



**SPI Podcast Session #192–
(Updated Recording)
Types of Passive Income Generated Online and
What to Expect from Each – Part 1**

Show notes: smartpassiveincome.com/session192

This is the Smart Passive Income podcast with Pat Flynn, Session #192. Let's go!

Intro: Welcome to the Smart Passive Income podcast, where it's all about working hard now so you can sit back and reap the benefits later. And now your host, Pat Flynn.

Pat: What's up everybody? Pat Flynn here. Thank you so much for joining me in Session 192 of the Smart Passive Income podcast. This is the first of 3 in a series of podcasts that I'll be recording here for you that are going to be really important in the life of SPI, the life of a brand new visitor to Smart Passive Income, and anybody out there who is on their journey to building a successful online business, to creating passive income for themselves.

Back in February of 2011 I published a series of 3 episodes – [15](#), [16](#), and [17](#). A lot of you who have listened to SPI have listened to those episodes and they were an introduction to different types of passive income generated online and what goes along with each of them – how do you get started, what are those monetization methods like, who is it right for, and all those kinds of things.

Combined those 3 episodes – 15, 16, and 17 – have accounted for $\frac{3}{4}$ of a million downloads, definitely 3 of the top 5 downloaded episodes of all time here on the SPI podcast.

These upcoming 3 sessions – 192, 193, and 194 – I'm hoping are going to be just as popular, if not more, because I'm essentially re-recording them with more updated information. I've been getting a lot of people asking me, "You always reference episodes 15, 16, and 17. They're great for starting out. They sound perfect, but are those things still relevant today?" and my answer is, "Yes, for the most part."



That “for the most part” part is what scares people the most, so I wanted to create something updated and relevant for today. Like I said, I’ve picked up a number of things along the way, so here we go.

We’re going to get started by first talking about why is passive income important anyway? I know a lot of you who are listening to this have heard this already, but some of you are listening to SPI for the first time because I’ve told you to listen to this episode first.

Passive income is really important to understand in a number of different facets, first of all what it can do for you in terms of generating an income. The idea of passive income is that you get to do it without actually having to do work, because you’ve already put in that hard work, working hard now so you can reap the benefits later.

There’s never any account where you can just push a button and money will come in without you having to do anything. You’re always going to have to do work, put in the time, put in the research, put in the blood, sweat, effort, and the mistakes and the failures along the way in order to find that success.

There’s of course a lot of different ways to generate a passive income, not just online business, although I feel like it’s the #1 way to do that, and I’ll tell you why in a second, but there’s a lot of other forms of passive income – for example, real estate investments or investing in mutual funds or stocks or things like that.

There’s a lot of different ways to do it, but I feel online business is the best, and the reason is because you have the most control over what you can do and there’s a lot more upside than there is downside. That’s why I recommend, if you’re getting started with passive income, the idea of building a business that can be created in a way that can automatically serve an audience and therefore serve you.

There’s a lot of different methods to do that, which is what we’re going to go over, but there is one final thing I want to mention before we get started into the specifics of what you can do. The #1 thing I want to mention is that passive income is never 100% passive.

“What?”

No, it’s true. Even with real estate and the stock market investments that you do and all those kinds of things, nothing is 100% passive. You can’t just walk away from something forever. There is upkeep involved.



You will have to check on your properties. You will have to update your portfolios as the market changes over time, and you will have to update and keep up with what's going on with your online business. But the whole idea is you can create something in a way that sells a product, that gets advertisement payments, and a whole number of other things which we're going to talk about in terms of monetization.

You can set those things up in a way where they are always open. It's like building a store online, 24/7, 365 days a year, open even on holidays. People can come to your website, come to your business, find you and purchase whatever it is that you have to offer, without you actually having to be there to fulfill that transaction. There are systems of automation that you can put into place to allow that to happen, and we're going to talk about this.

Like I said, there are a lot of different definitions for passive income, but for the purposes of this particular session and everything that you see across the Smart Passive Income brand, my definition is this: We're building online businesses that take advantage of systems of automation that allow transactions, cash flow, and growth to happen without requiring a real-time presence.

Yes, you can still grow your business without you having to physically be there all the time to make it grow, to the point where when you stop it stops. That's the cool thing about passive income. When you stop, it doesn't stop. Your business is then working for you instead of always the other way around. You're not trading your time for money.

When you trade your time for money, when you stop trading your time you stop getting money. This is investing your time up front to create these valuable experiences and products for your audience so that you can continually reap those benefits later. That's what we're going to talk about it.

But again, like I said, nothing is 100% passive. You can walk away but not forever. This allows you to inject a lot of flexibility in your life. This is what allows me, for example, to go with my wife to drop off and pick up my son every day from school. It's what allows us to do our grocery shopping on a random Tuesday at 1 pm when there's nobody there and there's a ton of parking available. It's what allows us to on any day say, "You know what, let's take a break today. The kids have been well-behaved. Why don't we go to Lego Land and just enjoy the day."



That's what's special to me. That's what passive incomes allows me to do, to have that freedom and that flexibility with my time and to be able to be fully present with my kids and my family.

For you, your goals might be different. Passive income might allow you to travel more. It might allow you to be able to build businesses on the go, and it might allow you to do other things that I can't even think of right now. Whatever it is for you, you need to realize what that is so you can have motivation to work forward toward that. Like I said, it's a great tool to use to enhance your life and the lives of others around you, so let's get started.

- What kinds of passive income can you generate online?
- What can you expect from them?
- How do you get started and what do you do?

I need to tell you, before we start selecting a monetization strategy or try to figure out how a particular business model can fit into your life, we have to lay the foundation. That foundation is the fact that a successful business – a successful anything online – is one that provides value and serves others in some way, shape, or form.

That is so important to understand because even back in 2011 when I created the first iteration of this kind of podcast episode, this kind of overview of passive income, I didn't truly understand that. It was working for me but I couldn't nail it down.

I forget where I heard it or what it was, but it's just been a lesson that I've learned over time, and that is the better you can serve your audience, the more you will get back in return. That's why I always say, "Your earnings are a byproduct of how well you serve your audience." Again, you can serve your audience in an automated fashion, and this is where this passive income comes from. I just wanted to lay down that foundation because it's so important to understand.

For the longest time – and people still do this today – they build something without doing the proper research, without understanding the pains, problems, needs and wants of a particular audience, who their target customer might be, who their target reader or subscriber might be. They just build something.

It's important to build, of course, but they build it without understanding who it's for exactly, and then they try to force people into it. It's like creating a product and saying, "Hey guys, look how great my product is! If you like this, come!" That kind of works sometimes, and a lot of times it does not.



If you can pinpoint a particular niche, a market, a group of people, and truly understand what they're going through, what their pains are, what their struggles are, what it is they want, what are they looking for that they can't get yet, or maybe they get a halfway solution for that and you can then come in and build something better – when you understand that, it changes your whole mindset around why we do what we do anyway.

I just wanted to share that before we get into the specifics of how you generate a passive income, because I don't want to say a particular method and have you think that you could just build that thing and automatically money's going to come flowing into your accounts. It just doesn't work like that. There's a lot of things that have to happen before that, but this helps frame your mind around what kind of business might work for you.

When I get into this I'm going to talk about who these business models are for. They might be for you, they might not be for you. I will say that. I'm going to share a lot of them over the course of these next 3 episodes, and a lot of them you might not resonate with but they're good to understand because you might evolve over time, but more importantly your audience might evolve over time.

This could be an episode that you might listen to way in the future to come back to, to see if there's anything you might be missing or you might be halfway giving a solution to your audience, when there might be something in here that could help you help your audience even more.

That's what I wanted to share with you up front, so let's get right into it. If you're just starting out, this is what I mentioned in the last post that has been getting the most questions nowadays and why I wanted to address this and why I wanted this to be mentioned first.

In Episode 15 I had mentioned the idea of article writing. Article writing used to be a thing that people would do in the past where they would literally write an article and they would publish it on a website where other people were also publishing their articles. This became a sort of library of articles that people could go to and read.

People would find those articles through Google searches or links or social sharing and that kind of thing. The thing is, if you author those articles there are advertisements on those articles and that article website would potentially share those earnings with you if people ended up clicking on those ads, and this worked out really well.



I did this for a while on a site called eHow.com. eHow doesn't do revenue sharing anymore so then I switched over to a website called InfoBarrel.com, and I made a few thousand dollars on those websites and it was really cool. You could just write an article and post it up and publish it, do whatever you can to share it on social media and things like that, and then if people clicked on links you would see an income.

I saw hundreds of dollars coming in every single month from a set of articles that I wrote way back in December of 2008, and for years those were producing an income without me having to do anything because I had already done the work. That was the cool thing.

Why I mention that first is because it was really easy to do. You didn't have to build your own website. There was already this website that was a content library for you to publish on. But then Google laid the smackdown on these article farms, as they called them, and those articles do not even rank anymore in Google. It's impossible to get traffic to those articles so it's impossible to make money on those articles in this fashion.

I wouldn't recommend article writing for revenue share anymore because it's just a practice that does not pay off. I would much rather have you write your own articles for your own site so you can start building a following that way.

However, I do want to mention that there's one site out there that you can write on right now that will benefit you, not in terms of revenue, at least up front, but it will benefit you in terms of practicing writing. That was a cool byproduct of sharing that initial article writing strategy for revenue share, was that people just got used to writing. They didn't have to set up a blog to do that, there was something already created, a platform they could write on.

That's great practice because if you want to succeed online you're going to have to do a little bit of writing. You don't have to be a great writer. I was not a great writer at first but I've gotten better over time. You just do that naturally, but it's much easier to get started if there's a platform already.

There's one platform out there that I would recommend that you write on today called [Medium.com](https://medium.com). Medium.com is a great site. It's super well-designed and what you do is you write articles on it in the same way that you would do before, but it's not anything you're going to make money from. There are no ads within the content, as far as I know, but the reader experience is amazing.



From a user perspective in terms of an article writer – that’s you if you choose to go this way, if you’re just getting started – it’s a fantastic platform, easy to use, and great practice for your writing. You’re going to have to do some sort of writing, whether you create a blog, a video channel, or podcast. You’re going to have to do some sort of writing at some point, and this is great practice. Like I said, you can build a following on this platform too, which is really cool, so I recommend you check out Medium.com.

Like I said, it’s not for generating an income but for just practicing right now. If you’re hungry and you want to start right now, go ahead and try it. Write a few articles. Publish them and just see what that’s like. Feel what that’s like to write something. Take that thing that’s in your brain, put it on a screen, and then hit Publish. It’s a really cool feeling. It’s going to be a cool quick win for you up front, and there’s potential to build some great relationships, not just with followers but with other article writers.

I think that’s a great way to start, especially for those of you who are a little apprehensive and don’t want to build your own website or pay for domains or any of that stuff yet. If you want to build a business you’re going to have to do that eventually, but don’t be scared. It doesn’t cost a whole lot to build a successful business.

That’s another benefit of building an online business is it doesn’t cost that much to get started. It does cost time, but I’m going to help you hopefully find success much faster than if you were on your own. That’s why I’m here.

Now we’re going to dive into a number of different income-generation strategies. Some of these might resonate with you more than others, which is why I’m giving you the overview here. I will give you some details about each of these things in terms of what it takes to get started with them, what it’s like, how much time it might take for you to find success with it, and those kinds of things, so you can see if they resonate with you or not, depending on your situation or where you’re at or just what feels right to you.

I have a lot of experience with a lot of these income-generation models, from building a platform and an audience and then selling digital products, information products, membership sites, courses, or also physical products, which I personally don’t have experience with it. However, I’ve had a lot of conversations with people and also have featured a lot of people on the SPI podcast too. We’re going to be talking about that. There’s affiliate marketing, niche sites, authority sites, coaching, consulting, freelancing, all of those types of things.



We're going to be talking about these things in detail, but I first want to start out with an income-generation model that I have tried out before and it wasn't my cup of tea. This is something that a lot of people are doing and they're doing very well, and I wanted to share this because maybe this is something that some of you might get involved with.

I'm just giving you the overview here; however, I will say that what I'm about to say is not passive income. It is not passive income at all because once you stop, it stops. It's just like trading time for money and it becomes another job, and that's why I don't really recommend this. The idea is to create assets that help you build freedom and flexibility in your life and your schedule, and this definitely doesn't do this. The other thing about this is you don't even need to be known in order to generate an income in this way.

So what am I talking about? I'm talking about what I like to call arbitrage. This is something like buying websites and then flipping them and selling them, just like real properties, physical properties, houses, buildings. You can do that with online properties too, websites and businesses. You can buy them and flip them and sell them off. People don't even know who you are really.

There are other ways of doing some similar arbitrage strategies, for example finding a product that has an affiliate commission that comes with it, meaning when you sell that product on behalf of another company or person you do earn a commission.

Affiliate marketing is great, but a lot of people do it in a way where they find a product, they don't even really research it or even use it, but they then buy cold traffic by promoting ads on Facebook or Google, and they drive traffic to that particular product through that ad and hopefully get people to purchase it and then earn a commission that way.

Again you don't even need to be known in order for that to happen. You're just setting up a system in which you're showing somebody something they might need that they will click on. Then if they purchase you earn that commission.

This arbitrage thing used to be very popular and I actually tried it myself. I found a product on a website called Clickbank.com. I just found one that had a decent commission, never even used it but it sounded interesting, so I promoted it by buying literally \$500 worth of advertising on Google AdWords. AdWords is those ads that show up on a Google search on the sidebar or at the top. I didn't make any sales and I lost



\$500 literally in a day because I wanted to try it out and see what it was like, and it just didn't feel right to me.

I want you to build something that is long-term, that's going to continue to work for you over time. In order to do that, the best way to do it is to build something that people are going to continually come back to.

That doesn't necessarily mean you have to put your face out there like I do on Smart Passive Income. You don't have to do that, although we can talk more about what that means and why that might be important in a little bit or in another episode perhaps. Really what it comes down to is building something that people will continually want to come back to.

You are serving them in some way, shape, or form, whether through information, through software or what have you, and people know, like, and trust you. As Jay Abraham says, he has this strategy of preeminence, which means becoming the most trusted advisor for a particular group of people.

When you can do that, they will continue to follow you, to take your recommendations, and to purchase products from you. They will become repeat customers. They will pay monthly to have access to you or the thing that you have created for them, and that's how you build a long-term business. That's how you create passive income. It's not by this arbitrage thing where nobody knows who you are.

Nobody knows that there's a person behind this connection between that product and that person. Nobody knows who the person is that's really flipping that website. They don't care, so how can you create something long-term in that way, where maybe all the websites there are to buy dry up, or these affiliate products just sever their affiliate relationships for whatever reason, or die out? How are you building trust with anyone in that sense? You're not. You're kind of this person behind the scenes that's kind of just playing this game with products and advertising.

I don't want to get into that. If that's you, then the rest of this episode is not going to matter to you. The rest of the other couple episodes that are coming aren't going to matter to you, either. What I want to talk about are legit business models that can help you build an audience, a following, a customer base that can help you serve a particular market in a way where you will get paid in return. To reiterate, your earnings are a byproduct of how well you can serve your audience.



There's two approaches to building a business. If you're starting completely from scratch there's two ways to do it. I've done it both ways. First, you start by sharing a message, establishing yourself, creating authority, building trust, and building a tribe on a platform.

What I mean by a platform is a place online where you can share that message and people can continue to follow you. You can collect their email addresses. You can build a brand around you and your expertise in a particular topic, whereby over time you will earn enough trust to serve that audience even further, getting paid for it by products, services, consulting, whatever the case may be.

Again it depends on the needs and the wants and the pains and the struggles of that particular audience. However, you've built that tribe, and when you do it becomes relatively easy for you to learn what it is your audience needs so you can serve them, and also learn what they would want to pay for.

I will say, however, that building a tribe does take a lot of time. It does take time to build that audience, to then be able to tap into and discover what products you could then create, but there are ways to do it faster than others. You can utilize relationships that you have. You can utilize other bloggers who already have that trust, and do things like guest posting or guest podcast episodes or other things like that.

We're not going to get into traffic building and brand building strategies right now. I'm just going to get into the passive income-generation models, but we're first talking about the platforms because the platforms that you create, whether it's a blog or a podcast or a video channel, anything where you are sharing content and building an audience and a tribe gives you the opportunity to create passive income for yourself.

The blog is not a passive income thing. It's what the blog enables you to do. It's the idea of selling products on that blog, or having that blog be able to bring people into a sales page of some kind and all those kinds of things. Building a platform is not passive, but it gives you opportunities for passive income generation.

Of course, there are different ways you can automate your platform, too. You can hire writers or have other people on your team help you. I like to batch process what I do, so I sort of work hard for a short period of time in bursts, then I have a long period of time to experience that freedom and that flexibility in my schedule and all those kinds of things.



Time management becomes very important when you're moving forward, especially when you have kids. When you have kids you just determine that you want to make the most out of every second of the day so that you can spend as much time with them as possible. That's what I've learned.

In building your platform, there's a number of different platforms that you can use. I still recommend either starting out with a blog or a podcast. I feel like a blog or a podcast is going to be much easier, although it does depend on your personality. If you're not a writer and you struggle with it, like I said you could practice. However, I know how a lot of you feel who struggle with writing, and it might not be the right platform for you. Whatever is most comfortable – writing, audio, or video.

Some of you are deathly afraid of video, and for some of you that's your natural talent, so you might want to start building a presence on YouTube. However, I will say that you will need a website of some kind. There needs to be some web presence that is yours that you control.

This is why utilizing sites like Medium is not where you're going to build your tribe. That's just a way to practice and also start to build a following, but you want your home base to be your home base, something that you can control. This is why I recommend setting up a website.

If you want to get started sooner than later I have an affiliate link for Blue Host, which is the hosting company I recommend. I still use them for a number of my little sites, not for Smart Passive Income because it's since outgrown it, but it's shared hosting and very cheap. If you go to smartpassiveincome.com/bluehost you'll get access to a special deal for you there if you're just getting started, so go ahead and check that out.

It's very easy to set up a website, and a website is important because that's your home base. No matter where you end up publishing your content, whether it's writing on your blog or a podcast or a video channel on YouTube, you always want to bring people back to your website so that you can build that following and you can create that email list, which becomes a valuable tool for you and your business.

No matter what kind of business you have, you need to be building an email list, and that's why I dedicated all of October 2015 to email marketing on the SPI podcast, the SPI blog, and on SPI TV. I dedicated the whole month to email marketing because I ran a survey. I built this audience over time on Smart Passive Income and then I did a survey. I asked, "What are you struggling with the most? What do you want to learn



about?” and more than anything people wanted to learn about email marketing, so I don’t have to guess anymore.

That’s the cool thing. Once you build that audience you can tap into them and harness the power of the collective group to understand what you can do to best serve them, whether it’s through free content like what I do on SPI, or paid products or course work or any sort of consulting you want to do.

Whatever those struggles are, you can then create the solutions, and again there’s no guessing. You’re not just building it and hoping they will come. You’ve built that audience already and now you’re serving them the best way that you can. It’s just a matter of understanding how.

Again, we’re going to talk all about those different models that you can utilize when you build a platform and build that following, everything from affiliate marketing to creating your own products to coaching and course work to group coaching, book writing, and all those kinds of things, but before that I want to get into the second approach.

If you’re just starting out, I had mentioned building a platform and building that audience first. That’s the first approach. The second approach is one that I learned from Dane Maxwell, who was my guest in Episode 46 of the Smart Passive Income podcast. If you want to listen to that later, go to <http://smartpassiveincome.com/session46>. That’s how you can get to the show notes and the blog, no matter episode you’re listening to.

For instance, for this one the show notes are available at smartpassiveincome.com/session192. So if you’re just listening to SPI for the first time, just keep that in mind moving forward so you can easily get back to the website.

In Episode 46 with Dane Maxwell he talks specifically about how to build a business with no ideas, no money, and no expertise. Sounds great, right? It might sound too good to be true, honestly, but I’m going to give you the gist right now. It’s essentially calling companies, small businesses specifically. You could do this with anybody, but when you target small businesses it’s a good idea because they essentially have problems that they need to be solved and are willing to pay for it if it makes their lives easier, and that’s really what it’s about.

You could call small businesses and you just “idea extract.” That’s what he calls it. You extract ideas based off of a conversation you have. You might ask questions like, “Excuse me, sir, you’re a pool supply business. That’s great. What is something you do



every day that you just hate doing in your business?” and they might have an answer for you. “If you had a magic wand, what is something you would change immediately in your business right now?” and they might give you another answer.

Based on those answers, you would hopefully dive deeper into it like, “Why do you feel like that? Have you tried a solution to that problem before? Oh yeah? Why didn’t it work out?” When you ask questions like that it becomes very obvious, based on those conversations, what it is that you can create.

Again, you don’t have an audience at this point but you’re understanding about your target audience. Typically this becomes a kind of software that you can use to create the solutions for these people, whether it’s a web app or an iPhone app or an iPad app or something.

A good example that Dane talked about in the episode is a building inspector who would go to different buildings and inspect them with pen and paper and have to manually take pictures on the digital camera, then upload them into the computer, then connect them into the doc file, and it just became this huge mess that he’d have to do every time he inspected a building.

An idea that was extracted through a conversation with this building inspector and a number of other building inspectors too along the way was an iPad app, where you’d literally just fill in the blanks. If you needed to take a picture of a particular part of the building you’d use the camera on the iPad app, and it just became this really cool thing that these building inspectors are willing to pay monthly to get access to, and it becomes this recurring revenue model. We’ll talk more about software in a little bit, but this is just an idea that came from conversations with people in a particular niche.

Again they didn’t build this audience, so they’re building the product first, but they’re talking to the audience at the same time, the potential customers, and actually getting paid for it too sometimes. You’re actually getting paid to create that product up front by these people who are helping you actually build that solution. It’s really cool, so again if you want to listen to that episode it’s at smartpassiveincome.com/session46.

Does this transfer over to information? Absolutely. If you find out something that people need a solution for and you have that expertise, you have that knowledge, you’re able to curate that information in a way that nobody else has before, and you can get access to that target audience either through paid advertisements or by a connection through an influencer who has that target audience and their trust already, then you’re able to create a product and sell it, without having built that audience first.



In a similar fashion, there are websites out there that are actually built to help people create products and also get those products and those things that are people are selling in front of other people. I'm talking about sites like [Udemy.com](https://www.udemy.com). Udemy.com is a site where you can create your own online course or training, and the cool thing is there are a number of users on this site already who are searching for certain tutorials. There are cross-promotion between certain tutorials and courses too.

That allows you to again get paid for something without having to build that audience first. Of course you could build an audience over time as you create more courses on here. I know a lot of people personally who have done very well on Udemy.com.

The con of it is it's on another website and you lack control, and of course they take a cut of it, too, but there's pros and cons to a lot of things online. The cool thing is you don't need to build an audience in order to become successful on that platform, but of course it helps if you do have an audience already.

Another similar site is something like [Etsy.com](https://www.etsy.com). Etsy is for physical products that you might create. Maybe you're a knitting expert and you create all these fancy knitted things, or you build really cool Back to the Future custom memorabilia. If you do that, call me.

If that's the case, then you can sell those things on Etsy, and Etsy will give you an opportunity to be found through the search engine or cross-promotion or any other way. And of course as a byproduct you can also build an audience on that particular platform too. But like I always keep saying, it's good to have your own website, a home. Even if you sell and have a following on any of these other sites, always bring people back to your home because you need to control your customer base and their emails so just keep that in mind.

Again, that's a second approach. You're creating something and putting it in front of people in some way, shape, or form, as opposed to building an audience first and then figuring out what they need and serving them in that way. Both work and I've had experience with both, and both are enjoyable. Again it just depends on what works for you.

We haven't even gotten into any specifics yet, and we're going to talk about a lot of the specifics in the next couple episodes, so I wanted to end with something that is specific and something that I've done over the past five years that has become very successful and very hands-off at this point.



This is similar to building a platform; however, it's building a platform in a way where there's a stopping point. It's a stopping point because it could be a static website that has all the information it needs to serve that particular audience. This isn't going to be as successful as potentially one that continually updates, that continually creates new content, because the more content you create, the more opportunities you have to be found on search and the more opportunities you have to be shared and all those sorts of things.

What I'm talking about are specifically niche sites. My definition of a niche site has actually changed a lot over time, but I feel that a niche site is a website that could be created on any platform. It could be a blog. All of my niche sites are created on a blogging platform. However, unlike the traditional blog or a blog like SmartPassiveIncome.com, it's a website that is static, that has a finite amount of information that does its job. By doing its job I mean it serves that particular audience, giving them the information they need to then reach their goals, whatever that goal might be.

I have a number of examples of this. My first business, GreenExamAcademy.com - formerly known as InTheLeed.com but it's now called GreenExamAcademy.com - was built to help people pass the LEED exam. The LEED exam is an exam in the architecture industry that I took a long time ago, even before I got into online business, when I was still an aspiring architect. I took this exam and I created a website to help people pass this exam, and this exploded. It took off and became a niche site because it was for people who were looking to pass this exam, and I gave them exactly what they needed.

You go to this website and it has everything one might need to pass this exam - free information to help get started - and actually they could use that free information to pass if they wanted to, but also I sold study guides and practice exams and electronic versions of those too. I chose not to sell physical versions, although I did have a few people actually request the physical versions.

A lot of people in this space were traditionally older. They were used to actually having physical books, but I refused to do that. I said, "First of all, this is an exam about being environmentally-friendly, so let's save paper and have it all be electronic." Of course, people would still print it out anyway. The second thing is I didn't want to have to be a slave to going to the post office every time I sold a physical copy.

Back then when I first started, there was no CreateSpace. CreateSpace is a third-party application or company that you can use, a service along with Amazon. If you had a



Kindle book you can also have print-on-demand physical books using Create Space. We didn't have that back then so I just chose to sell ebooks and it became a beautiful way to serve my audience, to deliver an electronic solution to what they were looking for. I didn't have to be present at all in order for that transaction to happen because it happened automatically.

This opened up my free time and this allowed me to build SmartPassiveIncome.com at the same time, and a lot of great things happened because I chose that route. You need to choose what's right for you. You get to build your business in any way that you want.

That's the cool thing about being an entrepreneur, especially today. You can build your business in any way that you want. That's why I love the fact that I'm re-recording these episodes, not only because everybody was like, "Could you give me some updated information?" but because you get to listen to all of your options and you get to choose which ones you like and which ones you don't.

You get to create your business so that you can create the lifestyle that you want. That's what this is about – on top of, of course, serving your audience. That's the #1 rule, serve your audience. I cannot stress that enough and that is the most important rule. Serve your audience and they will serve you back.

GreenExamAcademy.com is very niche for people passing this exam, and only a finite amount of information was needed. I could have just repeated things over time and had a lot more things, but then I would have been doing my audience a disservice. The site had exactly what it needed to have to best serve my audience, and because of that Google ranked it very high. Because of that people started sharing it. Because of that, the US Green Building Council – certain charter websites for different states – listed my own website as the top resource to help people pass the exam and it was a beautiful thing.

Even today, 7 years later after I created that website, it is still generating an income today, thousands of dollars a month. Now, it has decreased over time because the industry has changed and it's become saturated a little bit, but it's still generating between \$2,000 and \$4,000 a month.

Back then it was making \$20,000 to \$30,000 a month, but even still I'm hardly touching the website at all. I'm maybe going in once a month for 10 minutes just to check on the stats and to see if there's anything I have to worry about. Typically there's not, and I



do update the content every couple years when the USGBC updates their content anyway, so that's that.

I have a few more examples of niche sites that I want to share with you, but before I go into that let's talk about why the niche part is important anyway. Think about it – the LEED exam. Hardly anybody knows what that is unless you're in the architecture or building industry. Some of you have probably never even heard of that, or maybe you saw a little plaque on the side of a building one time that said, "This building is LEED-certified."

There's an expression I want to share with you, and that is "The riches are in the niches." Now, I don't want you to think that you'll get rich and I don't want you to think that it's an overnight success type of thing because it's definitely not, but I love that phrase because it's true. The riches are in the niches. You have to select a niche in order to succeed, and even when you do you have to niche down because a lot of us go too big too fast. You want to go small and quick.

What I mean by that is let's say you target the fitness industry. You want to get into fitness. If you create a website that's all about fitness you're going to have to talk about a whole mess of things in order to succeed with it, because there are a lot of other sites out there already that are talking about them and probably have a large staff, other resources, and a lot of authority already, so it's going to be very hard to compete.

You need to find your niche within those niches that you want to select because you're probably thinking too big right now, most of you. If you want to select pets, for example, which pet? What breed?

All those kinds of things matter because if you're doing this platform-building thing or even if you're building solutions that you don't have an audience for yet, or you want to go the product route first, you need to become that trusted advisor. It's hard to become that trusted advisor to people when there are so many trusted advisors out there for those people already. It's much easier if you specialize.

An example I always use is the mall. How many different kinds of shoe stores are there? There's a shoe store for casual shoes or skating shoes, Van's or AirWalk. Then there's a running shoe store and there's a basketball shoe store and there's a company called The Walking Shoe Company. There's Crocs in their little stations in the middle. They each have their own specialty, as opposed to the Shoe Pavilions or the Wal-Marts or the Targets of the world.



If I am somebody who's interested in running and I'm a serious runner and I want to get the best running information and buy the best running shoe, where am I going to go? Am I going to go to Target? Probably, because I go to Target all the time, but not to buy my running shoes. If I want the running shoes that I need, I'm going to go the running shoe store.

Actually there's a store here in San Diego called Road Runner Sports and that's where I go to get my running shoes because they have the expert advice, they have the biggest shoe selection, and they have all the accessories I need to make my running experiences exactly what I want them to be. You want to be the running shoe store in your niche.

Even beyond that you could get a little bit deeper. What if instead of a shoe store for runners you had the shoe store for runners who were running ultramarathons? That's a different kind of shoe they're going to wear. They're going to want longer durability and more comfort. I don't know, I've never run an ultramarathon. You could talk to Joel Runyon at ImpossibleHQ.com, one of my good friends here in San Diego, who's run a half dozen to a dozen ultramarathons. That's 50 miles or more. That's a different kind of experience.

If I was an ultramarathoner or ultramarathon runner or whatever you call yourselves – Ultraman? I don't know – you'd probably have a different mindset going into a place and would prefer somebody who knew exactly the same experiences you were going through. So again, you can get pretty deep.

There's an article that I recommend all of you read. It's called ["1,000 True Fans"](#) by a guy named Kevin Kelly, so look that up. It's going to give you information and give you a lot of inspiration because it's going to show you that you don't need 6 billion people or however many people there are in this world to fall in love with your product or fall in love with you. You just need to build your small tribe who are going to be there to support you, who love what you do.

When the math comes into play and why it's 1,000 true fans, let's say you had 1,000 true fans who loved you for whatever it is that you did. Maybe you were the expert at ultramarathon running and you gave the best advice, knew where all the top races were, knew how to win each of them and all those sorts of things. If you had 1,000 people that love that information so much they were willing to pay you \$100 a year, less than \$10 a month to get access to that information, that's a 6-figure income right there, \$100,000.



Of course the math is sort of arbitrary. It's just a way to frame this mindset, but the mindset is really that you don't need to build something that the entire world is going to use. If you do that it's awesome, but if you're building a business you can start small because the riches are in the niches, and then you can build out from there.

I said earlier that I have a few other examples of niched websites. Another one is SecurityGuardTrainingHQ.com. This is a website that I actually built publicly on Smart Passive Income back in 2010-2012, and it was at that point I created a website to help people become security guards.

The way I found out about this was through keyword research. I used a tool called [Market Samurai](#), and Market Samurai still exists. It's a sort of advanced tool that you can use to discover how many people are searching for certain terms and what the competition is like for those top-ranking websites in Google that serve that particular audience.

I found out that there was a big hole. A lot of people were searching for that keyword, *security guard training*, and not getting the information they needed, so what did I do? I created a website to serve that audience.

Did I have expertise in security guard training? Not at all. However, I put myself in the shoes of someone who was looking for that information and I found out exactly what they needed to know. To do this research I literally called security guard training companies and asked them, "How do I become a security guard? What is the process like?"

Through this I discovered that there are different requirements depending on what state in the United States that you live in, so I was able to easily fill out the website with 50 different articles, one for each of the states in the US, with the step-by-step process of how to become a security guard in that particular state.

Then all the sudden this website started to rank higher and higher, and then literally within 73 days I was able to rank #1 in Google for *security guard training* and through advertisements on that site it was making a couple thousand dollars a month, and it has since been making a couple thousand dollars a month since 2010. You can actually look it up right now. Look up *security guard training*, and unless major change has happened in Google you'll see it right there at the top or very close to it.

I also have a website at FoodTruckr.com which helps people start and maintain their food truck business. Do I have a food truck? No, but I got connected with people who



have food trucks and have been able to provide that information for people. I've been able to curate that information.

This one's unique because I actually found out through research and actual conversations with food truck owners that they don't have a lot of time during the day to read blog posts, but they do have a lot of time on the go while prepping or while driving to their next location to listen to podcasts. That's why I have the FoodTruckr School podcast to go along with that. It came out twice a week for a while and it had about 30 episodes come out, and it's gotten tens of thousands of downloads.

I've been able to sell products on that website too – a "How to Start a Food Truck" ebook and also a Food Truck Growth Kit for people in companies who already have a food truck, to help them survive and thrive in the future, so that's been really fun too.

For both of those – SecurityGuardTrainingHQ.com and FoodTruckr.com – the process of building those websites was all made public from the very first steps to where I'm at now. If you go to NicheSiteDuel.com, look at the tab up top that says Updates. That gives you the whole list of all of the things. If you want to follow along and see exactly how I built the websites, exactly how I created the content, and the tracking of the rankings over time, it's really fun and interesting, so you can check that out at NicheSiteDuel.com.

We're at the 45-minute mark now so I don't want to hold you too long because we do have two more episodes to talk about these things, and I think this is the perfect ending point. We've talked about a number of different strategies today, but a lot of the mindset of what goes into building a successful business, which is very, very important and actually something that I didn't touch on very much in the first episodes where I talk about something similar to 15, 16, and 17, so I'm glad I was able to cover that today and hopefully put your mindset in the place that it needs to be.

You need to serve your audience, but also there's a lot of different options for you to do that. If you want to make it passive you have to create something that people are going to come back to, or at least there's access for people to come back to you who need that information when they need it.

In the next couple episodes we're going to get into the specifics, if you have a platform, of what you can do to monetize. What different kinds of products and services can you create to serve your audience? We're going to talk about the specifics of those and what it might take to get started, who it's for, who it's not for, and all those kinds of things.



Again this is a 3-episode series that together is going to help you figure out what works for you and what maybe doesn't work for you, and how to get started and all that good stuff.

Until the next episode you can go to smartpassiveincome.com/session192 to get access to all the links and the resources that I mentioned in this particular episode. I'll also link directly to the next episode when it becomes available. That's going to be Episode 193. This is 192. 193 is coming and 194 also to round it out. We're going to talk in detail about some of the more specific business models that you can use in the future, too.

Until then I want to first of all thank you. If this is your first time listening to the Smart Passive Income podcast, welcome. Thank you so much. If you enjoyed this, listen to a few more episodes. There's a ton of great information that is all still relevant. My team and I are going into the past to update content and we're going to do things like this more in the future too, to make sure that you're up-to-date on whatever it is that you need to know to grow and succeed with your online business.

Before we finish up I do want to thank today's sponsor for this particular episode. 99Designs.com is an awesome website if you're looking to create graphics for your online business. This is a great place to go especially if you're just starting out and you can't afford that designer who's going to stick with you the whole way through, which is preferable, but it's understandable that you can't have that at first, so head on over to 99Designs.com/spi.

What this service does is it allows you to put a description of the image or the graphics that you want done, whether it's a logo to a complete website to a t-shirt to just any sort of images or designs that you need. You put the description up of what you want, and in just a day or two you're going to get a number of different people around the world who are competing for your favorite design.

You're going to get all different styles, all different types, and you get to pick your favorite. If you aren't happy with what's been created you can get your money back, which is really cool. The turnaround time is very, very quick, 7 days, which is pretty awesome, so you can check it out.

Again go to 99designs.com/spi. That will get you access to a \$99 Power Pack of services that you can put towards your next design project.



I also want to thank Laura Roeder over at [Edgar](#), who has made an amazing social media tool that I use every single day. It helps me post and recycle my posts, my tweets, and my Facebook posts so that those don't go to waste. Especially on Twitter, when you think about it, when you post something on Twitter it gets seen by the people who are on Twitter at that time, but then it goes to waste.

There's a lot of different types of content that I share on Edgar that is evergreen. I also use it as a conversation starter, too. I allow it to automate and schedule tweets ahead of time, but then I go into Twitter every once in a while and I can just start right up in building those relationships that are really important to build, to build that trust and authority with your audience too.

I recommend you check this out, and you actually will get a serious discount if you go to [meet Edgar.com/pat](#). This is an exclusive offer just for SPI fans. If you go to [meet Edgar.com/pat](#) you'll see a coupon code right on that page. It will pop up for you and you can start a free trial and see what this is all about.

Thank you so much for listening in. I appreciate you and I hope you got a lot out of this episode. I'd love to hear from you and what you think, and also I look forward to serving you in the next episode 193. Just head on over to the show notes for this episode at [smartpassiveincome.com/session192](#) and I'll see you there.

Thanks so much and I'll see you next week. Bye.

Outro: Thanks for listening to the Smart Passive Income podcast at [www.SmartPassiveIncome.com](#).

Links and Resources Mentioned in This Episode:

[Medium](#)

[BlueHost](#)

[Udemy](#)

[CreateSpace](#)

[Etsy](#)

["1,000 True Fans"](#)

[Market Samurai](#)

[Smart Passive Income Episode 15:](#) Types of Passive Income Generated Online and What to Expect From Each – Part 1

[Smart Passive Income Episode 16:](#) Types of Passive Income Generated Online and What to Expect From Each – Part 2



[Smart Passive Income Episode 17](#): Types of Passive Income Generated Online and What to Expect From Each – Part 3

[Smart Passive Income Episode 46](#): Building a Lucrative Business with No Ideas, No Expertise & No Money with Dane Maxwell

[GreenExamAcademy.com](#)

[SecurityGuardTrainingHQ.com](#)

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