

Search Engine Optimization, Paid Search Advertising and Social Media Marketing

Business Services Advertising

Sweet Spot Marketing
7101 College Blvd Suite 400
Overland Park, KS 66210
913-859-9886
www.SweetSpotMarketing.com



David Barnes
President

About Sweet Spot Marketing:

Sweet Spot Marketing® is a Kansas City based Search Engine Advertising Agency that is focused on developing, implementing and optimizing Search Engine Marketing campaigns. We specialize in Search Engine Optimization and Paid Search Advertising.

Sweet Spot Marketing was founded in 2007 and is based in Overland Park, Kansas.

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine

CEOCFO: Mr. Barnes, would give us an overview of Sweet Spot Marketing®?

Mr. Barnes: We are based in Kansas City. We are a search engine marketing company. We specialize in paid search, SEO website design and social media marketing.

CEOCFO: What do you understand about the process that perhaps other companies do not?

Mr. Barnes: Our approach to all of our client's campaigns is really based on a return on investment. We see, especially in search, it should be treated as an investment. We treat each campaign and each budget with our clients just like we are managing an investment portfolio. As you know, you can go through and easily market your company on Google, Yahoo, Bing or Facebook; there are many properties on the web that you can and advertise and market your business. It is just a matter of finding and determining which ones are going to get you the best returns on your investment. We want our clients to go through and look at working with us an investment and not an expense.

CEOCFO: When you are talking with a prospective client, do they understand that concept?

Mr. Barnes: Probably one of the greatest selling points in doing search marketing and things like that on the internet is that it is very analytical. There is not an, imagine if you will, "shot gun spray" approach to it. It is very precise. You cannot hide from the numbers. We do and can provide our clients with how many times their ads were searched for, how many people actually clicked on the ad, visited the website and then more importantly how many people actually

converted on their website; whether it be a lead generation form, going through a shopping cart checkout or a white paper download. Whatever our clients determine or deems as a conversion; we can go through and count those and tie those directly back to a campaign and to a budget number. Then we can work with a client to determine, "what is your cost per acquisition goal, what is a client worth to you," and try to understand what that lifetime value is of a client or if it is a lead generation understanding what close rates are and then determining what the value of a new customer is. Once we have that then we can do basic fifth grade math and say, "you invested X number of dollars and we generated Y number of leads and or sales for you; by saying that each customer is worth Z number of dollars we could show you a pretty accurate ROI," and be able to look them in the eye and really be able to stand behind that number. Not to knock traditional marketing; it has been around for a long time and I think it is still a very valuable piece that a lot of people should consider. However, it is more of "three million people read the Wall Street Journal" or "We have two hundred and fifty thousand subscribers to the Kansas City Star who are going to read the Sunday Paper so therefore if you run your ad you are going to get a whole lot of eyeballs." Then the math gets really fuzzy as to how many sales you truly made because you took out that ad in the Sunday paper or a certain magazine or whatever it may be. With us there is no imagine if you will, we can get down to an exact number as to how many people saw it, how many people actually visited your website and then obviously review the conversion metrics. Is it good and is it

bad, the numbers are what the numbers are. If you are doing a good job you can show it and stand behind it. If you are not doing a good job, it is going to show and you are going to have to stand up and own it.

CEOCFO: Is there a common thread among the companies that you represent?

Mr. Barnes: Not really. What makes Sweet Spot Marketing a little different than many of our competitors is when I was forming the company in late 2007 I was doing my due diligence and some market validation as to how we wanted to sell it and who we wanted to sell it to. The good news about our industry is that really any business can buy it and benefit from it. The bad news is that when you are starting a business everyone can buy it and you really need to pick some directions as to who you are going to sell it to and how you are going to sell it and formulate a plan there. To be honest with you, I really did not want to own a call center. I did not want to have a “cube farm” with a couple or two, three or four hundred people “dialing for dollars” and doing that. That is not the type of business I wanted to start. However, at the same time I needed to eat and pay the mortgage man. Therefore, when I was doing my market validation I found that there were many traditional ad agencies, not only here in Kansas City, but throughout the nation, that were either A: outsourcing search marketing services and/or B: referring it out or just not doing it at all and not offering it. In talking with a few of them I came up with some ideas for where we would be more of a back office, wholesale solution to traditional ad agencies and still be able to have a sustainable business. I would not necessarily have to have a large staff to meet numbers and projections and have what I considered as a successful business. That is because I can hire a salesperson that can sell into one agency and that one agency can then go through and basically resell our services to ten, fifteen or twenty of their clients and just have it as a bundle. We take a “hair cut” off of the price and give them a wholesale

rate. This allows them to go through and expand their offering and create a profit center within their own organization. Again, I do not have to have a huge staff to go through and to sell to that ten, fifteen or twenty clients that that agency may have. Therefore, I can yield much more in a smaller amount of effort. That has worked very, very well for us in the six years that we have been around.

CEOCFO: How is business these days?

Mr. Barnes: Business is great! We just made the Inc 5000 this year and last year we were in the Inc. 500. Based on our projections and the way that we are going to finish the year, I feel confident we will make it three years in a row.

CEOCFO: How do you continue the success rate?

Mr. Barnes: One of the reasons that I picked this industry is that recurring revenue is a beautiful thing. If you can

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- David Barnes

win the war of attrition, you can compound your numbers very quickly and really show some high percentage growth and have a very sustainable business. The true key in all of that is to keep your customers happy and keep them on as clients. One hundred dollars turns into two hundred dollars, which turns into four hundred dollars, which turns into one thousand dollars. The success and growth that we have seen since inception; I have really got to give credit to our sales and especially our operations team. That is because we do not lose customers very often. Again, an advantage that we have is I can tell a customer, “You spent a dollar with us and we can show you and prove to you and look you in the eye, that we made you a dollar fifty, two dollars, three dollars; whatever that is,” and show them a positive return on investment. If you can go through and take care of a client and make sure that they understand what it is that you are doing and that you are taking care of them and then

show them a positive return on investment; it is tough to get fired.

CEOCFO: When you are evaluating new trends and new technologies how do you decide what you need to pay attention to and what is likely to go by the wayside?

Mr. Barnes: That is a great question. Experience has a lot to do with it. However, it is really a lot of trial and error. I wish I had the great formula that says, “This is going to be successful and this probably is not.” With what we do it is very analytical. You see what the buy in rate is, see what the volume is, see what kind of velocity they have and what kind of adoption rates that they are having with whatever the technology or whatever the platform is. Then you can ride that through. However, much of that is truly trial and error.

CEOCFO: What surprised you as the business has grown and developed?

Mr. Barnes: As I mentioned, I started Sweet Spot Marketing in December of 2007; bootstrapped it, started it with my own seed money and we were off the to the races and growing pretty rapidly. Pre 2007, I had talked with a lot of folks and they said, “if you can get up and going getting capital is not a big deal once you have proved concept, get revenues going, show that the customers are liking your product and are sticking around, going through and getting a line of credit or going the debt route and/or even possible going the angel route; it will not be a problem. Do not worry about that. Get up. Get going. Get revenues moving and then things will take care of themselves as you grow.” Then October 2008 happened and that advice went completely out the window. Raising any kind of financing became very, very difficult. That is because, even though we were showing positive growth, we were not yet profitable. I was reinvesting in our staff as well as investing in technology. Therefore, we were growing and the top line looked pretty, but the bottom line was still not there yet. Therefore, banks “patted me on the head” and told me to come back when I grew up a little bit. Then the

angel investment routes said, “yes, it looks good, but what is really probably worth thirty percent of your company; we will go ahead and take sixty five.” Therefore, I learned very, very quickly that “cash is king” and the best investment that you could ever have is just to go get more customers.

CEO CFO: How do you reach prospective customers?

Mr. Barnes: We market and target, as I said, many traditional ad agencies, not only here in Kansas City, but throughout the country. Now that we have established ourselves and done a lot of work for agencies throughout the US, we can now walk in the door with a certain amount of credibility to where, not only can we be an asset to them and their clients, but we can also help them to make more money and using us becomes a profit center. However, much of it is smile and dial; get on the phone, find the correct person, establish that relationship and work your way in. Start with one. We have a saying here that says, “Just give us one.” I am not here to take the whole pie. Just give us even your most challenging client and see how we can go through and help you. Let us prove concept. Once we do that then it is much easier for us to start working with a larger number of the clients. It is really kind of an old fashioned way of doing it, like I said, picking up the phone and establishing a relationship and if we need to, have an onsite visit and jump on an airplane. Again, a big advantage is that we are in Kansas City. I am three hours from each coast. I can be in Dallas in an hour and a half. I can be in Chicago in forty five minutes. Being centrally located, we are not far from anyone.

CEO CFO: Do you find that you do much on site? Do you really need to meet and talk with the people? Is more done by video or phone these days?

Mr. Barnes: We do not do much travelling. We have some larger clients where we will go and meet with them, but I would say that ninety to ninety five percent we can do over the phone and/or through WebEx or JoinMe.

CEO CFO: What is next for the company?

Mr. Barnes: Onward and upward! We had an exciting 2013. We are going to see some incredible growth. I think the challenge that we have is that we have set an expectation for ourselves to be great. So far, I feel that we have accomplished that. Now it is just to continue to be great and continue to raise the bar and really start to challenge ourselves. It is very important that we stay on the cutting edge with the industry evolve with the changes. Have foresight to stay ahead of the trends and leverage that for our clients. The good news is that with agencies we can go through and yield a large number of clients through one relationship. The other side of that is that we need to be very diverse. Some agencies work with eCommerce and are more focused on servicing business of consumer clients. Other agencies will be a little bit more of a “B to B”. Some will work with smaller local or regional type clients. Others will work with big national brands. Therefore, when you go through and serve a clientele that is truly that broad you need to make sure that you stay on top of the entire

game and know exactly what is a “good, better, best” for all different types of industries.

CEO CFO: What pay attention to Sweet Spot Marketing?

Mr. Barnes: “We are the little engine that could.” We started off in a very small office here in Kansas City and we have grown a significantly. When I very first started the business, the best advice that I received was, “David, your number one goal should be to work yourself out of a job. That should be your ultimate goal.” What that means is to build a team around you that is smart, understands the vision of where you want to be able to take the company and put those people in positions to succeed. If you do that, your company is going to basically run itself. That allows you to be able to continue to look further down the road as and continue your company’s evolution. Determine what kind of investments we need to make, see where the trends are going and what you need to do to stay on top. That gets you out of the daily grind to where you can truly rise up and see two, three, four or five miles down the road and continue to steer the ship in an onward and upward direction and at the same time, rest easy at night knowing that your company is running and being run by a very intelligent and very good group of people. You know that they truly buy into what your vision is and where you want to take your company. They fully understand how you want your company to be run and how your customers need to be treated. If you can do that, being an entrepreneur is a wonderful, wonderful thing.



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