

# **Bankrollin' Your Online Biz: Are You Diversifying Your Capital Across The Correct Number And Types Of Risk?**

Wow, I feel like everyone who sells info, coaching, and consulting to online entrepreneurs just loves to keep it dumbed down.

Everyone is so busy copying/selling each others "secret strategy" that it seems no one takes the time to talk about some fundamentals that are critically important.

Like capital risk management.

No one wants to talk about that. Everyone wants to talk about how their \$50/\$500/\$5000 product is going to payoff over and again, if you just sign up.

That shit is so tired I don't even want to make fun of it. Instead, I want to talk about something everyone is afraid to talk about with entrepreneurial clients:

## **What Happens When You Lose?**

I feel that entrepreneurs can be split into two groups:

1. Those that are new enough to have not lost yet, and,
2. Those that have been around long enough to have lost big time.

At the moment, I don't believe any SEO/PPC lead generation strategy can be relied upon to work for more than 6 months without constant maintenance.

As in, overhauling the mofo completely.

Setting up new Adwords accounts, new domains, new content, etc. etc.

The online entrepreneurs in Group 1. – the newbs - are in for a rude surprise when all the strategies they paid to learn stop working before they pay themselves off fully.

And the Group 2 'preneurs have either quit, or (and this is important), created a risk management strategy for themselves to some degree which offsets the reality of lead generation failing at the rate it does.

## **And The Lead Gen Problem Is Only Going To Get Worse**

In a twist of irony, the lead gen problem has not been created by an influx of competition on the niche market level, it's been created by the competition happening at the top end.

The Search Engine level.

A well known friend of mine put it best when he said to me: “the free traffic model sucks, but the pay per click traffic model sucks worse”.

Many of the things online entrepreneurs have to worry about these days have very little to do with competition in the markets they operate in – and everything to do with the way the big companies not operating in their market space are competing with each other.

*Let me illustrate my point:*

Imagine that you and your business are an Alaskan Wolf running on the ice pack. You've got to find food on that ice pack, you've got to sleep on it, attract a mate on it, raise children on it etc. But the problem is, the ice pack is not just one piece of stable land. It's a disjointed, moving, conglomerate of different sized pieces of ice.

This is both its biggest advantage and biggest weakness.

When the ice pack moves it exposes vast reserves of fish and seals (or whatever it is Alaskan Wolves eat) and those wolves lucky (or calculated) enough to be in the area reap those rewards. On a stable piece of land, those opportunities would not exist because things don't really change on the land...

BUT the ice pack could just as easily move in a direction which KILLS the wolf and it's family. Either by isolating them on a small ice berg floating away into oblivion on the open ocean, or by crushing them when they come together unexpectedly.

It's a harsh world and the only way the wolf is going to survive and prosper is by realizing the potential dangers, and by crafting a strategy that offsets those dangers.

### **In A Real Internet Business That Means:**

Allocating a set amount of money you can afford to lose, both learning strategy and more importantly, implementing it.

As a general rule of thumb, I feel it best to allocate money in a 1/3 ratio.

That is, for every \$1 you spend learning a strategy, you should allocate \$3 for applying it. And you should be able to afford losing that money.

So, if you are purchasing a \$49 ebook, you should understand the REAL COST is \$196.

The extra money is the \$147 you spend on applying the strategy of the book.

At the higher end, the \$5,000 seminars (assuming they are real seminars and not just pitch scams) you should be allocating an EXTRA \$15k to applying the strategy you are taught.

The capital cost of learning is generally a MINIMUM of 4x the cost of the information. Not including the time you spend implementing.

### **So What Type Of Strategies Should You Spread Your Risk Across?**

I think the best thing I could do for anyone in this business is simply to note down the different types of strategies that contribute to search engine lead gen, and let whoever reads it experiment with it using the thought process I just described.

- Link Volume
- Link Quality
- Domain Age
- Type-In Domain Traffic
- Website structure – “on-page” SEO
- Secondary Content Network & Traffic it Generates (Like Articles or Squidoo lenses)
- Prospect List
- List of profitable keywords for PPC & SEO
- PPC budget
- Conversion rate
- Action rate
- Market Research

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