

Interview with Don Philabaum about his recent book, Internet Dough

Hello, I'm Allen Weinberger, with me today is Don Philabaum author of the book Internet Dough. Don has founded three companies, sold two of them. He started his first company while in college and grew it into a multimillion dollar firm employing as many as 150 seasonal employees photographing 200,000 college graduates each year.

In 1995 Don created his second company which he grew during the dot com era, providing online communities for over 300 alumni associations around the world. As an early pioneer of online communities Don was at the forefront of many innovations in his industry.

Today Don's firm, Internet Strategies Group works with organizations and companies to help them develop a comprehensive Internet strategy. We're talking to Don today about his new book, Internet Dough, Create a Business Strategy to Make More Dough!

Don, Welcome!

Internet Dough, that's an interesting title, what's behind it?

//////don

Ah, great question Allan. In the second chapter of the book I share a fictional story about a Pizza shop owner who founded his company 30 years earlier using mass marketing techniques. Tony, the founder and owner was frustrated by the ever increasing advertising costs and at the encouragement of his son decided to try using social media marketing strategies to increase sales. I show in the chapter how he ended up making more DOUGH with little or no advertising cost. So it's kind of a play on the word pizza dough and moola, money and cash!

//////allan **Who should read the book?**

//////don

I really think the book is written for any organization, be it a religious organization, a business, non profit or even government organization. And at the end of the day, any size organization from something as small as a pizza shop to a fortune 500 company. It's a book that will help busy executives gain a better understanding of the risks of ---- NOT adopting an Internet strategy for their firm ----- AND the benefits of course ----of adopting one. So really managers, VP's, CEO, small business owners – **all** ----will find dozens of nuggets and powerful examples they could adopt.

///Allan **What's your 30 second elevator pitch about the book**

//////Don

The book explains how the behaviors of consumers have changed and businesses will not be able to reach them as easily through mass marketing or traditional marketing changes. It's written in easy to understand terms for anyone who is just getting started, but also provides 50 tips and suggestions on how the reader can implement the 30 plus proven Internet strategies and best practices we share with them. This is NOT a book with a bunch of gobbltygook stuff that is hard to understand, I share case studies that will give a reader those ah, moments, the moment the light bulbs go on in their head after hearing how someone else used the Internet to acquire, retain or engage customers.

The book incidently can be downloaded for free at www.internetdough.net or you prefer to hold a book in your hand, you can order a copy of the 210 page book.

//////Allan

What was your inspiration in writing Internet Dough

//////Don

Allan I think ALL businesses are at risk today by ----NOT adopting Internet tools and strategies to engage customers, cut costs and increase revenues. In talking to business owners around the globe, I keep hearing the same thing from them. They know they should be developing business strategies using the marketing and distribution power of the Internet but, -----frankly they just don't know what to do!

When you think about it ----- the Internet has its own language, new tools and ideas that few people have had the time to understand because they are busy with their day to day tasks.

//////Allan

Do others recognize this as a problem?

//////Don

Not many, but there are a few. In my book Internet Dough I share a comment that Robert Scoble one of the feature speakers at an Internet Strategies Forum in Portland. (Robert was the most popular Microsoft blogger and has become a thought leader on the use of social media).

Let me read what he said:

"A new digital divide is developing and it's not represented by economics but by mindset. Today a legion of executives are deliberately deciding not to experiment and/or use social media tools. Little do they realize they risk leaving a legacy in their organizations as the ones that "missed" the social media revolution!"

I think his quote sums up my observations too!

In chapter 8 of Internet Dough I share a dozen stories about companies and or industries who have already been decimated by the changes brought on by either changing consumer behaviors or other competition from within or even outside of the industry adopting game changing Internet strategies that literally drive the profit out of an industry, forcing businesses to close.

I really think ----- ALL companies in our country will be facing significant competition from global companies in the next 3-5 years -----and I want to make sure we as a nation are ready for this.

//// Allan **So in the book, Internet Dough what kind of social media marketing strategies did Tony adopt?**

////Don

To help people get their hands around this concept we laid out two phases. In the first phase Tony and his son Anthony begin to collect email addresses of all of their customers. Over a period of 3 months they collected nearly 1500 email addresses. The point we drive home here is they are effectively creating their own marketing channel by collecting email addresses. When you think about it, Tony can send an email out to the 1,500 people on a slow night to drive traffic to their Pizza shop. So instead of handing \$500 to an advertiser to drive customers to his shop, Tony is simply sending an email?

//// Allan **Sounds, great, what else did they do?**

////Don

A number of things. They did a series of simple Youtube style videos where Tony talked about the quality of their pizza, how they discovered their recipe and then a series of educational videos showing how they make the pizza. They also used a simple laptop webcam and invited teens to come down on a Friday night. The teens put their mugs in front of the web cam and text messaged their friends to take a look at them. They also automatically sent birthday cards to customers on their birthday and offered a free pizza. The whole idea was to create a buzz, some excitement and build their brand and customer loyalty.

////Allan **Don, you seem to have a theme running throughout the book that companies should be creating a written Internet strategy, what do you mean by that?**

////Don

In order to elevate the importance of an Internet strategy within a company I'm suggesting that the business managers, CEO and owners do what Bill Gates did ----WAY back in 1995. Gates recognized the coming importance of the web for his firm and the potential risk Netscape would be to them so he sent a memo to his entire company and suggested that----- "everything they do, must begin to center around the Internet" Business leaders must recognize the need to act NOW. The clock is ticking and it's now or never.

If they fail to act now, --- as Robert Scoble said.....they will leave a legacy as the guy or gal that missed potentially tanked the company, OR --- on the other hand, they will be the ones hailed as being "smart enough" to lead the company in that direction.

/// Allan **So give me an example of a company at risk?**

///Don

A good example is the Zagat company. Zagat is a publisher that sells a book with reviews about restaurants. They sell their book through book stores.

Their business is at risk from two angles.

First there are hundreds of startup companies who are offering free restaurants rating services now on the web. A friend of mine actually created one using the Facebook Platform designed. It's call MyRestaurants.

So as consumers become more web focused, why would I buy a Zagat guide when they can get the information online and probably a wider selection of restaurants too, AND right on their iPhone?

Second Zagat is facing competition from someone they would they would have never had thought would be a compler. Open Table is a service provider that offers an online reservation service for restaurants. The service is free to customers and fee based to the restaurant owner.

It's a powerful SaaS too that is easy for the restaurants to use and low enough in cost enough to provide an ROI.

So when I wrote about this in November of 2007, I suggested the next step for Open Table was to offer ratings and comments by customers. I suggested when they did that, they will be in direct competition with Zagat. And just recently I read an article that indicated they were moving in this direction.

So my point in all of this is that all companies need to be taking a hard look at what they should be doing on the internet and they need to be analyzing what others might be moving into their space and either give away or drastically reduce prices in order to sell a product of theirs that has a higher profit margin. They have to recognize their customers behavior has changed and that they need to develop a strategy to change with them.

////Allan

What are you working on now?

////Don

I've just finished a research report, now over 300 pages called Engage Customers Online.

In the report I provide a department manager or business owner with 97 different Internet strategies, tools and or concepts they could adapt and use in their business.

I've included over 80 case studies and describe in detail how others have implemented the 97 strategies and outline the Return on Investment they receive. I've designed the report as kind of a workbook to as I include over 200 exercises and suggestions on what a company could do to adopt the strategy in their business.

////Allan

What's the inspiration behind that?

////Don

My firm Internet Strategies Group ----helps organizations determine how to use the Internet. Most people think having an email marketing strategy is an Internet strategy, and I guess it is, but frankly we don't think it's enough to stay competitive or to match customer's changing behaviors and rising web expectations.

We believe that ALL companies and organizations, regardless of their size, MUST create companywide Internet strategies. We've developed a number of proven methodologies that create successful Internet strategies, in many cases powered by customers, department managers, executives and in some cases even investors.

///Allan

Could you share how that works?

////Don

Sure. We do that in a FOUR phases.

First we do an audit of all departments to learn how each department is using Internet tools and strategies.

Second, we then put our analyst to work to identify best practices and other techniques they could use to build on what they are already doing. Our third phases involves meeting with the departments again to share our analysis and work with them to hammer out the new direction they want to go.

In the fourth and final phase we review each departments plan and identify how integrating the department strategies will produce a higher ROI and more efficiencies. We take our recommendation so the department managers and their team to finalize the overall approach. Armed with this we hold a meeting with all departments so they can present their plan and we facilitate a discussion on how they can improve their plans by working together.

I know it sounds like a lot of work, but you have to remember a business has to keep changings. The 80's were all about quality, the 90's was the decade of reengineering, in the 2000's companies have been focusing on ISO9000 certification. I firmly believe the 2010's will be the ear of the NET-Centered Company.

///Allan

So what do you suggest a department manager, VP or business owner do to get started Don?

////Don

Three things...

First I suggest they visit www.internetdough.net and download my book for free.

Second, I would encourage them to continue to formalize themselves with this rapidly moving industry. They can do that by either picking up our research report or participating in any of our course or webinars.

Third look to their current advisors or a firm like Internet Strategies Group to come in and in a systematic way conduct an internet audit, help identify best practices each department could adopt to increase profits and efficiencies and also create a stronger, more holistic company Internet strategy.

Don, based on watching my colleagues and friends changing behaviors that are centered on the web, your book is not only timely but will become a valuable resource for anyone. And the price is right too! Let me see you indicated anyone can download your book for free at internetdough.net RIGHT.

Don thanks for joining me today. This is Allan Weinberger, have a good day!