, but it doesn't sound like that happens a lot.

Tad: It really doesn't.

Robert Middleton Interviews Tad Hargrave

Robert: When you go through your checks, you don't get many \$10 checks I'm sure.

Tad: No.

Robert: Okay, there are a bunch of things that you call practices. I think we've covered a few of them. Why don't we go through some of the ones that we haven't?

Tad: If you're going to do Pay What You Can, I think it gives you a little bit of leeway to put some catches in the process if you're being so generous. You might say, "This is only for people who fit these exact criteria."

You can do that or you could say, "You must write me a testimonial," "There's all this homework that you have to do," "You have to do this whole application process," or "It's only available at this time."

You might be at a yoga studio and do a Pay What You Can thing. Well, if you're going to do that, do it during your off hours so it's Pay What You Can during those times when nobody is there as opposed to people showing up during a full class.

Robert: It's sort of like if you go Vegas. You can get these special discount tickets, but they give you a crummy seat. We discovered that the hard way and we thought, "Well, at least you have a choice."

Tad: You can do a lot of catches. I'm doing these sorts of free intro sessions with people. It's the free session that sells programs, which, if you haven't gotten it yet, Robert, is selling.

Robert: That whole program is in the club under The Selling Conversation.

Tad: It's so good. When I do that, I really don't need a lot more clients, so I've got a ridiculous number of caveats about it. It's got to be a new person. They've got to do the homework. That's an important thing.

You know, it's good to think about what are the products and services that may not be moving and you're not getting the response you want from. You can try Pay What You Can on it.

When I do my intros with a sliding scale of \$1 to \$40, I think it's good with those types of amounts to make it anonymous. They don't have to, especially with an intro. After a three-and-a-half day weekend, it's not an issue. But with an intro, it can be good to remove the pressure by making it anonymous.

This is an important practice that I discovered the hard way. In the welcome call for the weekend, in the welcome package, and during the weekend, remind them to bring their checkbook or whatever their form of payment is. I've had that happen a bunch of times. They always send the check. I've never had an issue, but it's a risk.

Robert: That's in the checklist for the call or the follow-up email.

Tad: One practice that's something to think about is when you're doing a day-long Pay What You Can. You really are doing the workshop so they're going to roll into this other program. Something that you can do is say, "I haven't really done this a lot. I've got this advanced program

coming up. Whatever you pay today can go toward that.”
That can work really well.

Robert: If it's a higher-end program.

Tad: Yeah, but what I would do is make the decision about what was this weekend worth. Decide that. They give you the money and then you say, “Here's the thing. I've got this.” Talk about it and then you can enroll them in it once they've made the decision and the checks are already signed.

Robert: The advanced program would probably be not a Pay What You Can.

Tad: No. It's like, “Thanks for coming to the weekend. I've got this advanced program. It's a \$5,000 year-long thing. Whatever you paid can go toward that, and here's the process for applying. If you would like to, fill out this form and we'll be in touch.”

That can be an interesting way to use Pay What You Can where you get to enroll people into it.

Robert: That's makes sense.

Tad: You might just raise the price a little bit on it to account for the money you might have lost on the day.

Robert: Yes, I suppose you could say 50% would go to the high-end program or whatever.

Tad: That's great.

Robert: As with a lot of interviews I do, Tad, the biggest value is in the top 20%. It's sort of the 80/20 Rule. A lot of these are really fine-tuning things that a lot of people won't be too

concerned about. We'll have a transcript of this. It will be something that they can refer to over and over as they're creating their program.

We're getting to the end of this. What are some ideas you have about taking Pay What You Can to the next level?

Tad:

I think we've covered it a lot. Just to recap, thinking through the back end and what are the next steps people can take is really important. The second thing is over delivering. Delight and surprise people. Inspire their giving instead of demanding or expecting it and coming from a scarcity place.

The third thing is I think it's interesting to give them a little surprise bonus right before you ask for the money. Right before I ask for the money, I make it this whole thing.

I'm like, "There's a 600-page workbook. This took me years to create. This is my bread and butter. This is really my core product. If I ever hear that any of you are taking this and photocopying this and sharing this with your friends without asking me, I'll be thrilled. Please do it. I'd be really happy if you did. It's got my contact info on the bottom. I'm happy to do it."

Then I actually give them a CD with all of the material in PDF form and I tell them, "Please share this with your friends." And then I say, "You'll also get a free half hour."

Robert:

Some people are saying, "This Tad guy is just too damn generous!"

Tad: You know, people have to figure out what works for them, but it works for me, especially with the hippie crowd. There's a whole copyright sort of sensibility. Then I say, "You also get a free half hour of my time."

I do that right before they have a chance to pay so I think they get it that it's reciprocation. If you're going to give those kinds of things, that's a good time to do it.

It's really important with Pay What You Can if there's limited numbers of spaces to highlight that. My offer is the first five people get a free half hour with me who enroll. There's some sort of urgency.

Make the Pay What You Can a headline, not a footnote in your sales copy. Really bring it to the forefront.

Robert: Yes, it can't be buried in what it costs as an afterthought. You might as well use it because it's such a big attention-getter.

Tad: It is. I think it's good at the end of a workshop or a consultation. A lot of people will probably do this anyway. Get them to identify, "What are you going to do after the workshop?"

Really sink through the top three actions you're going to take or whatever that process is that you use to help people prepare for afterward. That helps them get more value out of it, which will increase the amount of money you get. I guess those are my main thoughts.

Robert: We sort of have an outline that we're going over, and I'm going to include that in addition to the transcript if that's okay with you.

Tad: That's great.

Robert: It's in the spirit of giving a bonus, so this covers all these points as bullet points and we covered all this information. Any final things you'd like to say about this?

Tad: Give it a try. It's something to experiment with. It has worked so well for me. It is the core of my business. It is how I've built up what I do. It's so easy.

Robert: That's great. I'm going to do an interesting thing. The workshop I mentioned is actually a fundraiser for the local food bank.

Tad: Very cool.

Robert: I did one in January that raised about \$5,000 or so.

Tad: Wow!

Robert: I think I could actually do better, get more people, have more participation, fun and interaction, and raise more money for it. It's a great thing. What I did before was on a sliding scale. That worked, but I think this would even work better.

Tad: That's very cool. I'll be really curious to hear how it goes.

Robert: It's not something I do a lot. I might do it just a couple of times a year, but in these tough times we think we're doing badly. We're making not too much money. There are a lot of people who can't even afford groceries these days.

This is the workshop on getting unstuck when you're stuck. It's mostly for locals. I'm not going to be traveling around to different cities for it. You can come to the Bay

area. I will be doing that on a regular basis, and I'm definitely going to test the Pay What You Can and see how it works. I really want to thank you for that.

I might try it on a higher-end type workshop as well, but this whole thing has given me a new perspective, especially on how to fill workshops that are sometimes hard to fill. It just opens up new possibilities.

I really like your attitude and approach. The final thing I want to hit home is that there are a lot of moving parts to this. There are a lot of pieces you have to make work. You have to practice. You have to know what you're doing. You have to write a good sales letter. You have to do it all. You have to ask in the right way.

It's a lot of stuff, but that's why this is so valuable. We got so many very specific how-tos from you that I'm sure anybody has enough to get started. I really want to thank you. I really appreciate the time you took.

Tad: Thank you. It was wonderful.

Robert: Thanks, Tad.