Revenue Share Deals versus Retainer Deals

James and guest Tim Tavender love the revenue share model. Listen and learn how it can transform a business relationship into a win-win partnership.

Tim Tavender

James: James Schramko here. Welcome back to my podcast. Today, we're chatting with Tim Tavender. Hello, Tim.

Tim: Hi, James, how are you?

James: Good. Great to have you on the show. You're a member of my community, and we've been sort of hanging around each other lately. I've joined into a couple of pod calls, you do also, you meet with fellow Europeans in a meet up, and I tend to check out those groups. I pop in and say hi when I can and see if I can add a few tips. You've been a great contributor to my community.

But one thing that I've really noticed is, you're particularly good at implementing the revenue share model. And I thought it'd be great to talk about that for the benefit of our listeners, to see if that might be something they would consider. And I think, to introduce the topic, firstly, we might just talk about, what is a revenue share deal? And then we'll work backwards to how you ended up doing a couple of those deals.

Unpacking the concept of rev share

So how do you view the revenue share deal, or as I also sometimes call it a royalty deal?

Tim: Yeah. So I mean, if I rewind quite a bit, I've always been interested in that kind of idea that you can work with someone as a partner, and you share in the success you have together. And previously, I didn't even know, like going back some years, even though there was a thing, that it was called by revenue share deals.

So more recently, and it was, I took your course, is my introduction to the whole membership, was taking a revenue share course. And you suddenly sort of see there's actually a structure to this. And previously, people like me make it up as you go along, thinking that this is, oh, there's a new model I've created, and it's been there all along.

But essentially, it is for me, it's turning what is a client relationship into a partnership. So I've come through in the digital marketing world, I come through agency to begin with, you know, you're working on the classic retainer model. So the client pays you every month, at a certain date, you then have a certain amount of time that's allocated to that client.

And they get, I mean, certainly the agency I was at, they'd get that time to the minute and not a second more, not a second less. And it's okay, it works well for a lot of people. But I felt there was sort of room beyond the retainer. And obviously, revenue share helps with that, because you take a percentage of the success that you both have together. And that for me is a classic win-win.

James: So in sort of technical terms, the way the mind is set out, and I'm sure this is probably similar, is I see where someone's at. Sometimes they're a startup, it's rare, but I've done it a few times, often, they're already in motion. And I say to them, Listen, you've gotten to the point that you've got to all by yourself, well done. If we work together, and can grow it past that, would you give me, say 10 cents in the dollar? And you keep 90 cents, and I keep 10 cents.

So that's a simple way to look at it. I will get 10% of the amount of revenue net of refunds, or chargebacks, or whatever else, so hopefully, that's not happening too much, over the starting point. And so there's a lot of criteria that you have to have in place for these to work. Obviously, the big difference between a revenue share deal and a retainer is risk.

If you do a retainer business, the risk is all on the customer, because they're paying the money, and then you're going to do work. And as you said, sometimes they get it down to the minute. And I think sometimes people are buying the wrong thing. I don't really want to buy time from a contractor, I would rather just pay for a result. So that's one thing to consider.

In terms of the risk of a revenue share deal, the big risk to you as the supplier, is that you can't get them a result, or they can't implement to get a result. So it may not be that you don't have good ideas or that your information isn't good. It might be that they have execution issues. So I actually created an entire playbook just on filtering the best revenue share partners.

Now, I'll just throw this out there. If you're listening to this podcast, Episode 1012, then we're going to put a link at JamesSchramko.com where you see Episode 1012, I'm going to give away that revenue share training, the original revenue share training that Tim went through that caused him to become a member, because it's quite a good fundamental training.

I've built on top of that now inside my membership, that's the newer version, which you won't get, but you'll get the original revenue share training as a good starting point. So if you're interested in that, that's a nice little freebie from this episode.

So Tim, you were doing retainers, and then you started dialing in performance-based deals where you get a percentage of revenue, right?

Tim: Absolutely, yeah. So we sort of go back 10 years ago, actually, 12 years ago, I'd left the agency I was working at, after a reasonably short time working there, and felt like, you know, I can do this on my own sort of thing. And I was doing the classic retainer, I was doing Google ads retainers, and SEO retainers. And that was okay. But it was a ceiling to it as my time for money.

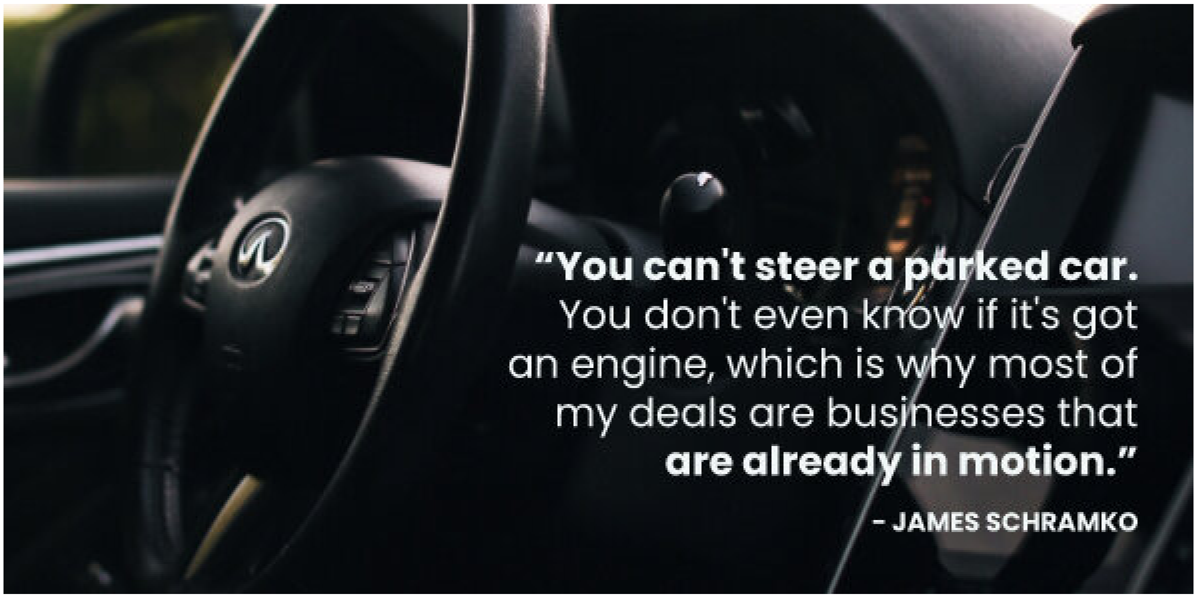
The challenge of finding good partners

And I had a few opportunities to work with people that, frankly, at the time, they didn't have the money to invest. And that should have been a red flag. And if you're sitting there thinking about revenue share, then just download the training James offered you because it's absolutely gold. Because I was sort of trying to work out at the time myself. And one of the problems I had with that in the early days was actually selection of partners.

James: We all do. [laughs] I made plenty of mistakes. I actually tried performance-based deals way back, you know, 2007 and 2008, I was doing classic 50:50s, which mostly suck, and they weren't successful. There were so many things wrong with that approach. And I didn't know enough about it. But my rebirth into revenue share deals was probably eight or nine years ago.

But in that time, still, I feel like I've taken on about 15 deals, and I've currently got eight. So over eight or nine years, I've learnt half a dozen times about things that are going to make a deal not be ideal for you. My main cost, of course, is just wasted opportunity or wasted energy. But the ones I've got now are like the jewels in the crown, so they're awesome.

But it's really normal to make mistakes. And you just described the classic one. Of course, people who have no money are only able to work with someone who can lift them up, and they'd be happy to pay you a percentage of something they don't have now. But of course, the challenge is the reason they don't have the money is often going to have an overlaying effect in terms of their readiness to be able to make money.



They might be lacking something in the mindset, they might be lacking the infrastructure to support selling more products. Basically, they're a parked car. And I've often said, you can't steer a parked car. You don't even know if it's got an engine, which is why most of my deals are businesses that are already in motion.

And I do say in that training something that's a really counterintuitive thing. The clients you really, really want are the ones who probably don't want you, because they're pretty confident in their product, they know they can grow, and they're prepared to invest in themselves via a retainer. And of course, the benefit for them with a retainer is that it's a capped amount no matter how successful they are.

But if you're really, really good at what you do, and you're able to get people amazing results, it will be better if you're on a performance deal, because the upside is that you can get paid a lot more than a retainer. And that's been true for me. My revenue share deals are substantially more lucrative than my retainers or my standard coaching clients. But I'm also doing more for them. And we'll talk about that, the relationship that you have versus a retainer, because I'm curious if it's been different for you as it has been for me.

Tim: Totally. And, you know, I was going to mention that phrase you just did, you can't steer a parked car. And what I would say, some of the partnerships I tried in the early days, these cars were in reverse.

James: [laughs] And you were running down with a winch to save them.

Tim: [laughs] Yeah. I had my overalls on, you know, oil all over the place. And it was not pretty. And so, you know, like you say, I wasted a lot of time. But then in doing that, I did learn who not to take on.

So one of the things that you learn quite quickly after those experiences is how to identify the right partners. And I was kind of going through that process discovering myself. It took a long time, but actually, when I did your training, James, one of the things that I was able to do is actually zone right in.

And I remember writing an Evernote doc all about, like, literally listing, here's my ideal client, here's who I want to work with, here's who I want to go after as a customer. And having that has been brilliant for me, because you were alluding before about the difference between retainer and a revenue share deal.

A medical procedure that validated the model

Shall I tell you the story about when I was in surgery last year?

James: Yeah, I mean, if you're willing to share that, I think it's significant because it's a human thing, and it happens a lot. And this is where I see traditional business models are difficult for these micro businesses we are essentially like, according to the government here, unless you're doing $20 million or $30 million a year, you're a small business, but we're micro businesses, right? Let's talk about what happened and how the performance-based deals worked for you.

Tim: So last March, I had to have a surgery. And it was a pretty significant surgery. And what I decided was, and you might think I'm absolutely mad for this, was I had a partner I'd been working with, we were getting their product ready for launch. This guy's a doctor in America, his clients were other doctors. And what I decided to do was launch on the day of the surgery.

So I set up these emails to go out. And really, it was just a way for me to prove that you can be time-free and location-free in a way that only revenue share in my view can do. And so I went in for my surgery, super early on the Monday. It was a 14-hour surgery. So it was a very long, significant surgery.

When I woke up from the surgery, what I'd realized was that, we'd done a launch big enough to pay me more than all the surgeons that had worked on me that day. So my slice of that (excuse the pun) was more than what all the surgeons were earning. And I thought to myself, wow, that just sort of reinforces to me how powerful this model can be, because I am out for the count, you know, I was asleep for all that time. And that said to me, well, you know, this model is where my future lies.

The revenue share deal in reverse

And what I got excited about after that was, well, actually, you know, for those people that maybe think about buying businesses, for example, and thinking, oh, I'm going to go into that market, you could try out with revenue share model, you know, you could think to yourself, well, there's a particularly interesting business niche out there at the moment I want to go into, well, the reverse revenue share works really well for that.

James: Well that's true. So the reverse revenue share deal, we should explain, is where you hold and control the asset. And then you bring in an expert, and you pay them a percentage of revenue. It's a smallish percentage, and that could be a quarter or a third of the revenue, because they're the expert, the face.

I like the third, third, third, which is, I pay the expert a third, I pay the business a third, and I pay myself a third. And the business can, basically, most of the types of businesses we're running these days, information-based businesses, could be run at a really high-profit margin. So the reverse revenue share deal is something you would consider if you - it's kind of a quasi-business, isn't it? If you want a business but without all the things that are going to hold you into it, like having to do the content or the service delivery of the product that you're selling.

Tim: Yeah, absolutely. For me, you know, I thought, well, maybe that could be another avenue in my business, could be affiliate. But this works better, because you have more control. And so I had the idea that I wanted to go into sort of the menopause health and fitness niche, and I knew somebody had a big list. And we're working on that at the moment, is to bring that to life.

We did a bit of a soft launch, worked really well. But I'm not the expert. What I'm expert in is putting the whole thing together. And Jess, who I work with, is the expert. And it is really exciting, because you think, well, you can diversify if you want. For me, as long as I stick to those client parameters still of who I want to work with, and coming back to the phrase all the time, James, which I only heard from you recently was, you can't steer the parked car.

So where's the momentum? Who's got the ability to be able to go to market with this right now? And like you say, sometimes it's companies, they're already going really well. And if you go to them and say, Look, I've recognized I got an email from you the other day, I think I can help you. But you're not asking them for any money. So for them, it's like, well, it's just another control. It's just another test, marketing test. And if it works well, then you can go into a more formal revenue share agreement, if you like.

Revenue share versus affiliate marketing

James: I think that's a good point there. We should clarify what's the difference between affiliate marketing. Affiliate marketing, of course, is how I started out. And that was good because you're a salesperson, you get paid a commission for promoting someone's product. Ideally, you're joining a buyer and a seller, making that introduction, getting paid a cut.

The big difference between a performance-based deal or a revenue share deal is you can get a cut of all the revenue, including all the affiliates, so it's like an overrider. So one big difference for the partner is instead of you not sharing your secrets with affiliates, and just trying to do all the marketing yourself, now, if you get paid an overrider on everybody's sales, then you're going to help the affiliates.

You're going to find affiliates, you're going to share it loud and wide, because you want it to be successful. So it's generally a lower percentage than you would get as an affiliate. But I will say one of the filters that I'm pretty clear on for myself is I want to promote something as an affiliate first, to see if my customers buy this thing.

That is a test for me, because I really only want to become a partner in business units that my clients need and want and that are good for them. So, affiliate is one test for me. If my clients don't buy the thing, I don't want to go in there and just do strategic help or whatever, or develop new markets.

For example, one where it didn't quite work out the way I was hoping was where the product really was a good fit for, in the mind of the partner, not necessarily my mind, but in their mind, they really wanted huge enterprise companies, and I don't deal with huge enterprise companies. And they would have known that. They didn't share that with me until we were fair way down the track into the deal.

But had I known that earlier, I'd say, You know what, I don't think - because my clients were buying the product, but they were aiming their sights on a different market. So it's very important to synchronize these filters. So once you build your filters, and you get them right, then you can stack them on.

And I like what you said, you effectively can go in a business without having to do all the stuff. So with my partnerships, I'm pretty much in eight different businesses plus my own business. So I mean, I'm doing nine businesses. But in my own business, I do the hiring and the training and the accounting and all that stuff. But in my partner's businesses, they do the hiring, they do the product fulfillment, they do all the reporting.

So they're doing all the stuff, just like I'm an affiliate. I'm doing the strategic advisory, I'm hosting them on my podcast, I'm doing emails to promote their things, I'm helping them with best practice, etc., I share my membership playbooks with them, and drive success for all of us. And it's a fruitful situation.

So, so far, just to recap, performance deals have a much bigger upside, but potentially a more of a downside, if you can't get the result or they can't implement. But if they can, you could get paid a lot more than a retainer. The kind of people who you want on would also consider doing a retainer often, because they're confident in their product, and they have funds to invest in themselves. But the performance deal means you can go deeper.

The partner relationship

Now what I have found is I'm connecting with my partners, really deep. The longest ones, I think, are around nine years old now, eight or nine years old, and we've become really close. And it's like, they actually treat me like a business partner. We make decisions together about the naming of the business or what market we want to go and how big do we want to grow it? What's our exit strategy? Like a business, but they have the big end of the stick.

I remember Evan Pagan talked about this, give the other person the big end of the stick, and you take the little end of the stick, which is why 50:50 deals often don't work out, because you've each got a similar-size stick, and it's only half as good. You know, let them win. Let them have a great situation, and it's sustainable.

Tim: And that's it. I mean, when you, I think it was a podcast quite a few years ago now, I was listening to, maybe three, four years ago, and you talked about a conversation with Jay Abraham, I think, where he'd said that if he had taken revenue share instead of fees, his wealth would have been many times over.

And that really, that spoke to me that, you know, the impact that you can have, as an expert in your field, can last for years. You know, one thing that you do today can last for many years. So having that relationship that goes on and on and on makes a lot of sense.

James: It's leverage.

Tim: Yeah, exactly that.

James: The single question that I asked Jay Abraham is one of the most profitable questions I've ever asked in my life. Because I did say to him in a private call, what advice would you have to your old self? He said, I would have done more rev share deals. Those $25,000 workshop attendees, they could have been 250,000 or two-and-a-half-million-dollar clients.

And it really hit home with me, and that's when I started doing it, you know, eight or nine years ago now, and adding them in. They now represent half my income. So just over half a dozen people pay half my income, which is profound leverage when you think about it, and it also addresses the other thing.

Making provision for an exit

I saw in a post today actually, in a popular copywriting forum, people were saying, oh, you know, it's a good time to set up a low-ticket recurring subscription membership. And they're like, I used to have one of these, and a lot of people are like, I had one of those. A lot of people did have one or tried it, but they didn't succeed. And the reason is, they were good at writing copy and good at marketing, but they weren't good at product.

If you have a recurring subscription, anything, whether it's a performance-based deal, or a membership, or even a service on a retainer, you have to deliver. So one of the things you want to put in your filter for revenue share deals is to make sure that you can have sustained value for your partner over the long haul.

But in the instance where there isn't, and this is the thing that came up in my conversation with Jay Abraham, and we'll link to that episode in our show notes, is he didn't have a provision for them exiting. What used to happen is they'd start resenting him and then slow paying him, and then he'd have the conversation saying, Look, okay, I guess it's going to over here, why don't you cut me a check? And he'd make up a number, or something like that.

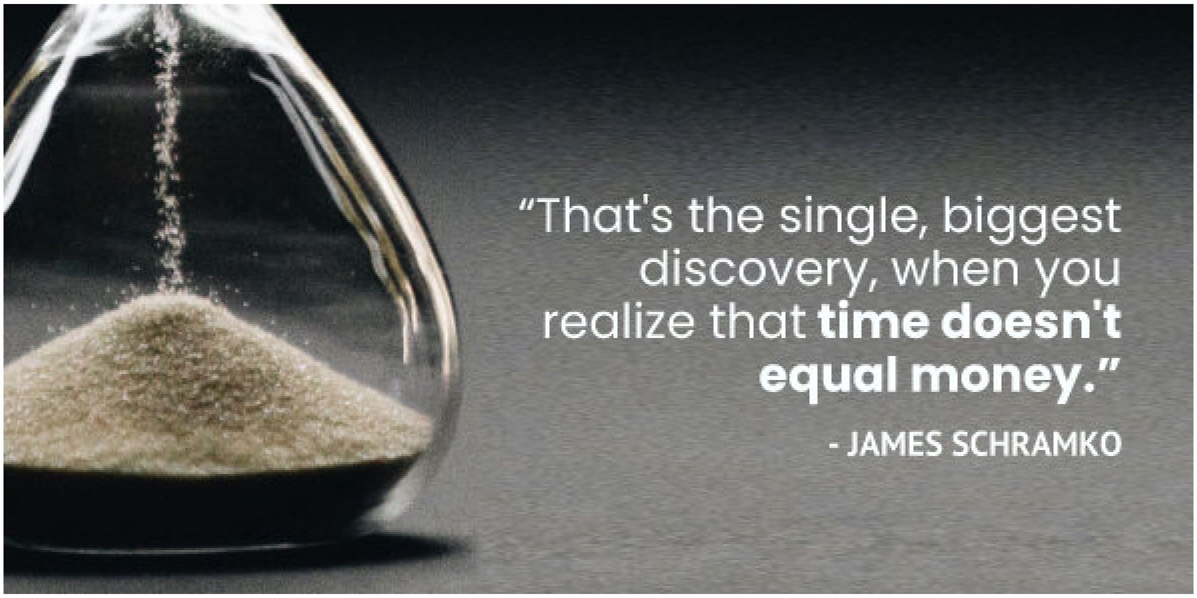
In mine, it actually has a provision from day one for the partner to exit if they want out, they can buy it out. And I think that's a really healthy thing to have. And it's good to have a solid, written agreement. So all of these things I talk about in that training. And to date, it's been as solid as a rock. I've actually had a couple where I've said, Let's finish this, it's not working for me.

I've had a couple where they've paid out money to exit, which was perfect. I've literally sold a part of my business, I've sold a chunk of my portfolio, and then the rest of them are still there, and you know, happily ticking along, and it's a brilliant business model.

But what I do love is that you've come into my vortex, you've consumed the information, you've been interactive in the community, asking questions, you've taken up pods, you've gone to meetups that are virtual, and you're spreading the love, too.

A mindset for rev share

I just love how generous you are with the other members when they're having challenges. And that's what it's all about for community, and it's good to be able to acknowledge that. And you've already shared a lot of your key takeaways, switching from retainer to performance. It showed you that you have leverage, that you can build a business that's not linked to time.



And I think that's the single, biggest discovery, when you realize that time doesn't equal money. When you can delink that, that is when it's like, Woah. Wow. You know? So like, I think we've stumbled over a goldmine. This business model is incredible. But it has to be done right. It's a volatile business model. And also, something that I'm curious about for you, you came from an agency. Did you have an appetite for risk in your past? Have you ever done commissioned sales or something?

Tim: Not really. I mean, actually the only time I've done that is I did a door-to-door sales job in Australia when I was traveling there years ago. That was a funny experience. But no, I mean, I worked for the agency for a year and a half. And that is, I've only worked for an employer for probably three and a half years out of nearly 30.

James: So basically, you've been in charge of your own destiny the whole time.

Tim: Yeah, yeah, exactly that. And I think that there's lots of people who have that entrepreneurial kind of spirit that want to do their own thing. Well, that'll resonate with them. But it was really the, like you're saying, you know, with the whole, this model, and some people might be out there thinking, Well, I have this skill set, or I have that skill set, how does it fit in?

And really, if you've got some knowledge that you can share with a client that you currently share on retainer model or whatever model is, consultancy fees, whatever, you can build in that into your business. The hook that I had in my mind was, you just need a single line of text in your proposals. You know, if you have a proposal sending out to a client at the moment, that's for SEO retainer, for want of a better idea, that's X amount of dollars per month, will have a line in that it says, you know, we charge 10% success fee or five percent success fee or whatever. Because then that changes the psychology, it changes the arrangement of your client and provider arrangement.

James: And you can do hybrid deals. In fairness, when I was researching my agreement, I got access to several different people's revenue share or royalty models. I mean, it's been a common thing in the copywriting industry, right, to get paid a percentage of sales from a copy that they write.

One of the people whose contracts I looked at did a retainer plus performance. The challenge he was having is that the client really started resenting the retainer. So all of my deals are just performance. It's like, I'm much happier with that risk, I can back my own results. And when I look at it, you know, since March 1995, I was pretty much on a commission basis. I had a small salary, but my livelihood, and I was only 24.

I was 24 years old. Every single month, I'd start from scratch. And I had to build on commission component through selling vehicles. And then sales management, right through until I got to the role of General Sales Manager where I got a flat salary, which was unheard of, but boy, did I have to perform, I was like, if I didn't perform, I was out.

So I had this really crazy scenario of a massive salary. But it was very, very performance-based. There was constantly shoving spreadsheets down our face, and it was like, perform or go at any moment. I actually went to work for the whole of, from the middle of 2007, to when I quit, the middle of 2008, every single day, I was wondering if I would get the sack. Because I was on such a high salary, because there was a subprime loan fiasco happening in the United States, and it was doom and gloom clouds coming, a recession.

And because I had pretty much made myself redundant. Everyone had systems, they were doing what they were supposed to do, it was working smoothly, and it was like, they didn't really need me. And after I left of my own will, the business sold to someone else. And I think he probably did okay out of it because of all the systems we built over the last four and a half years prior to me leaving.

And a lot of the people I installed are still there now. Can you believe that? It's like 15 years later, some of the key managers are still in the same roles. So there were good people installed into the right roles.

Filters for revenue share deals

But back to the point. You're right, if you do already do retainers, consider if you feel like your client is going on a growth spurt.

And perhaps they don't even know how big they're getting. It's like if you spot a puppy dog with huge feet and you know it's going to turn into a big dog, try and get in at that point, because you can ride that growth curve. And they'll love you for it, and you'll love the journey. That's definitely one of the filters, don't do a performance deal if you don't think the client is going to grow, or if they can't grow for any host of reasons. That would be critical.

Also, you have to do things like reputation checks, if you're going to hook yourself up onto someone's caravan. You need to make sure that it's in good order, and it's not going to cause you an issue. But at least you have the option. Someone might be thinking, well, what if I don't want to be in the deal anymore. You can just give notice. An exit. There's no issue there, you can just detach.

Tim: And all of that, to be honest, all of that is in your course, the one that introduced me to membership. And it helped me definitely solidify and think about things I hadn't ever thought about, which was like the exit, you know, if the person sells the business, or if they want to retire, or you know...

James: Or if they want to take your intel and set up a sister business and not pay you on that. That would suck.

Tim: Yeah, exactly. Exactly. And it was great, because it then, each of these things helped me to really refine more into who my perfect partner was.

James: I'd say they're the gotchas, right? It's like, what are all the gotchas that can catch these deals out? And I found them. I've also taught this to many people. And a lot of my private students and my coaching students have implemented rev share deals as part of their model mix. You don't have to go all in and just do this. This will be a sub, even for me, it's half my business. And the other half is just traditional recurring subscriptions, right? So people can choose what risk profile.

When you care about your partner's success

But also, I get to choose who I want to work with. I'm not even really trying to grow a lot more partners. I'd rather just keep developing the ones I've got into superstar status.

Tim: Yeah. And you know what, the other thing is, you tend to then care more about that client's success, don't you? I've got one I'm working at the moment, I was hired to do something else within their business, not on a revenue share model. But while I was looking around, working on what I was supposed to be working on, I noticed something in their business, where it was their abandonment rate on their cart, for example, huge.

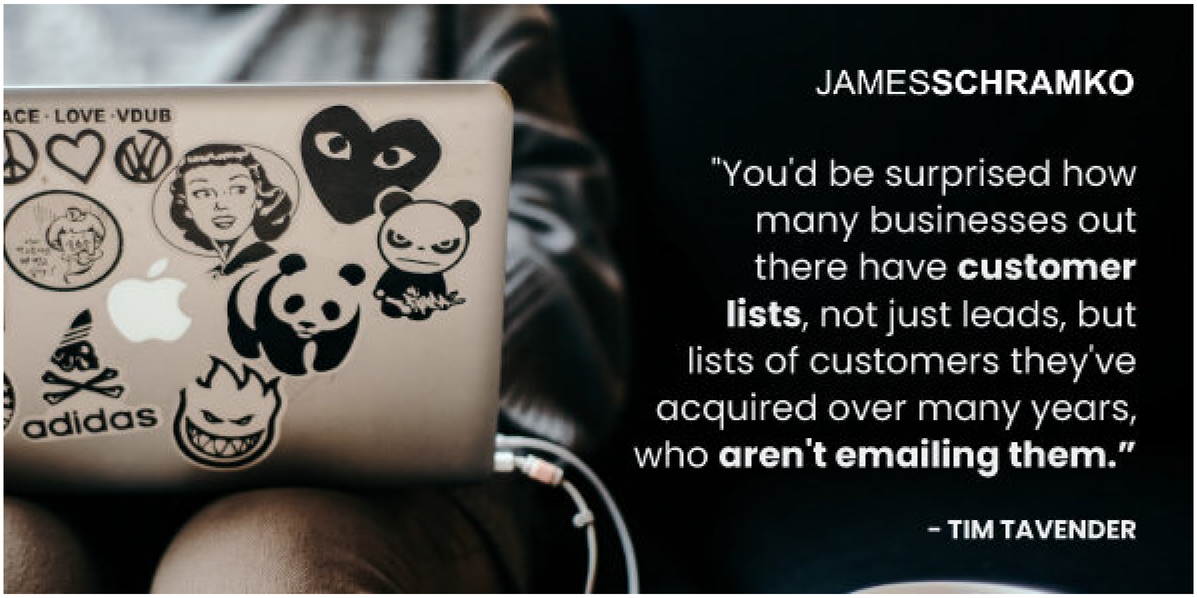
So the question is, what are you doing about that? And they're like, Nothing. So then the next question is, Well, would you like me to look at that on a revenue share basis, because I know that I can take that huge abandonment rate through a series of emails down, and I can take a percentage of that found money?

The importance of email

James: I know I can too. Funny story. I just rewrote my abandonment sequence. And as part of the standard operating procedure, my team double checks it between each other. And when they're finally finished, and they think it's good to go, they send me a broadcast of it, so I can check it. And they send me the subject lines.

So I searched the subject line for my email, and up popped the email. Except it wasn't from me, it was from another coach in my industry who'd pretty much ripped my cart abandonment email, almost word for word. I'm like, unbelievable, it's like, cheeky. But my cart abandonment series generally adds 30% more sales. So I imagine you'd do really well on a revenue share deal just for doing cart abandonment emails, or just for doing sales emails.

I know you tend to specialize in email stuff, I was going to mention your website too Tim, timtavender.com, that's T-A-V-E-N-D-E-R.com. If someone's thinking, Oh, I might need some help with my emails, maybe they can take you on and you'll take all the risk, and then you just help them grow their business.



Tim: Well, there you go. And that's why, so I repositioned my business for email. And the reason why I did that is because my client avatar showed me that actually, a lot of the people that I want to work with already have a decent email list, and they're just not making the most out of it. And then once they have a big following, but they're not really doing anything with it. And you'd be surprised how many businesses out there have customer lists, not just leads, but lists of customers they've acquired over many years, who aren't emailing them.

James: Oh, I'm not surprised because I have a client, and he was telling me they do four things in their business, and we were working out which things he should stop doing. One was they were doing website development, they were doing website design, they're doing traffic, and they were doing email writing and stuff.

And I said, Well, let's rank them in order of which opportunities are the best for you to focus on. I said, Email, traffic, design, web dev. And he's like, What, email? I said, Oh my God, yes. I told him the story of my local surf shop who never ever emailed anyone who ever bought a surfboard from him, and the surfboards were like $1,200 each. And when finally, they put the rent up to the point where he couldn't stay anymore, he had a closing sale. And he said to me, Okay, okay, help me. Help me send an email.

And I extracted the database from his shopping cart. We ran a Facebook ad and a geo pixel to his customers and look-alikes. And then we sent an email saying - it was something along the lines of, Listen, it's our final weekend. If you've ever dreamed of having one of our boards, or you just wanted to come and put one under the arm, or have a coffee and tell a yarn to us, please pop by. We sold every board in that shop in two days.

Tim: Wowsers.

James: And he said, I wish I'd spoken to you earlier about this. [laughs]

Tim: Yeah, he could still be there.

James: And you know, this is the crazy thing. I actually took Dean Jackson into his shop once for coffee. And Dean himself, the master, the guy who invented the name squeeze, or the opt-in form, I know Jon Mizel also did it, so I don't want to diss - they both independently invented the opt-in, right? But Dean said, Come on, these people have bought from you, and they want to hear from you. It'd be rude not to be in touch with them. He's like, Yeah, yeah, I know. I just don't want to hassle them.

Will they let you do what's needed?

Tim: Well, and this is a filter that I've recently added actually. What is someone's attitude to emailing their list? Because I had a partner, who we're doing really, really well with, but won't let me send more than like - sitting on a launch, he won't let me send more than around four emails, like one a day.

So I'm showing him the data and saying, Look, on the last day of the launch we do, we send four emails, and if we send four emails in the last day, you make more money. If you just send one in the morning and leave it, then you lose out because we close the cart at the end of the day, and we're very honorable about that, we don't let it open for a few days longer. And they're like, no, I don't want to annoy my list.

James: I feel like you've asked me this one once.

Tim: Yeah, maybe I did in the forum, yeah.

James: You told me you had a client, you've done all this work, and they wouldn't let you email it. And I told you what to say to them. And I think you went away and said it and it worked.

Tim: Yeah, no, it did. So this particular partner, they let me - so what we did was we came up with a compromise on it, that we would send emails to those who had opened previous emails that week. So I was allowed to send emails on the last day to those people rather than none at all, which would have been a disaster, because I could show the data from the previous launches that actually most of the sales are coming in the last part of the last day.

James: So your filter is people who are happy to let you do what you need to do.

Tim: Exactly that. Yeah, exactly that.

The matter of implementation

James: You can see how critical that is. The compound effect of that in the future on new deals that you do would be huge. It's like my frustration - some of the deals that didn't work, I gave them great ideas, I showed them exactly what to do. But they didn't have a team to implement, so it didn't get done, and we couldn't grow.

So for me, one of the filters is, do they have a small team or a resource to be able to buy contractors to implement the things we talk about? And if they don't, then that doesn't work.

So one way I could approach this is I could build a bigger team myself, and then deploy that team. So that's an option for you. It really comes down to ,what do you actually provide? I tend to provide strategic advice, access to my audience, podcast, platform, emails, and connections - I can get people on podcasts, and I can hook them up with the right contacts.

So that's the main thing I provide. I'm not providing labor or services often, but sometimes we do. Of course, we tinker around with our partner's sites or we help them out with an edit here or there if they can't. We just do it, because I want them to succeed. That's why it changes the nature of the relationship. Sounds like you're helping people by writing great emails and identifying growth opportunities within their database.

Tim: Yeah, and also recognizing that maybe a particular expert, say they've written a book, and they've got a following, and they've got all these customers from the book. Well, can we change that book into a video course, for example? Suddenly, there's new opportunity, we can leverage that.

Do you know what screw to turn?

And you know, it does emanate from email, everything comes down to that. And there's one thing I kind of, to wrap it up really, there was a thing that I keep coming back to in my mind, where I was in a meeting, when I was doing retain work, I was in a meeting with a client, and he was sat there across the other side of the desk, and every few minutes, literally few minutes, there'd be a ping on his phone, ping, ping. And I'd be sitting there thinking, what's all this?

So in the end, I asked him, I said, What's going on? And he said, Oh, that's PayPal. And I said, PayPal? He said, Yeah, yeah, those are sales coming in. And I'm sat there as a retain person. And he could have been anywhere, he could have been on holiday, you know, and he was ping, ping. And I said to myself, Wow, I need to be on the other side of the desk.

Actually, this model gives me the opportunity to be sort of over with him, sat next to him while it's pinging. So whatever you do, wherever the value is, now your value is in you've got this big following, you've got this expertise that you can share with people, you know...

James: I might say my expertise is I've got an audience.

Tim: Yes, so you've got an audience, where your value lies necessarily in tweaking things and making edits and stuff like that.

James: Well definitely, you know, funnily enough, this is crazy, I do rewrite people's emails all the time. I redo their presentations, I review them. It's part of what I do. Especially in the Mentor level of the membership, people share Google Docs with me, and I have actually been able to out-convert the email copywriters.

I probably couldn't out-convert you though, Tim. But a lot of them are using generic stuff. But I change what they're sending, I remove words, I help them with presentations and stuff, but I enjoy that. I don't want to create the thing, so I'm different in that way. But I like to review. Like, show me what you've got, show me what you're doing. And then I come up with the creative ideas.

Tim: Yeah. And that's the whole story about knowing which screw to turn, right? It's that expertise, experience, knowledge, where you can make that small tweak. And that small tweak that you make could result in however many more sales or any sales at all. And that means that you, because they're a partner, get paid for that. So you're not on a flat, whatever it is, $1,000 a month, whatever it is, you know.

When you can actually live...

And then, so yeah, I think, for me, you know, it's definitely changed how I do business, it's changed how I see my business. I was getting to be honest with the retainer side, it's a little bit stale with it. And this has enabled me to go, Right, okay, who do I want to work with? Well, how do I want my life to be and my business world to be? Because I know, you know, we've both got small children, we both got lives outside of work. And you know, I want to experience that.

This morning, I took my son to school. I pick him up and take him swimming from school. And while I'm there, there'll probably be a sale coming in from a partner's site. And so I think, wow, okay, I didn't make the sale directly. I'm not delivering that sale. But I'm taking a slice of that, while I'm sat there watching my son do a front crawl.

James: And I'm here trying to learn how to do plaits and putting on the Frozen princess dress and matching shoes, etc.

Tim: Well, I think it would suit you.

James: [laughs] It's crazy. Not for me, for my daughter. But I joke with her, I say, You want to plait my hair now? And she's like, Huh? [laughs]

Tim: I'd say the same, yeah.

James: I appreciate you sharing too, when other people have questions in the community, that's really nice to have that support. Of course, I'm there too. People get stuck with this, I'm there to help with the business model. I'm there to continue to develop the playbook so that we can just make it bulletproof. Like really simple to get these going and to perform the way they have.

If Tim's piqued your interest…

What sort of advice would you have for someone who's curious about this now, having heard a little bit more about revenue share deals, Tim?

Tim: So I mean, you haven't told me to say this, James, but I would download the course that you've told them that you can get on this podcast, first of all, because it will clarify loads of stuff in your mind, because I'd imagine after this podcast, you have more questions about it. So just do that, first of all.

And just start to explore that as an option, because it will change your view on business. Because if you're thinking about different businesses at the moment that are doing well, for example, Bitcoin or whatever, there's popular stuff going on, you could get involved in those things if you want to.

James: Or AI.

Tim: But you don't have to do it as the expert. AI is a huge one now.

James: I think it's the easiest way to have a business without having all the difficulties of it and not being legally tied up. It's brilliant. We'll put the training up at Episode 1012 on JamesSchramko.com. It is of course inside the membership, where you also get playbooks, and you also get me, and also Tim in there.

There are discussions around revenue share deals, there's the things to look forward, the legal documents. For Mentor level clients, I happily walk through contracts and stuff as well. So there's various levels of access. Thank you so much for sharing, Tim, from timtavender.com.

Tim: Thanks, James. I mean, it's been an absolute pleasure to be on this podcast, 1012 was it?

James: Yes.

Tim: A thousand and twelve, wow. So yeah, it's been an absolute pleasure. And yeah, thank you so much for your continued support inside the membership. It's been absolutely valuable to me, and I know for all the other people that are in there that I speak to.

James: Well, I know you use it well, you figured out how to use the membership well, so there's a lesson in that. It fascinates me, you can have some people not really be that resourceful. And then other people just use it so perfectly that it's a bargain. So I hope to continue to serve you and to see you get these amazing results, whether you're actively working or semi-working, but the money's still flowing in. That's the best part of these deals.

Tim: Absolutely. Yeah, absolutely.

James: Thank you.

Tim: Thank you, James.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