

mo.com

what's yours?

mo·dus op·e·ran·di (mō'dəs ɒp'ə-rān'dē, -dī)
noun. 1. mode of operating or working.

here's ours:
We Interact with Entrepreneurs!

Suggest an Entrepreneur

Know a great entrepreneur we should interview? Drop us a note here



Robert Livingstone
Ideal Cost



Marty Metro
UsedCardboardBoxes.com



Raymond Troy
Tyten, LLC



Brian Null
MO.com

some of our recent interviews

who's behind mo.com

Brian Null - Founder of MO.com



Domain Names and Branding
One Man's View

Domain Names and Branding: A person can compile a long list of successful Internet companies that built their empires on a domain name that doesn't immediately communicate what their business is:

[Read More...](#)

Mizzou Professor Greg Bier



Social Entrepreneurship
Who Really Cares?

A socially responsible entrepreneur? Is that a good thing? Is that a bad thing? Is it even possible? By definition entrepreneurship used to be defined by personal risk = personal reward.

[Read More...](#)

MO.com is Sponsored by Name.com



AUG 19 Ideal Cost, a consulting firm that helps companies lower their credit card acceptance fees.

No Comments



Ideal Cost
President and Founder
<http://IdealCost.com/>

Robert Livingstone

Interview by [Mike Sullivan](#) of [Sully's Blog](#)

Follow Us On Twitter



- [Brian Null](#)
- [Kevin Ohashi](#)
- [JC Holmes](#)
- [Richard Banfield](#)
- [Adam Strong](#)
- [Nathaniel Broughton](#)
- [Mike Sullivan](#)

A Few of Our Most Popular Interviews

[Aaron Wall of SEO Book](#)

This Interview was made possible by our friends at

name.com

Name your .com with [Name.com](#)

Robert Livingstone is the president and founder of [Ideal Cost](#), a consulting firm that helps companies lower their credit card acceptance fees. In 2008 Robert was a top performing sales rep at a credit card processing company. Offered a management position at the company, Robert turned it down to seize an opportunity. He saw a trend in the utilities industry where auditors were coming and reducing utility fees through negotiation with existing providers on contingency. Robert believed that he could transfer this idea to the credit card processing industry. At the age of 24, with a few thousand dollars from his savings, Robert opened Palm Beach Merchant Services.

Palm Beach Merchant Services began to pick up local clients and renegotiating rates and fees on their behalf. Merchants appreciated that they didn't have to cancel their existing contracts, pay early termination fees, or touch their equipment/software/websites, but simply received fee reductions every month and protected from future rate increases. When merchants realized that Robert was serving them and not the banks, business gained success and referral poured in. At this point it was time to expand nationwide and Ideal Cost was born.

Today, Ideal Cost has clients across the country. They specialize in mail-order and e-commerce clients as they are afforded less protection and are charged at much higher margins than "swiped" transactions. Ideal Costs has been featured in Forbes, American Banker, Business Leader, and many other media sources.

MO:
You are referred to as the "merchant rights advocate" in many articles that we have found online. Can you tell us what this nickname means?

Robert:
That nickname came from the reputation that my company has gained by working for the merchant rather than the banks. I feel that I am very outspoken about the lack of important regulation in the industry. Many merchants are too embarrassed to admit when they have been scammed so I feel that it is my duty to speak up for victimized merchants nationwide.

MO:
You're providing a risk-free service to your clients because your compensation comes only as a percentage of the savings you provide to these companies. That has to build instant trust with clients. Do you find some companies are still resistant to exploring your services? If so, what do you attribute that to? How do you help them see the benefits?

Robert:
We find that prospective clients are extremely receptive to our pricing model because we aren't asking for a check immediately. Our clients are able to trust us immediately and not worry if they are really getting value for their payment because we won't accept payment if we can't perform. I personally have found some scattered prospective clients that are very hesitant about our pricing model just because they are so unfamiliar with it and are do distrusting of the credit card processing industry. Our most resistant prospective

[Eric Borgos](#) – Sold his website [Bored.com](#) for \$4 Million

[Johns Wu](#) – Sold his site [Bankaholic.com](#) for \$15 Million (and is now part of the MO.com group)

[Neil Patel](#) – [KISSMetrics](#)

Recent Articles on MO.com

[How to Structure Your Next Internet Joint Venture](#)

[Is it Time to Sell Your Business?](#)

[Intellectual Property. Can You Use It?](#)

[California Killed the Golden Goose](#)

[Partnership and Development Structures for Online Businesses](#)

[The Myths of Business Planning](#)

[Researching the Business Plan](#)

[Social Entrepreneurship...Who Really Cares?](#)

[The 5 Cs of Entrepreneurial Success](#)

[Business Tools: Evernote](#)

Recent Entrepreneur Interviews

[Aaron Wall](#) – [SEO Book](#)

[Alex Mashinsky](#) – [GroundLink](#)

[Brant Bukowsky](#) – [VA Mortgage Center](#)

[Brian Benko](#) – [Backbay Ventures](#)

[Bruce Marler](#) – [Missouri.me](#)

[Chris Merrill](#) – [Super Web O Matic](#)

[Daniel Scalosub](#) – [eType.com](#)

[Dave Knox](#) – [The Brandery](#)

[David Hauser](#) – [Grasshopper.com](#)

[dk Dr. David Klein](#) – [purpose inc](#)

[Dana Robinson](#) – [Get In Business!](#)

[Ed Robinson](#) – [Aptimize](#)

[Elliot Silver](#) – [Silver Internet Ventures](#)

[Eric Borgos](#) – [Impulse Corp](#)

[Erick Arbé](#) – [GolfWebDesign.com](#)

[Grant Harris](#) – [Image Granted](#)

[Gregory Artzt](#) – [General Sentiment](#)

[Jeff Booth](#) – [BuildDirect](#)

[Jeff Cohen](#) – [CampusBooks.com](#)

[Ira Zoot](#) – [TicketStub.com](#)

[Isaac Garcia](#) – [Central Desktop](#)

clients see the benefits when we provide them with references and show them case studies from other clients.

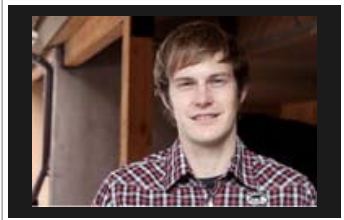
MO:
How are you able to reduce your clients costs with the processors? What keeps them from just telling you "no, we won't reduce the fees?"

[Read More...](#)

AUG 18

How to Structure Your Next Internet Joint Venture

No Comments



Growth Partner
President and Founder
<http://www.GrowthPartner.com/>



Nathaniel Broughton

The current state of the internet businessmen (if there can be such a thing), is one of collision.

SEO's face off with results pages that feature real-time content, maps, comparison ads and shopping listings. We must be more social than static.

Affiliates are bracing for **increased regulation from the FTC**.

Domainers and domain owners face **declining parking revenues** and are finally showing genuine interest in developing their properties. They are learning about PPC, search, content development . . . even real affiliate programs!

Investors? Internet or otherwise, they look out and see an economic climate where high returns are extremely unlikely. Where can their money go for a good 2x or 4x in the next 2 years? All of these little worlds – Collision. Boom. They all need each other more than ever, and for once, it's starting to make more sense to develop an *all-around* property than one of tunneled success.

You need a **great domain**. You need to rank. You need never-ending fresh, reactionary content. You need a paid strategy that's ahead of the curve, and ahead of the regulations. You need your money to be put to work instead of sitting in your Schwab account.

I sit in the middle of all these worlds today, and wonder how they can all get along? It's interesting to see them coming together. People of success, but success of a different time. Now needing to understand each other's worlds.

Why now? Because Google's always **expanding their infiltration of the SERPs**. Because content factories are smarter and more effective than you might expect. Because big corporate dollars are migrating to our world.

So let's try to answer a very common question – how do you setup a JV in late 2010?

After all, if we're going to work together, we need to know how to divvy up the pie.

First, assume this – I'm talking about a web-business, or domain, on the internet. Those only. We want to make money online.

Cool? OK, here's a rundown of a few JV setups I've seen lately, ones I think you'll find effective as you mosey on down this .com profit road in the coming few years.

Scenario 1: Domainer wants to develop high-volume, exact match parked domain.

Here we have a domainer who likely has a great domain name, and has owned it for many years. It's parked. It's been parked. And he liked it that way cause it was the easiest money on Earth. Used to be great money,



- Jamie Stephens – [Bookd.com](#)
- Jason Morehouse – [Checkfront](#)
- Jeff Edelman – [Student.com](#)
- Jim Estill – [Canrock Ventures](#)
- Johns Wu – [Internet Marketer](#)
- Ken Canion – [Affirmation Apparel](#)
- Lisa Illman – [Kritter Kommunity](#)
- Mark Fasciano and John Murcott
- Marty Metro – [UsedCardboardBoxes.com](#)
- Matt Griffin – [Baker's Edge](#)
- Michael Konrad of Screen Assist
- Monty Bates – [Camera Gear, Inc.](#)
- Neil Patel – [KISSMetrics](#)
- Pete Mayer – [FoamFitTools.com](#)
- Peter Frank – [College ACB](#)
- Raymond Troy – [NineAPair.com](#)
- Richard Banfield – [FreshTilledSoil.com](#)
- Rob Monster – [Epik.com](#)
- Robert Livingstone – [Ideal Cost](#)
- Scott Hastings – [PrivateSuites.com](#)
- Sean Harper – [TransFS.com](#)
- Shel Horowitz [Guerrilla Marketing Goes Green](#)
- Terrell Miller – [Rancho Media](#)
- Tim Ash – [SiteTuners](#)
- Tim Chen – [NerdWallet](#)

If you like us, please "Like" us :)

MO.com sa Facebook.
 62

MO.com partners being interviewed

Brian Null being interviewed by Nathaniel Broughton and Brandon Laughridge of [GrowthPartner.com](#) for their Entry/Exit podcast series. These guys are heavy hitters at building and growing businesses online. You can listen to the podcast on their site: [Growth Partner](#)

Brian Null being interviewed by Andrew Allemann of [DomainNameWire.com](#) for his radio show recently. You can listen to it or read the transcript on his site: [DomainNameWire.com](#)

but now it's falling off a bit. Blame AdSense, blame search engines preference for 'real' sites, blame the more sophisticated user. His friends are starting to develop some of their properties, and everyone says it's the way to go.

Now, he knows little about the wonders of building a true web business. He doesn't want to do all the work, and play catch up learning 10 years worth of online marketing knowledge and experience.

So he needs someone to build the site. Designer, developer, content creator, SEO, social, possibly some paid advertising and conversion testing. Monetization, fulfillment (affiliate, drop ship, or straight up in house). Maybe even someone to answer a phone depending on the project. Lot of stuff right?

Our domainer goes off and finds the right partner to do this thing. Ideally, he only needs one partner to take over all the things I listed. If it's one partner, here's what I suggest:

Domain owner - 20-40%, Developer 60-80%. Developer has to "buy in" with some cash.

The domain owner in this case is pretty hands-off, and rightfully gives up a nice chunk of equity to a partner to take a site that is nothing, and build it out. He retains enough ownership (even 50% is doable) to influence decisions over the site. If it cash flows nicely, or sells for a multiple, he'll make a lot of money.

There are a few ways to cover your butt if you're the domain owner here. First, don't partner with someone who sucks at building out sites (you knew that one). Second, make them buy in a little. Some skin in the game, at a % relative to current site value or current revenues.

You might also add a revenue baseline that the developer has to maintain. By that I mean if the site is making \$3,000/month, only do the split at #'s above that baseline annualized. That can be tough if you're revamping a website because revenues might immediately drop with a change in direction of the site's content, but in some cases this is a great way to help ease yourself as the domain owner into a new JV.

Scenario 2 - Web-business owner with a great setup, but no marketing skills.

Here we have a internet business owner who has secured a domain name, got it up and running and started selling something, but just can't drive traffic that converts. He needs more traffic, more sales, and someone to help him capitalize on the advantages he's created by starting a site on a good domain and establishing some sort of way to make money off it.

Again, we see an owner of a web asset needing someone with the skills to market the site for them. Just like Scenario #1, he needs all those things. But how shall this be structured?

What's different here is the current owner probably has a lot higher buy in. He might have existing inventory, debts, employees, and other overhead. He's never tasted the sweet money of parking in days of yore, he's just trying to build a successful business.

My suggestion is more of an up front investment from the new marketing partner, and less overall equity. After all, our man here has to still run his business. Here's what I suggest:

Business owner - 60-85%, Marketing partner 15-40% with cash invested for equity.

The marketing partner has to bring cash to the table and show a commitment to becoming a trusted part of this company. Take ownership of some of that inventory, or the past expense it took to build this business to where it is. Their upside exists in that they don't have to run the business, or deal with starting a business from scratch.

The business owner still needs to maintain a large % of his baby. But don't forget it might never succeed online without this marketing partner. Some equity is fair, and in order.

A cool twist to this scenario, and one we've done multiple times in the past, is to start smaller with the new partner's equity and let them earn more equity over time. So say they get 10% to start for a cash investment and sweat equity, and then have the opportunity to earn an additional 2% per quarter (up to a cap of 20% total equity) for good performance. I really like adding this in. It lessens the initial equity the owner gives up, and makes the partner earn their share as the business grows.

Scenario 3 - Super affiliate and SEO.

Talk about two different worlds that operate so close to one another, but never seem to touch. Well, until my collision!

Here you've got a pimptastic affiliate marketer who slings offers via primarily paid search and list marketing. "It's all in the list" "Test test test" - these are their mantras. They're tired of the ups and downs of the affiliate world and the copycats who bleed their offers dry.

It's time to build a real business. What do they need? One key component is a partner who's built a more traditional business that's included SEO. Cause affiliates get paid search, but not many get (clean) SEO. Short of figuring out a backend fulfillment strategy - and it still might be affiliate marketing in the end - how can this one be setup?

Meet Our Writers

Interviewers and Contributors to MO.com

SelfEmployment.com

SelfEmployment.com Domain name For Sale.

This Descriptive, Intuitive, and Memorable domain defines a huge and growing category. Serious inquiries only. [Contact Owner](#)

Entrepreneur Updates

[Terrell Miller](#), Founder of [Rancho Media](#), has just launched a new ecommerce site selling cattle tags. His new site can be found here:

[CattleTags.com](#)

Favorite Quotes:

"If you wish success in life, make perseverance your bosom friend, experience your wise counselor, caution your elder brother and hope your guardian genius."

- Joseph Addison

"It is not the critic who counts: not the man who points out how the strong man stumbles or where the doer of deeds could have done better. The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood, who strives valiantly, who errs and comes up short again and again, because there is no effort without error or shortcoming, but who knows the great enthusiasms, the great devotions, who spends himself for a worthy cause; who, at the best, knows, in the end, the triumph of high achievement, and who, at the worst, if he fails, at least he fails while daring greatly, so that his place shall never be with those cold and timid souls who knew neither victory nor defeat."

- Theodore Roosevelt

"I've missed more than 9,000 shots in my career. I've lost almost 300 games. 26 times I've been trusted to take the game winning shot and missed. I've failed over and over and over again in my life and that is why I succeed."

- Michael Jordan

Entrepreneurs are simply those who understand there is little difference between obstacle and opportunity, and are able to turn both to their advantage.

- Niccolo Machiavelli

I say go 50/50. There's enough synergy behind an affiliate's knowledge of keyword targeting and conversions to go along with a more traditional marketer's knowledge of content creation, link building, and beating the competition in the SERPs to market his one an even split.

Scenario 4 - I need money to make a run at this new idea. I need money to grow my business. I need MONEY!

Investors, I'm looking at you. It's nothing new. You've got money you want to get a return on, and there's an endless supply of hungry entrepreneurs ready to take it. What's a fat cat to do?

Forget traditional angel investing or venture capital. Remember, you're now colliding with internet entrepreneurs of a new ilk. They don't march up Sand Hill Rd looking for \$3 million to "build users" and "what do you mean how will it make money?"

There's a new breed of investment going on, given what's happened over the last 15 years across the internet. The Dot-com bust, the financial collapse, and the diminishing costs of launching a new venture have all contributed to a new breed of angel investing that is disrupting the established pecking order of the past 30 years.

I saw an interesting discussion of it on [TechCrunch recently, that is worth a read](#).

But as an investor, what to know right now is it's time to throw out the traditional barriers of geography, industry-type, and bloated fundings for startups. Go small and go far, by networking with entrepreneurs at events where they hang out.

As far as structure, it can be all over the board. I like investors that stay back a little, say less than 50%. Of course this one can all depend on how much you're footing the bill. One of my partners has a separate deal where he operates a site for a 20% share, and the investors funded the domain acquisition and operating expenses for 80%. (so what I "like" may not always be reality :)).

For your money, a dynamic duo of a domainer and online marketer need not a fancy office, catered lunch or your watchful eye dropping into the office (if there even is one) every Thursday to "check in". And more importantly, there's a lot of opportunity to take your money and put it to work online these days. Taking the scenarios I've listed above as just a few examples, it's hard to argue with the possible returns of a 2x-6x exit in under 2 years. This is definitely possible on the shoulders of a sounds internet team/plan.

For me, the collision is exciting. It's where my money is going. Maybe I'll see you there.



Image: cquarles

[Read More...](#)

[« Older Entries](#)

© 2010 MO.COM

[Contact Information](#)

[Forum](#)

[Newsletter Subscription](#)

[Our M.O.](#)

[Privacy Policy](#)