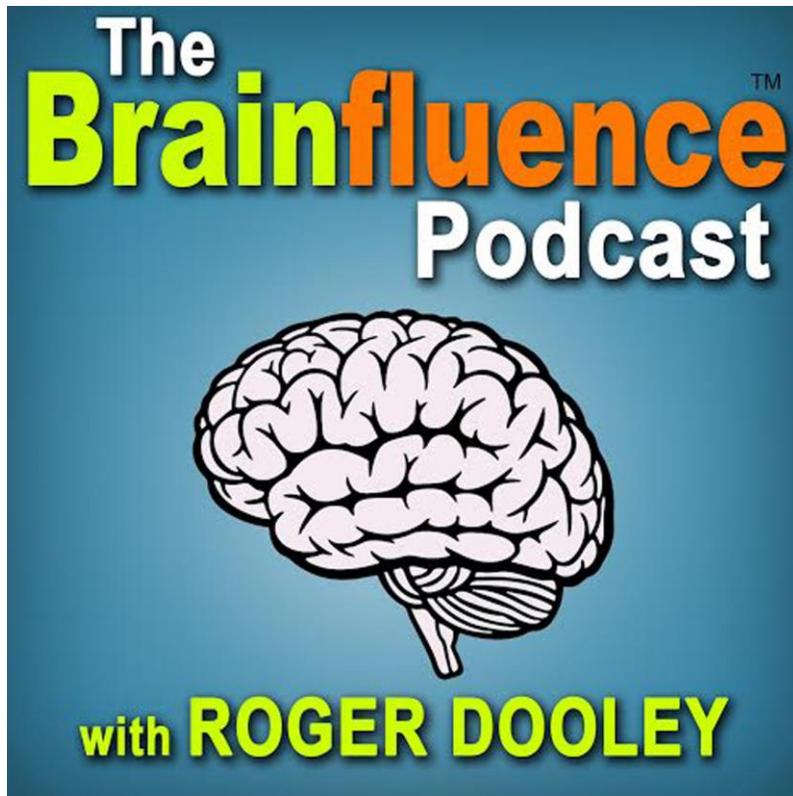


Ep #104: Interview with Chris Penn



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Roger Dooley

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Welcome to *The Brainfluence Podcast* with Roger Dooley, author, speaker and educator on neuromarketing and the psychology of persuasion. Every week, we talk with thought leaders that will help you improve your influence with factual evidence and concrete research. Introducing your host, Roger Dooley.

Roger Dooley: Welcome to *The Brainfluence Podcast*. I'm Roger Dooley. Unlike a lot of podcasts, I don't start off with a lengthy sponsorship message. But the day before I recorded this, my new book *The Persuasion Slide* came out on Amazon in the Kindle Store. Longtime listeners will recall my earlier podcast on that topic. The book is intended to explain the idea in more detail and with the benefit of illustrations and screenshots that are pretty hard to do in an audio-only format.

So I'd encourage you to drop by Amazon and check out *The Persuasion Slide*. For the launch period, I've intentionally priced it at a ridiculously cheap price, about the same as a Starbucks latte. So don't miss out. Grab it now. If you find it useful, please leave a review at Amazon.

Now my guest this week is an authority on digital marketing and marketing technology. He's been a key influencer in three fields in the marketing industry: Google Analytics, data-driven marketing and PR, and email marketing. He's worked with big brands like Citrix, McDonalds, Go Daddy, McKesson, and many others.

In addition to that, he's a martial arts enthusiast which has translated into some of his books like *Marketing White Belt*, *Blue Belt*, and *Red Belt*. His

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latest work, *Leading Innovation*, teaches organizations how to implement and scale innovative practices to direct change. Welcome to the show, Chris Penn.

Chris Penn: Thank you, Roger, for having me. I'm excited to be here.

Roger Dooley: Well, it's great. You know, we finally got to meet at that digital marketing conference in Louisville. I really like your approach to things because you don't usually tell people what to do without having the data to back it up. That's something that's so lacking in the marketing field. So I'm really glad that you're able to make it here.

Now before we get into our conversation, not to do all the talking here right at the outset, Chris. But now that I plugged my book, I'm going to tell our listeners not to buy your book. I know that's not what you were expecting and I'll probably never get another author guest on the show but I'll explain.

Leading Innovation is available on Amazon, where most of our listeners shop for books, and from you directly. I know I've gotten sometimes a few minutes into listening to a podcast and suddenly jumped on Amazon to grab the book because I thought the author seemed really smart.

But in this case, there's a big advantage in going directly to LeadingInnovationBook.com. The price there is roughly a third of the price at Amazon. So I wanted to bring that up at the outset just in case any

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listeners decided to pull the trigger at Amazon in the course of listening.

So the URL is LeadingInnovationBook.com. What's up with the weird price differential, Chris? Amazon is like three times the price of the direct price.

Chris Penn:

It is. So here's the thing, a lot of people write books for very different reasons. Some people write them for exposure. My friend David Meerman Scott says the business book is the world's largest, least portable, least convenient business card that opens amazing doors. I don't write books for that purpose. I write books basically to sell them for the revenue itself.

With Amazon, for those of you who have never published a book before, Amazon has a royalty structure where from zero to \$9.99 U.S., they give you 70 percent of the revenue and they keep 30 percent and charge you a distribution charge. If you go over \$9.99, the royalty structure changes down to 35 percent. So when I was putting together this book, I said, "Here's roughly what I want to make per copy, which is \$26 and change."

When you go direct using a vendor like Gumroad or Selz or any of these ecommerce companies that are great if you're thinking about writing a book to sell it for yourself. These are great services because they charge between three and five percent for the fee and you get the rest. So the royalty structure there is essentially 95 to 97 percent of the royalty is yours. The fee is yours.

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So what I did was I priced all services, everywhere the book is available for sell, to come in at roughly the same net revenue at the end of the day. Again, this is because I write books to sell them. I don't write books as a business lead generator like other people do to fuel their speaking careers or their consulting engagements. That's not my model because I have a day job at SHIFT Communications.

Roger Dooley:

Okay, great. Well that's good to know and good to know that you and Jeff Bezos didn't have a falling out or something.

[Laughter]

But yeah, you were probably cringing during my intro and saying, "Boy, what a jerk Roger is to be selling on Amazon and be underpricing it to that degree." But different strategy and purpose. In my case, I wanted to get the idea out there and get some feedback and some criticism and so not really necessarily expecting it to be a huge profit generator.

So before we get into talking about the book in question, Chris, why don't you explain just a little bit about what it is that you do, your current day job, and your various activities?

Chris Penn:

The easiest way to explain what I do is that I'm a tinkerer. I have been since I was a little kid. I like playing with stuff and taking things apart, figuring out how they work, breaking things, and not

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necessarily putting them together back the way they were supposed to be.

I fell into the marketing profession back in 2003. I was a director of IT previously and all of my formal training is in information technology. I started to work at a student loan startup company where I was the CIO, the CTO, and the guy who cleaned the restroom on Friday because I was employee number three. What I found is that over time, marketing and technology kind of converged. Everything went digital. Now everything has gone mobile. And my IT skills transitioned to becoming marketing skills.

So what I do today is marketing technology where if you are a company that is looking to increase revenue or increase performance of things, we take things like databases and marketing automation systems and CRMs, pull all the data out of these. Do a lot of data analysis, and figure out what's working, what's not working.

The things that are not working, are they reparable? Can we change the strategy or the tactics? The things that are working really well, can we double down on it? Is there room for growth? That's what I do for SHIFT Communications and for the clients that I work with is figure out, okay, what's working and what can we be doing better?

The other thing is that I get a real thrill out of inventing new things or creating new things or innovating stuff. This morning I was working on a piece of code I wrote. I'm a terrible coder, I should

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preface that. But I was working on a piece of code I wrote which takes a URL and tells you how many times that URL has been shared in all these different networks, including Twitter. Which for a lot of other companies, they've lost access to that data. We have some good data solutions for that.

But I'm tinkering around with it. I'm playing with it. I like to say that if we're completely honest, I'm really still twelve years old playing with toys. It's just the toys have a commercial application now.

Roger Dooley:

Great. Okay, well that sums it up pretty well. Moving onto your most recent book, Chris. Leadership and innovation are pretty hot topics these days so from an Amazon SEO standpoint, I guess you kind of knocked it out of the park with the title. But would you characterize this as a leadership management kind of book or an innovation creativity kind of book? Or is it a blend of both?

Chris Penn:

It's very heavily towards the innovation side. One thing I think that's really important to say here is that we as marketers and as business people have a tendency to misuse the word innovation a lot. Most of the time when someone is talking about innovation and inventing new things, they're really talking about creativity, about creating something from nothing.

Innovation, if you look at the Latin roots *in* and *novare*, really means to make something new from within. To take something old and turn it into something new. When you think about, Roger, you've written a number of books on persuasion

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and influence. Influence has been a topic since Aristotle, right? And ethos, pathos, and logos.

So what we're doing is now taking new methods maybe, new tactics, new environments like digital and mobile. But we the humans on the other end of these devices, we haven't really changed in 50,000 years. So your work in influence really is the definition of innovation. You've taken something old and turned it into something new. You didn't create the idea of influence, but you've made it easier for people to understand, accessible, and help companies and people become successful with influence.

Roger Dooley:

Well thanks for that, Chris. I think that sometimes changing technology creates these opportunities because people have talked about marketing for decades and decades but neuroscience really didn't have much to do with that topic until various technologies came out that either let researchers see what was going on inside somebody's brain while they were viewing a commercial or looking at a product.

Or cheaper technologies that were effective in different ways came out, like automated facial coding or very simple EEG setups that simply hadn't existed a few decades earlier. So the combination of this new technology I guess you would say with the old field of marketing creates the opportunity for innovation in that space.

Chris Penn:

That's exactly right. So in this book, one of the things I tried to do was to highlight that innovation is

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a practice, just like influence is a practice. That means a couple things. A lot of people when they're talking about innovation and companies, they have a tendency to reference the really well-known companies for innovation, Idealabs, and Apple, and stuff like that. And kind of work under this assumption, "Well they're special. They're different. They have a chief innovation officer. They're different. We could never be like that."

Part of this book and this framework is that like a violin player, like people who play violin, anyone can get with enough practice and a good teacher, anyone can get to a point of competency with a violin. Are either of us going to be Joshua Bell and be part of the Philharmonic Orchestra? Probably not. But if you took a couple of years of lessons and practiced a lot, you could saw off a few decent tunes. Maybe play at your kid's birthday party or something and do a respectable job.

Innovation is kind of the same way. Yes, absolutely, there are innovation virtuosos. There are companies for whom that's all they do. But it is not unattainable. There are framework strategies, frameworks and practices that we can do, that we can implement, in any company to grow our innovative capabilities to competence. Maybe not virtuoso, but we can all become competent at innovation. Just like we can all become competent at neuromarketing.

Roger Dooley:

So from a business standpoint, I mean some products are truly creative where somebody comes up with a new idea that really doesn't resemble what was there before or resembles it only in small

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ways. Would you say the most profitable products are innovations as opposed to creations?

Chris Penn:

I think that's a fair statement. I know that a lot of people kind of roll their eyes and groan when you mention Apple. But Apple is a good example of innovation. There were MP3 players galore before the iPod. There were good smartphones before the iPhone. There were tablet computers well before the iPad.

Apple took what was out there and turned it into something newer and better by adding their particular twist, which in their case is a lot of design thinking to an existing category. Look at the automobile. Henry Ford did not invent the automobile. Henry Ford created the assembly and process, but the car had existed prior to that. He was the one who took the idea and made it successful.

Thomas Edison is another example. People are very strongly critical of him because he didn't invent as many things as he's given credit for. He did take other people's ideas whether or not he had permission to and make them commercially viable. So there are plenty of products that are created but then there are those products that someone tweaks just enough to really get that acceleration going.

Another really kind of reverse example is Xerox actually invented the graphical user interface for your computer, the mouse, and stuff like that. They invented that in their PARC labs. And both Apple and Microsoft took it in different directions but Xerox

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was the creator of that. Nobody remembers that Xerox was the creator of now the standard for how we use a computer.

Roger Dooley:

So one thing that I picked out of the book was a metaphor from your martial arts field about falling down which I thought was a really great metaphor for both innovation and even business in general. So do you want to share that?

Chris Penn:

Sure. It's a Japanese idiom. It basically means fall down seven times, get up eight. One of the things that stifles innovation in companies is fear of failure, of risk aversion, of companies so risk adverse that they dare not rock the boat or a person in an organization. If you're unwilling to fall down and to have something blow up spectacularly, innovation will be very difficult for you because you will not want to take that risk.

Going back to that piece of code I was working on this morning, I have broken that piece of code more times than I've fixed it. I've left off a semicolon or put an object outside of a class and the whole thing just blows up in a spectacularly barely intelligible error message. But part of the process of innovation is taking that thing and fixing and fixing and fixing it. Iterating upon it until the thing does what I want it to do. I am very comfortable with that level of failure because I know the end result will be worth it.

When you are at a company, there are really two divisions that you have to break your marketing into. Scott Brinker from ChiefMartec.com talks about this a lot. You have the scaling marketing and you have

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innovation marketing. Scaling marketing is where there's very little tolerance for error, very little tolerance for failure, process drives everything. And it's sort of a marketing factory.

"Now go out and send 30 more tweets. Go out and send 40 more tweets. Go get more clicks. Run more ads." There's nothing wrong with that. Companies need those proven processes, those recipes. But you also need the innovation marketing side where you have the labs, the mad scientists just trying things out. "Let's try bonding this API to that API. Let's try advertising with a YouTube video instead." You need both in an organization if you want to innovate and then scale your innovation.

Roger Dooley:

One of the things I learned from the book, Chris, was that we were both in the higher ed space in the early 2000s. I back in 2001 cofounded College Confidential which was using the internet as a way of crowdsourcing information about finding a college and getting in, which there really wasn't a ton of information available at the time. There were a few books out but they were kind of limited.

In that same time frame, you were actually working on disrupting the college loan business. Why don't you talk about that innovation process?

Chris Penn:

It's funny you mention that because College Confidential was one of the places we advertised very early on. You would not have dealt with me but you dealt with someone at my company.

Roger Dooley:

Well thanks for that.

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Chris Penn: [Laughs] I worked at this company called Edvisors. It was founded by Joe Cronin back in 1998. He had the foresight to buy up a bunch of domain names back when domain name speculation was a thing. He bought StaffordLoan.com and stuff.

We as a team back then realized that there was no way we could compete against Sallie Mae and Nellie Mae, and Nelnet, Great Lakes Higher Education, and all these huge student loan companies on their own terms. They had deep relationships with financial aid offices. They were on all the preferred lending lists and stuff.

The industry hadn't had much innovation beyond the 1970s. There was no reason to innovate because that was the way things had always been done. Students went to the financial aid office. They filled out the paperwork. They got their loan through the school. The school partnered with the lender. Everything was neat and tidy.

The internet changed that because people went online to search for things first. That was the blind spot that a lot of the bigger student loan companies didn't realize. So what we did was we—search engine optimization was sort of the bread and butter of the company. Someone looking for a Stafford Loan, now this is back in the early 2000s when search engine algorithms were very different than they are today. If you owned StaffordLoan.com, you got like 95 percent of the clicks and you were the first search result all the time because it was a very primitive algorithm.

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So we were able to build a business intercepting students before they got to the financial aid office to say, “Hey, here are some different lending options. Not just the ones that are at your school but here are some other lenders.”

We partnered with companies like Pacific Loan Processors and stuff to get the same loans to those students but we would have, work with them and get the remarketing fees rather than the schools. So it was a very fast moving space. It was a very exciting space. It was really a case where that blind spot created an opportunity for innovation. Taking something old, the loan process, and modernizing it and turning it into a very profitable business that eventually was sold.

Roger Dooley:

Yeah, great stuff. So we have you in part to blame for the trillion dollar crisis that’s looming in our near future here as all those loans come due. But things have changed a lot in the loan business. I think in those days it wasn’t—first of all, the cost of college wasn’t as high. People were not graduating with these massive loans. I think the for-profit space wasn’t quite as prominent as far as percentage of the loans that went to that kind of institution.

Chris Penn:

You know, it’s funny though. Back in the old days, for-profit companies were the ones that were allowed to issue these loans on behalf of the government. When President Obama took office in 2008, he actually ended that and brought all the federal student loan programs back into the Department of Education. But it really was the Wild West back then.

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I remember at one point if you were able to get a student to sign a consolidation loan, the remarketing fee on the loan was something on the order of like \$3,600. So you could run a very successful business and scale it very quickly on revenues like that. It is to students' advantage, the legislation changes, even though it made life difficult for a lot of financial services companies, it was to students and families' benefits to bring all that stuff back into the Department of Education in 2008.

Roger Dooley: Right, well probably a good thing to rein that in. Now if we can rein in college costs, we'll have the other piece of the equation covered to.

Chris Penn: That's a whole different show.

[Laughter]

Roger Dooley: So one of my podcasting idols is Mitch Joel. He was, as far as I can recall, the very first podcaster to invite me on to talk about my book *Brainfluence*. I hadn't heard of him at that point and I didn't realize it was kind of like Tom Brady coming up to you and saying, "Hey, want to play a little catch?" Mitch is so good he compensated for my inexperience as a guest. But he actually changed your life a little bit too, didn't he?

Chris Penn: He did. Mitch told me I was an idiot.

[Laughter]

Roger Dooley: You've been called an idiot by the best.

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Chris Penn:

Exactly. And the context behind this is that Mitch has run and runs a very successful agency. It used to be called Twist Image. Now it was sold to WPP and the renamed brand is Mirum, I believe two years ago now. But Mitch was saying to me, we were talking at Dreamforce in San Francisco in 2012.

I was saying, “I’m working at an email marketing company. It’s not going spectacularly. It’s a pretty commoditized space. Thinking about what to do next.” And he just said, “You’re an idiot for continuing to work at a brand when the agency world is so much more dynamic. There is so much more to do. And most important, all of your marketing skills and capabilities get put to the test because no one company can use everything you do. But when you work at an agency with a lot of different clients, you’re going to get a chance to grow in every direction.”

He’s like, “It’s long hours. It’s high stress and that stuff. But you get to function at 100 percent as a marketer.” And he was absolutely right. Right after that conference, I started talking to our CEO Todd Defren. Todd is like, “Well, let’s see if we can make something out of this because things like marketing and metrics and measurement are not PR strengths” but the public relations industry as a whole was then and much more so today is getting called to account for the actual results they generate.

This has been an accelerating trend and we’re in the right place at the right time to be able to say,

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“Here’s how you can measure these things.” Again, that’s innovation. We’re taking marketing tools and technologies and applying them to public relations. I didn’t invent Google Analytics but I can make use of it for public relations purposes for our clients. So taking something old and making something new.

Roger Dooley: So you know it wouldn’t be a business book if there wasn’t a model in it or a framework, Chris. Tell us about your lead model, L-E-A-D.

Chris Penn: So there is three sections to the book in the practical application. There’s the strategy of innovation and the strategic environment. The tactical section is this LEAD framework which stands for learn, experiment, adjust, and distribute. It’s the process where I was talking earlier about innovation marketing transitioning to scaling marketing. This is the process by which you go there. You begin by learning. Education and feeding your brain is the, I would say, the most important part of innovation.

In the book I make a joke that if our companies are kitchens and innovation is a priority, you can be as innovative as you want in the kitchen but if all you have in the pantry is mac and cheese, you’re having mac and cheese for dinner. The same is true for what we put into our employee’s heads. If they’re not reading and feeding and getting new ideas and that stuff in there, they will never have anything from which they can turn something new. They’ll never have that old stuff they can bring into something new. So learning and a discipline of learning is super important.

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Then comes experimentation, teaching people how to use the scientific method properly, a very process-driven way to get results and to measure the results. Adjusting and creating recipes. Then finally, taking proven recipes and distributing them. There's a company here on the east coast, I think they have a couple of west coast franchises now called Legal Sea Foods.

Roger Dooley: Oh, they're great.

Chris Penn: Yeah, I love their clam chowder. They have an offshoot called Legal Test Kitchen where they're testing out recipes. So they follow the same process. They have a kitchen where they experiment and then obviously stuff that doesn't taste horrible, they put that into sort of beta testing in their Test Kitchen restaurants. If it sells well and they get positive feedback, then they can roll that out to the main restaurants.

We can do the same thing if you follow this process. We can do the same thing in any of our organizations. Go from, "Hey, I got this crazy idea" all the way to this is the new way this company does things. The thing about innovation and process is that you don't have to have the grand, big idea that's going to revolutionize the world.

It can literally be done by someone in the mailroom saying, "You know, I think there's probably an easier way to sort the mail that will take less time." These little incremental changes and innovations add up to making a much more efficient organization.

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Roger Dooley: I think probably the most common complaint I hear from marketers both in big firms and in smaller entrepreneurial companies is that there's never enough time or money to do what you really want to do or need to do. So how would you suggest that your sort of typical overworked marketer with limited resources can approach the innovation process?

Chris Penn: You know, this is probably the one thing that causes innovation to fail at an institutional level is lacking that executive buy in. You really need someone or several someones at the top of the company to say, "This is a strategic priority for us and when we say that, we will back it up with money and resources and time."

For example, on my team, my team at SHIFT, I have issued a mandate to my staff. You must spend 30 minutes a day reading various blogs and resources. This is non-negotiable. I don't care how much work you have to do or which client is calling, at the start of your day or at the end of the day, whenever, you must spend this time building your brain up. So there's executive leadership and sponsorship to say this is important. We are giving you the time, the space to do that.

If you are at a company where that executive buying isn't in place and that sponsorship isn't in place then you can innovate personally. You can follow many of these same processes, particularly the execution steps, the daily habits. But you will have to do that on your own time because the organization has not made it a priority.

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But if you can get the organization to make it a priority or if innovation is one of those buzzwords that executives love to throw around so you can tactfully call out your CMO or CTO or CEO and say, “I hear you. I 100 percent support you. I think innovation is super important. Let’s do this. Let’s use this framework. Let’s use these daily habits. Can I have you endorse this program of innovation within our company?” Ask them to put a little bit of their money where their mouth is.

Obviously, you have to use great business tact and diplomacy and influence, if you will, to accomplish that. But without that buy in, it’s very very difficult to get an organization to change.

Roger Dooley:

Right and if you happen to be working for one of those organizations, then perhaps you ought to think about allying with a different organization if that’s an option if you want to be in an innovative environment because I agree completely, Chris.

I’ve seen so many businesses that are wrapped up in making this quarter’s numbers and worried about the year’s results that just about anything else is pushed off until some future point. Like, “Yeah, I know we have to do this but right now we’ve got to make the numbers this week and this month.” It’s really not a climate that stimulates innovation.

Chris Penn:

No, and you know the cautionary tale for that really is Blockbuster. Blockbuster was so focused on foot traffic in stores and number of cassettes moving in and out of the store that they failed to realize that the innovation was in how their consumers watch

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stuff. First DVDs and the convenience of having them show up at your doorstep and then streaming.

I really applaud Netflix for its willingness to throw a big chunk of their business under the bus and double down on streaming because it was the right move. It was very prescience. But they had that executive buy in to say, “Nope. This is the direction the ship is sailing. That mail in DVD business...” Now, however many years later, my MacBook doesn’t even have an optical drive anymore. So I can only watch Netflix through the big cloud in the sky.

Roger Dooley: Right. Well I guess that’s a combination of innovation, also just focusing on the wrong metrics where you think you’re focusing on what counts but maybe you’re not.

Chris Penn: Exactly, exactly. Again, part of that innovation framework, that learning, that constant culture of learning, you could have seen, you should have seen the signs coming that the way people consume video is changing. If you are these companies today, we are looking at how people are changing, how they consume video. The smartphone is the first screen.

Whether virtual reality takes off or not, you had better have a skunkworks project somewhere in your organization if you’re a video solution company that addresses it so that if the market truly does move in that direction you are ready for it. That’s, again, that’s learning, experimentation, and then if it takes off, you adjust and you distribute. But you’ve

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got to have those little pots on the backburner ready to go.

Roger Dooley: Well probably a good point to wrap up, Chris, let me remind our listeners that we're speaking with Chris Penn, author of *Leading Innovation*, among other books. Chris, how can our listeners find you and your content online?

Chris Penn: You can find the book at LeadingInnovationBook.com. As we mentioned at the beginning of the show, don't buy on Amazon unless you really want to pay three times the price. You can find me ChristopherSPenn.com and @CSPenn or CSPenn on almost every social network except Facebook.

Roger Dooley: Great. Well we'll link to those places on the show notes page at RogerDooley.com and there will also be a text version of our conversation there. Chris, thanks for being on the show. It's been great.

Chris Penn: Thank you for having me, sir. I appreciate it.

Thank you for joining me for this episode of *The Brainfluence Podcast*. To continue the discussion and to find your own path to brainy success, please visit us at RogerDooley.com.