



## Ray Edwards Show, Episode 320

### An Interview With Ken McCarthy

**Female Voice:** Ray Edwards Show Episode 320; An Interview With Ken McCarthy

**Male voice:** It's the Ray Edwards Show, this is the Podcast for prosperity, with purpose.

[music]

**Ray:** Ken McCarthy has been one of those elusive individuals whom I have heard about, we have many mutual friends, I've been familiar with his work for a long time, but I've just never been able to meet him. Until recently I was at a Brian Kurtz, Titan's Mastermind in New Jersey and lo and behold one of the guest speakers was Ken McCarthy. Like a good fanboy, I hang out afterwards and had a chance to talk with Ken for a few minutes.

We agreed to get together and do an interview for the Podcast and this boys and girls is going to be a little bit of a lesson in where our industry, this marketing online industry came from, where it all actually started. This is a fascinating discussion. I hope you'll enjoy it as much as I have and my further hope for you is that you'll begin to appreciate the value of knowing the history your industry.

Ken is a brilliant guy. He is super generous and as you'll find, he has a very dry, witty sense of humor. Let's get into the interview with Ken McCarthy.

**Male voice:** Now our feature presentation.

**Ray:** I'm very honored to have Ken McCarthy on the show. Most of you probably don't know, because he's not talked about enough, but this whole industry, that calls itself Internet Marketing really, I believe, the credit belongs to Ken for recognizing what was happening with the internet and bringing this together. So many people owe their beginnings in direct response marketing online to Ken.

I think that most people, even people that you think have-- are the grandfathers of Internet Marketing or Online Marketing, because whether they admit it or not, they probably got started as a result of the work that Ken was doing. That's not the only thing he's done, but Ken would you say that's a fair place to start?

**Ken:** Well, I started very early, I started in '94 and that was about as early as you could get started. If you're the first guy there, you're the first guy there, it worked out that way.

**Ray:** You had a conference in '94 and one of the guests was Mark Andres.



**Ken:** That's right, let me check my-- Yes, exactly. The years are-- We're in 2017 now so the years are starting to really stack up. Yes, November 5th, 1994, and I was living in San Francisco at the time and I was very interested in direct response. In fact, had a direct mail company at the time. San Francisco was a center for all things digital and I got involved. I was really surprised that people weren't seeing the potential of the internet.

Even in San Francisco, they really weren't seeing it. The internet enthusiasts were, but they didn't really have any business model. They just wanted to put stuff on the internet which is a great thing but they didn't have any sense of how to make money from it. The software companies had no, I can tell you this from first-hand experience if anyone wants to write the history of all this. Software CEOs had no interest in the internet at all in 1994. They couldn't care less.

If somebody really digs you can find quotes from Bill Gates and Steve Jobs and Larry Ellison at Oracle saying that the internet was going nowhere as late as 1994. The software people weren't into it. The advertising people really didn't get it either, they just couldn't figure out how you could possibly advertise on it and coming from a direct response background I said, well we can count, we can count clicks. [laughs]

That's really valuable we can count impressions and see how many people clicked and amazingly enough, I'm not sure that I deserve the credit but *Time Magazine* does credit me with being the first person to realize the significance of the click-through rate as a metric in internet marketing.

**Ray:** Yes I actually looked that article up, I'm going to have a link to this in the show notes and it's amusing to me because they say in the article I'm going to quote from it. It says, "Here's where we started to go wrong."

**Ken:** [laughs]

**Ray:** "In 1994 a former direct mail marketer called Ken McCarthy came up with the click-through as the measure of performance on the web. Here's why I find that particularly amusing. On that page that is live today I counted 36 ads including at least two retargeted ads and at least two pop up, follow me down the page ads. Apparently they recognized where we started to go wrong and they wanted to take it all the way, as wrong as they could make it.

**Ken:** Right. I know that I've never created a page with that level of advertising on it in my life, nor would I encourage anyone to do that. It is funny. It's very funny because they give me this historical credit which is great, but then they blame me for everything that's wrong on the internet. I wish I really could take all that blame, because then Google and Facebook would owe me royalties, because all their money comes from click-throughs. That's what they sell. No-one's ever offered me that, so I'll just take the blame.

**Ray:** I just think it's interesting that they gave you credit for what I see as a brilliant insight, and then they sort of back slapped you for it, which is typical "journalism."

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**Ken:** That's the way it happens sometimes, but I'm pleased because I can always say *Time Magazine* credits me with that, so they still have their credibility.

**Ray:** We kind of glossed over something. For those who don't know, and I bet it's more people than you or I would imagine, who is Marc Andreessen?

**Ken:** Marc Andreessen is a really interesting guy. If you say that people owe something to me, we all definitely owe something to Marc. Marc, farm boy, born in Iowa, raised in really rural Wisconsin. You cannot get much more rural than where Marc Andreessen was raised. Very bright kid. He went to the University of Illinois at Champaign Urbana. As a work-study thing, they'd pay you a few bucks to clean up, he was working in the physics lab and he came across this thing called the world wide web, which at that time, I would be shocked if it had more than a hundred nodes on it total.

People that don't know the deep history of the web, it was originally created as a communications device or method, system, for high particle physics practitioners around the world. They would use the world wide web to share data so that they weren't duplicating experiments, because experiments are really expensive. Instead of waiting to publish their results that might take six months to a year, they would just pop their information up on the web, and other people doing high particle physics could look it up and say, "Oh, wait a minute. These guys in Switzerland are already doing it. We'll do something else." Anyway, Marc saw it.

It was created by an Englishman called Tim Berners-Lee, who we really owe something to. He's the guy that came up with the idea of a URL, a website, a web browser, the whole thing came out of his head. Anyway, Marc saw it when it was in a very primitive, non-graphical state. It was pure text. Young guy, he was 22. He was in the computer science division at his college and he said, "Let's put a graphical interface on it." Don't forget Windows '95 didn't come out 'til '95, so this was pretty insightful of him to come up with a point and click way of using the internet. They did it. They made a point and click interface for the web.

Within a year, one million people, which in those days sounded like a lot, but now it seems like everything's got a million users, but one million people downloaded it for free. They made different versions for Windows, for Mac, for Unix. Then he did something very important, which he supported it. In other words, he made his email available and he was online night and day helping people out to get the thing to work. Within a year there were a million people using this thing called Mosaic. He came to San Francisco-- He came to the Bay Area after graduating from college.

Just to show you how the world works, another example, nobody was interested in him. Nobody in the software industry was interested in giving him a job.

**Ray:** Wow.

**Ken:** Yes. He was just another kid out of college. He got sort of a junior engineering position at a minor league company, but good fortune struck. One of the founders of

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a company that used to be huge, Silicon Graphics, Jim Clark was booted out of his company in much the same way that Steve Jobs was booted out of Apple, believe it or not, temporarily. Jim was really booted out. He was looking for a new company to start and a new idea. Someone said, "Hey, go talk to this Marc Andreessen guy."

Jim Clark with a lot of experience, former Stanford professor, he was co-founder of Silicon Graphics, which in those days was the hottest Silicon Valley company imaginable. He and Marc who was then 22 joined forces and decided to try to commercialize the web browser and it was not easy. They got the same level of interest in their ideas that I got in my ideas in '94. It was very hard to get people to see it, but anyway they persisted and one thing led to another and the world caught on that this was a really good medium.

All these web stuff we do really comes out of three people, it's Tim Berners-Lee who came up with the original conception of it, the original software and then Jim Clark for bank rolling Marc Andreessen's idea. That's why we're all on the web.

**Ray:** To those who think that Steve Jobs invented all these, this will come as a shock. That brings me to the point on why I wanted to have this discussion and it is this, we as people who make our living or build our businesses online, especially the world of online marketing.

I think we need to know the history of our industry and where things came from. I run into so many-- you and I met recently at a mastermind meeting with a lot of copywriters and direct response marketers and just through talking with some of those folks, I was shocked that even at that meeting, the number of people who didn't know who the real fathers and grandfathers of direct response were.

Who Claude Hopkins might have been or David Ogilvy even might have been. In conversations, I got a couple of blank stares I'm like, "Really?"

**Ken:** Wow.

**Ray:** I think it's important that we know what came before so we're not reinventing the wheel, kind of the same reason the whole world wide web was invented, to not duplicate efforts and embarrass ourselves.

**Ken:** Well, it's interesting that you mentioned that, because I will say categorically that had I not had such a good foundation in David Ogilvy, in John Caples, in Claude Hopkins and all those foundational writers, I couldn't have had the career that I have. There's no way. I borrowed a lot of their insights from the old print world to the new medium of the web-- [crosstalk]

**Ray:** I'm sorry to interrupt. I know you did and I want to hear that story, but before you do that, I want to time-travel a little bit. How did you go from-- you graduated from Princeton and while you were there I understand you hosted a jazz program on the radio station there and-



**Ken:** That's true.

**Ray:** -you started producing concerts. How did you go from producing concerts and being a jazz radio guy to birthing, if I may be permitted, direct response marketing on the web?

**Ken:** Well, I do think about that and I think it boils down to this that I am an activist, not a political activist though things do come across my desk that I think are important and I'll lend my voice to the them, but an activist in the sense that if I see something that I think needs to be done, I feel like I should do it.

For instance in college, our radio station was falling apart and I thought that was terrible. I was part of a small group of people that helped keep it alive and keep it on the air. I noticed that we really weren't having many great concerts or performances on the campus in those days. Now, my school has a huge jazz department which boggles my mind, but in those days, you couldn't take a class in it.

Jazz was on the outs when I was in college which was in the late '70s, we started at a very low point commercially. Rock and roll had wiped it out and it was just struggling. I just loved the music and so I wanted to do everything I could to help it. I had a jazz radio show and then once you have that kind of a platform then, it's easy to promote jazz performances, so I would put on these concerts.

I was also helped by the fact that my roommate was a great jazz musician, still is, his name's Stanley Jordan and was not famous, obviously, when we were in college, but in the jazz world, he's pretty famous now. I loved it and I have an activist bent. I think that's probably maybe the most important quality anybody who wants to get things done can have. Just that sense that, "Well, if it's going to be done, it should be done, needs to be done, nobody else is doing it, well, maybe I'll do it."

I've always had that attitude. It's not necessarily been easy, but it's always served me in the long run.

**Ray:** How does one cultivate that? If somebody heard you just say what you said and they felt like, "Well, I would like to do that, but I don't think that way." How do you cultivate that?

**Ken:** Well, that's a really good and profound question. Number one is being in touch with your passions for lack of a better word. I loved jazz. I wanted jazz to thrive. I wanted people to understand it and appreciate it and so I felt it. That's the start, you have to have a feeling for something.

In the long run, you can't really force yourself to do difficult things unless the passion is there and then the passion doesn't make the difficulties go away, but it dissolves them, makes it a little easier to deal with.

Knowing who you are which takes reflection, knowing what you value personally which you really think is important. Very often, I'm doing things that other people do

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not think are important. Nobody in those days out of my campus thought jazz was important. Now, there's a whole jazz program with a jazz professor and jazz assistant professor so, it would have been a different experience had I been there now.

Nobody thought the web was important, in fact, some people were militantly against the web, but I just thought it was really important and I didn't really care what they thought. Taking the time to know what really matters to you independent of what other people may think. That's important. Then having-- it's like a muscle, you build it up bit by bit over time.

I started doing projects in high school. I was the guy that organized the high school dances. I had the whole experience of finding the band, selecting a time for the event and then doing the advertising and then managing all the production. I had that hands-on experience fairly early on in life, I was about 15 or 16, so it became a habit of mine.

Being in touch with what you really value and then doing something. Here's the key, it does not have to be grand, the very first internet events I ever put on was before the one in November, it was more of a private meeting, only about 12 people came, but we gave it our all and we had a great interaction with the people that showed up and it gave me the feeling that, "Well, this could be-- yes, I might not get thousands of people to come out, but I could probably get hundreds."

By the way, I want to share an idea from jazz that relates to business very much and this comes from the music industry in general. There are many times a musician will show up somewhere to play and there will be no audience or a very thin audience or a very disinterested audience and believe me, every superstar that you've ever seen on a stadium stage playing to 20,000 people, I guarantee has had countless experiences in their history of playing tough gigs where they were not welcome.

I remember Willie Nelson who's a superstar now, I remember hearing the story that he played in places where they used to have to have a cage between the band and the audience, because they were really rough places and wasn't unusual for a inebriated cowboy to chuck a bottle of beer at the head of the lead singer.

I guess my point is, we see success at the end and we think there's some magical quality that that person has. The only magical quality is the ability to persist and keep moving forward through all kinds of difficulties. If there is a magical quality, that's the one.

**Ray:** That really is profound. You just reminded me of a story, I don't know if you're familiar with a photographer named Trey Ratcliff?

**Ken:** No.

**Ray:** He popularized, some would say that they are not happy with this, but he popularized the idea, the concept and practice of HDR photography, high dynamic

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range photography, which a lot of purebred photographers feel is not really photography. They have an argument with all that post processing, but Trey has become enormously successful pursuing that passion of his.

The reason I'm telling you about him is, he tells a story of when he was in the university, this was during the time that *Star Trek: The Next Generation* was still on the air and he saw that Patrick Stewart was giving a performance and a lecture at the university, so Trey showed up early thinking, "Well, this place will be packed out because Captain Picard is going to be here."

He showed up and I think there were like maybe less than a dozen people who showed up. Stewart came out and looked at the audience and Trey said this was a defining moment for him because Patrick Stewart could have just turned around and left, but what he did was he said, "Why don't you bring your chairs up here on the stage?"

He spent a couple of hours and performed for that small group of people as if they were a stadium. It speaks volume about Patrick Stewart and also is illustrative that Trey Ratcliff was impacted by that and realized that, "So you never know, it may be a very uncomfortable position for you as the artist, but it could be profoundly meaningful for the people you're serving."

**Ken:** Absolutely, absolutely, and it's important for the artist. There's a great jazz musician named Thelonious Monk, he passed away, but one of the greats. He was talking with a guy I know, he had said to him, "Every night is Carnegie Hall. Whether there's three guys asleep in the back of the bar, or 20,000 raving, cheering Japanese fans at an auditorium, every night is Carnegie Hall." I didn't hear that till later in life, I wish I could have heard it earlier in life, I think I mostly follow that, but has somebody told me earlier how important that was, I would have made it a priority every time.

Because it's very easy to say, "Oh, there's only six people here, I'll just call it in," or, "I'll end early." No. The reason he's such a great artist is because he had-- We're using the term artist but this applies to complies to a speaker, to a writer, to a musician, to a business person, to a salesperson, to a trainer, to an educator. The reason he's such a great actor is that he's conditioned to bring that attitude to everything he does, that's a really key thing to cultivate.

**Ray:** Yes. Let's go back to that first seminar that you put on where 12 people showed up. What was your intention with that? What did you do with 12 people at-- What was the--?

**Ken:** [laughs] What I was trying to do was build a community. I know this sounds crazy, but here was in San Francisco then, and to a degree now, the digital capital of the universe, and I was trying to build a community of people that believed that the internet could be a marketing media. It was really hard to find such people, I'm telling you, I had to recruit them, I had to train them.



One of the guys I reached out to is a guy named Rick Boyce. Rick at that time was a media buyer for Hal Riney and Partners. A media buyer is the guy that goes out and buys space in the magazine, in the TV spots, everything, for the ad campaign. He knew all about media and he's a very bright guy, very open-minded, very interesting. He kind of had the internet itch a little bit, but he did know what direction to take it in. I said, "Hey, Rick, come to our meeting, we'll all sit together, different people will present, and will come up with ideas."

On one of the breaks, and I wish I'd had a camera running at the time, I didn't, but on one of the breaks me, a guy named Mark Fleischman, who was the first commercial independent webmaster, the first guy to make his living as a webmaster freelancer, first person on earth. He and I, and I think Mark Graham, who used to be called "Mr. Internet" back in the early '90s, sat down with Rick and said, "Look Rick, you can put this little thing on your page, but then when people click on it, it can take them to a whole site with hundreds of pages," and Rick was like, "Wow."

A few months later, Rick was the head of business development for HotWired, which was the first business ever to sell banner ads in a serious way. You're talking about of six people showing up to hear an actor, a photographer shows up and he ends up being inspired, it helps him in his career. 12 people showed up to talk about the internet one day, and one of the guys who showed up, ended up becoming the godfather of the banner ad.

What did we do? Well, I recruited Mark Fleischman, because Mark was the webmaster. I'm starting to imagine this, but there was only one guy crazy enough in 1994 to declare himself a full-time webmaster, and that was Mark. He was very bright guy, had a lot of interesting things to say. Then I recruited Mark Graham, who in the early '90s was literally known as "Mr. Internet" this is pre-web. He was trying to get some commercial things going on the internet pre-web, which was very difficult, but he did, he managed a few things.

I got those two as our guest speakers, then I spoke to give my thoughts on the matter. Tina, my wife, made lunch and we just hung out and talked about the internet for a day.

**Ray:** Your wife made lunch.

**Ken:** Yes.

**Ray:** That's awesome.

**Ken:** I have a friend named Henry Jenkin. He had an office building near my house with a conference room, a really nice conference room, very airy, very spacious. He's a very positive guy, I told him what I was doing and I said, "Hey, could I rent it from you?" He said, "Sure." That's where we had that meeting. That was the very, very first one that I did, then several months later-- Actually, that was in. April in the big one was in November.





I did it on that particular day in April for a particular reason because it was the 150th anniversary of the invention of the telegraph. I saw all sorts of parallels between the internet and the telegraph and affect the talk that I gave him in November, I pointed out that, "Hey you know everything that we do today came from the telegraph." Recorded music was originally an attempt to prove the telegraph, the telephone was originally an attempt to improve the telegraph, the radio was originally called the radio telegraph.

All these things that we do all came from this one invention. I said, "I think the internet is going to be the same thing. I think the internet is going to be a base and it's going to spin off all kinds of things that we can't even imagine." That was a pretty good prediction, I would say. I deliberately had it on that day because I thought, "Hey why not?", and by the way nobody knew that it was 150th anniversary of the telegraph. It was not written about, it was not reported about, it was not commemorated, but that's when we had our April events.

**Ray:** Once again illustrating the importance of knowing your history.

**Ken:** Yes, I would be lost. I just can't imagine how one can function without knowing history. Knowing history by the way is an ongoing process. It's not like you learn a whole bunch of it and then you're done and it's not a boring process by the way. I do know that history class in high school might be very boring, because the way it's taught, but the actual reality of history which is nothing more than the stories of what the people who come before us did. How did they cope with the challenges that they faced? How did they solve the problems that they were confronted with? How did they make something out of nothing? These are the questions we all have.

Our ancestors are or our descendants are going to have the very same questions and why not take advantage of people that have been through the experience and find out how they did it? You might not be able to make an exact copy of how they did with the did, but you can get inspiration.

The number of people I know who have become successful in their fields in a wide variety of fields almost invariably their biography readers. Again, it's not like a chore or some grim task that you have to set yourself to. Just find somebody whose life interests you and if the person wrote a book, read about how he did what he did. If invariably you're going to find that it was hard in the beginning, nobody rolled out the red carpet for them. In fact, most people told him just get a job with the post office, don't even think about this.

No one is successful by accident. When you see someone who has been successful over a long time, that's definitely not an accident. Even people that are so called one hit wonders, believe me there were four, five, six, seven, 10 years leading up to that one hit. I think it's very important to realize that so called success is a function of a lot of diligent work. A lot of courage too. In fact that's worth it.



**Ray:** I think it's exactly right. I think it's important to recognize it's not an event, it's a process.

**Ken:** Very much so, very much so. Now, I'm no longer in my 30s, I'm in my 50s and I heard that thing about process all the time and I was always like, "Yeah, yeah, yeah, but I want to be successful." Now, I realize it really, really, really is about process, because it's a long game. The best thing I ever heard as the description of success is the road to success is always under construction. There's no point where you arrive somewhere and it's all done.

Even if let's you're sitting on a mountain of cash, believe it or not you're going to have others problems that you're going to have to confront that you're going to be serious and that are going to demand the best of you and you benefit from seeing how other people have solve them.

**Ray:** Absolutely, I think that point is illustrated by Steve Jobs. We've talked about him a couple times, but he had all the money a person could ever possibly want and I'm certain he would have traded all that money to not have pancreatic cancer.

**Ken:** Right, and he kept going. He didn't throw in the towel. He kept working on his passion till the end.

**Ray:** Yes. How did you go from--? You had a seminar or a gathering of 12 people or so and your wife made lunch and you had all these brilliant inspirational conversations. What made you decide to do the next one and what was that all about, what was that like?

**Ken:** Well, I just I just felt so strongly that this thing whatever it was, it was coming that the internet had a good chance of becoming a substantial thing. I was convinced that it had to be run on direct response principles. TV is, radio is, the print mediums are and not everybody uses direct response, but the people that actually make money and keep everything running they're very direct response oriented. They run ads. They see how the ad work. If it didn't work, they don't run anymore. They try another one, if it works, they keep running it. They do everything they can to capture customers and make those customers happy and resell to them again.

That's the model and that model worked in every single medium and I saw all the potential ways the internet could be used, all the different tools, email, order responders. All these seemed to me to be designed for direct response. I was very solid that if the internet succeeded, direct response was going to be a huge part of it. I wasn't sure that the internet was going to succeed. Nobody was back in those days, but I thought, "You know it's very promising, why not take a crack at it."

I went and enrolled people. They were two big organizations in San Francisco at that time, neither which I think exist anymore.

One of then was called The International Interactive Communications Society, something like that. It was a global organization and they had a big chapter in San

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Francisco. These were all the people making interactive media. Some of them even before CD-ROMS. It's hard to imagine it, but all that stuff was just the coolest stuff in the world back then. It was the most advanced, it was rocket science. The guys who did it were digital rock stars. That was the International Interactive Communications Society.

Then, there was another group called the Multimedia Developers Group. Those guys were typically very serious business oriented people developing multimedia, but just on a higher level more business like level. They might have 20 employees. IICS might have people who are one person shops working as contractors or freelancers. MDG were more, "Hey, we've got 20 guys and we're an agency and we're doing this for IBM and we're doing this for Coca-Cola." and that kind of thing.

I went to the IICS and I said, "Hey, I think your people would be really interested in getting a high level introduction to this world wide web thing." They were very responsive and they ended up being my big champion. The MDG group which, interesting enough I had a small hand in founding. I advised the founder when he was trying to get it off the ground, they were not interested at all. They pretty much told me I was an idiot and it didn't make any sense and," How could you do multimedia on the internet because the bandwidth is too small and blah, blah, blah, blah." They were of no help whatsoever.

One of the members of the IICS was a business development guy at Pac Bell and Morris Welch, I remember his name, very nice guy, very supportive. He just said, "Ken, why don't you use Pac Bel?" Pac Bell by the way for people that don't know is that phone company of California. This is a big company and he said, "Why don't you use our corporate conference center in down town San Francisco?" He just gave me this state of the art, high tech seminar space.

Between that having a great room and having the IICS behind me and then I did something really smart and I recommend people to do this too. There was a guy named Jim Warren who I had met socially. Jim was famous for being the first guy to ever put on a personal computer faire. It was called the-- I can't remember what it was called but it was computer fair, I think. He spelt it F-A-I-R-E and it was a high breed of the-- You know renaissance fairs, do they have them in your area?

**Ray:** Yes.

**Ken:** Okay. If anybody doesn't know what those are. It's like people who love the renaissance get together for a weekend and dress like renaissance people.

**Ray:** Like knights and maidens and--

**Ken:** Knights and wenches and all that kind of stuff. They drink beer and they have a good old time. Jim combined those two ideas of the PC with the renaissance fair and put on the computer fair. Now here's the key point. How do you promote such a thing? His brilliant idea was to print his newspaper. He created a little eight-page broad side newspaper and every story was about someone who's going to speak at

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the computer fair. Every story ended with a, "You should come and see him at the computer fair".

If people don't know this, this print is really cheap. I'm trying to remember what I used to spend. I think four cents to print an eight-page broadside, because I followed his idea to promote my seminar. I printed something called the *Internet Gazette* and I had articles about the guys who were going to speak. We had ads all throughout the newspaper saying "Come to the show." We distributed. I got 25,000 printed and I think they cost me four cents each and it was surprisingly inexpensive. We distributed them at all the places where all the cool kids hung out.

Between that and IICS mailing to their list and the fact that it was starting to get hot, by November of '94, the buzz was starting to happen. We started thinking about the event way back in May when the buzz wasn't happening, so we were lucky. We lurked into that in a sense.

I saw from the small meeting that there was potential for a bigger meeting and I felt passionate about the web having a potential future. I knew that if it was going to have a future, it was going to have to be direct response based. There was just no other way to run it. I just rolled the dice, spent money that I didn't have. I did a smart thing, I had it videotaped and I was able to sell the tapes within a year. This is pre-internet. It was not as easy to do direct response back then, but I ended up making enough money and paid for the whole event, paid for the taping and everything. It was a wash which I considered a triumph.

**Ray:** That's impressive. What was it called?

**Ken:** It was called--I have the poster here in my office. It was a crazy title. It was called *Multimedia Publishing On The Internet*. I put the word multimedia in there because I wanted to capture the multimedia industry people. I did have a vision, even though the web in those days, there was no audio, there was no video, there was no even background color. You had one choice of background colors, grey.

It was a lunatic idea but-- I'm not a technical guy, but I did understand this: All digital media is ones and zeros. I knew that all pictures, all audio, all video, could be expressed in ones and zeros. So, if you can put up a page with a picture on it, then you theoretically can put up audio, and you can theoretically do video. Now, back in '94, the bandwidth was way too small, it was not even remotely possible. People thought I was crazy.

I even hired the guy who was the head of the video sig, the special interest group for the International Interactive Communications Society. He was all into digital video, but only as it applied to CD-ROMs. He was all into the idea of digital video. That was his whole life's-- We use this word, passion, a lot. I don't know why, but that was his thing. He loved digital video.

When I hired him to write an article on the future of video on the internet, he was like, "What are you talking about? That's not even possible." I said, "Just come up

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with something. It's going to happen." I called it *Multimedia Publishing On The Internet*, and then the subtitle was *Opportunities for Publishers Advertisers and Entrepreneurs*.

We had people from the ad industry there, thanks to Rick Boyce, the guy I mentioned earlier who invented the banner ad or popularized the banner ad, and we definitely had entrepreneurs, people that were looking for business opportunities. Oh, and *Wired Magazine* sent six people.

**Ray:** Wow.

**Ken:** Yes. Never credited me, never reported on it, never said anything about it. I will tell you they borrowed quite a bit of my speech and spun it into at least half a dozen different articles, and never mentioned my name once. That's just the way it happens sometimes.

**Ray:** Nice. Well, not so nice. I'm being sarcastic, of course.

**Ken:** Yes. I guess the thing is you really can't count on people promoting you. It just doesn't happen. You might get lucky, but it's the kind of luck that's equal to winning the lottery. If you're going to be promoted, you're going to have to promote you. No one with means is going to discover you, fall in love with you, and decide they want to make you famous. That's going to be entirely going to be your task.

**Ray:** A lot of folks assume invented marketing on the internet, learned it at a System Seminar, which is what you did initially became, if I'm correct, became the System Seminar in later iterations. They not only learned there, but some of them got their idea for what they were going to do, what they were going to be known for, and how to promote themselves.

This is an important lesson because those individuals promoted themselves. They didn't wait for somebody else to somehow anoint them to be the king of whatever they do. They anointed themselves and it worked. For people who are turned off by that idea, can you speak to that a little bit? How is that okay?

**Ken:** Do you mean anointing yourself?

**Ray:** Yes.

**Ken:** Well, it's a necessity. I got help, by the way, very substantial and important help from Dan Kennedy, by the way, I should acknowledge him. He, through great efforts has built up quite a following. The internet was starting to happen, it was percolating, and he needed someone incredible to talk on it. So, from '94, he was very early. He got it right away. He didn't necessarily love it but he got it right away.

From '94 til he sold his company, which I think was in 2003, I was the only person that he ever let speak at his events on the subject to the internet, because he was just very concerned about all the shady goings-on that were going on and he didn't

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want to have to vet every single person in the world to figure out who was who. He knew I was the real deal, so he gave me that amazing platform. So, that helped my business quite a bit so that when I was doing events, I would see people that I thought had promise. I needed help. I couldn't do the seminars myself for physical reasons.

I needed other people to stand up there and talk. I would see somebody and they were like, "Hey, let me show you something. You could teach this." [laughs] Then I go to somebody else and say. "You know what? You're pretty good at this, but there's an Internet component to that and an analog to that. Let me teach you something, and then you could teach this." Yes, if people want to do their research, just find out who the faculty members of the System Seminar were in the first, let's say, five years from 2002 to 2007.

You'll be shocked when you see the list, and especially when you realize that every one of those guys got their first chance to speak in front of an audience about the Internet at my event. All of them got extensive behind the scenes coaching in what to teach, what specialty to carve out. I did it based on what they were already doing. They were already good at one thing and I thought, "Well gee, if you know how to do that, this applies to the Internet very directly. People can get the answer to that question you ask, but they're going to have to do their own homework. But you'll see a lot of big names.

**Ray:** That's fair, tell us about the System Seminar and how that developed and where it went. I know that we can still access the treasure trove of learning that's available there. Maybe you can talk a little bit about that as well.

**Ken:** I may have to look right now where it is, but I think we still have a lot of stuff up there, unless you know where some stuff is. Somebody the other day called me and said, "Oh, thank you so much for putting up material about Ken Giddens." Ken was an amazing guy. Ken was the guy that Netscape hired to build their website because they were too busy growing so fast, they needed to hire somebody. So they hired Ken. Ken was one of the great, and he's passed away unfortunately. Really too young. He had sort of a congenital health problem, had nothing to do with his lifestyle.

He was a very sober, took care of himself, but sometimes you just don't build right and you don't get to live out a full life. It was tragedies. A very nice man, very intelligent. He was one of the original great SEO people. Like back in the mid-90's he was already a superstar of SEO. Now, I'm sorry, I have lost my track there.

**Ray:** We were talking about the content and learnings from the System Seminars. I know that at your site it's [KenMcCarthy.com/blog](http://KenMcCarthy.com/blog) they can find the system club and free stuff for business owners and courses and books and things of that nature.

**Ken:** Yes. There's some free stuff, yes. Anyway my point is, so this guy called me and said. "Oh, thank you so much for writing that tribute to Ken and putting up some



of his work and explaining how important he was." I said, "Oh my God, I don't even know where that page is myself. Where is it?" He had to tell me where it was. That's the same thing with this stuff here. If you go to the [systemseminar.com/lessons](http://systemseminar.com/lessons), there's some old but still relevant material there.

The way we promoted the seminar, by the way, was I would give away a seminar. I was kind of a pioneer of this, I'm quite proud of this thing. I'm proud because I think it's done a lot of good for the world. My insight, it was an insight, was that the Internet was going to turn content on its head, in other words, in the print world, because of the cost of printing and the cost of mailing and the cost of advertising.

You really had to be tight with your information. You couldn't just give people hundreds of hours of material. You couldn't train people for free. You really had to make them pay every step of the way. That was the model for how people learned anything in those days. There was no such thing as going to the web and getting the equivalent of a college course for free online in any subject of your choosing. That just didn't exist. You had to go and buy the DVD or you had to buy the books or you had to go physically somewhere and take the course.

You really had to work to learn stuff and I thought, "Well, we don't have to do that anymore, we could actually teach people all the foundation of a subject. Those that want to go forward, then we would become their teacher and go into it with them in depth," because that's what it takes. Foundation you can sort of lay virtually, but if you want to get in the fine points, you've got to work in a more serious way. We would basically give away an entire seven hours worth of material, foundational material, and thousands and thousands and thousands of people.

I still run into people all the time that say, "Oh, man." Even at that mastermind we were at, some guy came up to me and said, "Oh, I've been following you for years and years." I'm like, "Really? I didn't know that." He had just been getting all the free material his whole career and now he's got a pretty substantial business as an internet marketing adviser.

So, anyway, our model was give away a lot of stuff, let people feel the information out, see how they like it, see if it's for them. Also learn some stuff that they could apply and use and make money with right now. In fact, that was the model. I forgot, but my dream was, "I'm going to give you enough information so that you can go out and make enough money to pay for the seminar." That was the plan.

We used to do this thing called pre-system lessons. Every year when we'd put on the annual convention, the annual conference, we would have a weekly call and I would have a different faculty member. We would just really go deep. Now, on this particular page, I have, interestingly enough, people who were not students too, like for instance, Ben Han. Well, actually, no. Ben was a student, yes.

Ben was a very accomplished web designer. He started in '94 and he's very good. He came to one of our events as a guest speaker in London and he realized that he



wasn't using split testing for his designs. So, he said to himself, "Wow, I'm missing out on possibly the most powerful thing I could be doing." He changed his entire approach to web design based on that.

He was already a very accomplished person on the web before I met him. Michael Cambell who's also on this page, I didn't teach Michael anything. Michael goes back as far as I do. He goes back to 1994 and he really knows this stuff. Glen Livingstone, colleague. Never taught Glen anything. Glen was already fully developed when I met him. So, these are some really strong people here on this page called the systemseminar.com.

**Ray:** The System Seminar does not still happen, is that correct?

**Ken:** No, our last one was 2011. Part of that, for me, life is not infinite and I have a lot of interests. Marketing and the internet was definitely and is definitely one of them, but I didn't want that to be my all encompassing interests. I did it for a while from '94 to 2011, and I felt, "Oh, that's enough." Now I'm pursuing some other things that I'm interested in. So, no, we don't have that anymore.

I do have a graduate class, The System Club, I have some books. If someone finds me and they want to work with me they certainly can, but I'm not putting on the huge events. It's a lot of work to put on a conference for 400 or 500 people. I just, after a while, I'm like, "I don't want to do this anymore." The other thing too is part of what I was really interested in, and to use that word, passionate about, was anticipating changes on the internet.

For instance, we were kind of the first to teach how to use email to market. Rick Boyce, our student was the founder of the whole movement to sell banner ads. We were very early doing sequential autoresponders. We were the first, as far as I know, to do push button audio on the internet. You push a button an audio starts streaming, that did not exist. Everybody had to download the real audio player and go through all these contortions-

**Ray:** Oh my gosh, I'd forgotten about that thing.

**Ken:** Yes, right? I mean, you practically had to have a degree in electrical engineering just to stream audio. One of our colleagues came to me and said, "Hey, look, you can do this with flash." To this day, I don't know how he did it, but he figured out how to turn the flash player into an audio player. Nowadays, everything's video, or not everything, but there's a lot of video. I can say this with certainty, if you've ever clicked on a button to hear more, that came from the System Seminar.

We were very early in video, using video advertising. By the way, that was another case, I remember giving a talk at a colleague's conference and I was like banging the table about video. This thing is coming, it's going to be huge. I laid it out, I gave all the rational, charts, diagrams, statistics, psychology, and at the end of the talk I said, "Hey, guys, just between you and me, how many people think I'm completely





full of it and this is never going to happen?" Half the people in that room raised their hand.

**Ray:** No.

**Ken:** I swear, I swear. Nobody believed that video was going to be a thing on the Internet. They thought I was just coming up with something that-- I don't know what they thought, but they didn't believe me. I really made the case well. I didn't just sort of get up there and flap my jaw. I really had it thought out. I had the history of media, the technology, the way people like to consume information, the trends, this and that. These were cutting edge internet marketers, by the way. This was not a group of people off the street.

Anyways, that takes me to the reason why I decided to turn that thing off, was I felt that the rate of innovation was starting to noticeable slow. Some of the directions that the innovation was going in, for instance, social media, Facebook and Twitter and mobile marketing, I just couldn't relate to. I mean, we did-- one of my students was the first person to write a book on mobile marketing. She did it with my encouragement and my support.

As soon as she was ready to get up in front of an audience, we put her up in front of an audience and she got some traction there. We were involved in that, but that was the last cutting edge thing. I'm not a social media fan. I do use Twitter. I use Twitter for reasons that are not business-related. I basically use Twitter to write down things before I forget them. I just post them on Twitter. After being on the internet as a cutting edge person from '94 to 2011, number one, I was tired of being the cutting edge guy every year. That was hard.

I have to say, I'll be modest in certain areas, but in the area of being always on the cutting edge of what was happening on the internet, anticipating it by months, if not years, I'll put my record up against any living person, living or dead. I don't think anybody ever got so many things right about how the internet was going to evolve as me. However, once 2011 came and Facebook started heating up, I just lost the plot. I didn't want to get into Facebook thing. That's just me. I just wasn't interested. I'll tell you why that was. It's sort of a silly reason. You know this whole idea of friending on Facebook?

**Ray:** Yes.

**Ken:** To me, the word friend-- I'm a writer, you're a writer, the word friend is a sacred word. Do you know what I mean? It implies a lot. To just willy-nilly friend random-- I just like--to me that debases an important con-- it's not just a word, it's a concept. It's a commitment that you make to somebody and that somebody makes to you. It's deep. So, we're not in that kind of a civilization anymore, it appears. I do hope that the pendulum would swing back the other way and will become a little bit more serious. Not in a grim, way but just more-- I don't know.



**Ray:** I'm with you. I'm very careful. Even if I know somebody, they're an acquaintance. They may be a close acquaintance, but I'm very careful who I actually call a friend because that implies a whole set of ideas and commitments and even covenants, if you will, that I don't want to invoke if they're not really there.

**Ken:** Yes. I mean, the word covenant, I think, is a good one. I think it's exactly the right word. Yes. Anyway, that and the fact that, first it was hard work. Here's the truth about business. I learned this from a guy named John Reed, R-E-E-D, who is a real estate investor. He said, "Look, you can only work binge for so long." In other words, to build a business and to get to critical mass, you've got to be, forget 100%, it's more like 100,000%. To get something from nothing to the point that it's got mass and it's moving forward, you really got to pour it all on. It takes a lot. It takes something out of you. It's not free.

At a certain point in your life, you got to figure out how to systematize your business and get helpers in and not be doing everything yourself. I'm a writer, really, and I always used to say this at the end of every seminar. I would say, "Guys, I'm just a writer who happens to have a great partner in life, Bettina. She helps organize all these million and one details for me related to this event. Otherwise, you'd never see me." I'm a writer. I'm not really good at organizing people and making systems, which is ironic because my business was called The System.

I'm not a business builder in terms of organizing a team of people. So, I ran that thing lean. We probably should have had four, five or six employees, and it was just two of us and a contractor that came in sporadically to help out. It was a lot of work. Again, I felt that the Golden Age of innovation was kind of passing and now we were going into this new thing. Email still works. Email is still the most powerful medium. Autoresponders still work. All the foundational fundamental things still absolutely work. It's just the Facebook and the Twitter and the Instagram and the Snapchat, I'm just, "I can't go there."

**Ray:** What are you passionate about right now? What's got your interest now?

**Ken:** It's so interesting how life works. I was so passionate about jazz and learning about jazz music when I was a teenager and in my 20s. Then the necessities of making a living imposed themselves and I went a different direction. Now that I've got some breathing room, I'm back in the jazz world. I built a jazz site, started it almost 10 years ago called Jazz on the Tube. It's just one of those things I felt somebody needed to do it. Nobody was doing it, I would do it. What was happening in those days was video. We were talking about video earlier.

Suddenly, all these great jazz clips, jazz movies, jazz television programs, jazz concerts that had been videotaped, they were starting to appear on the internet, primarily on YouTube. I started organizing them for myself. This, by the way for a jazz fan, this is the most amazing thing in the world. You hear about John Coltrane or Miles Davis or Duke Ellington. You hear their music, your whole life you love it.



Then one day you actually get to see them play on a film, because of course all these guys are passed now, and it just takes it to a whole another level.

I was organizing all these videos and being the direct response person as well. Make it available to everybody. You might as well make my notes available to everybody, I might as well put an opt-in box to see if anybody opts in. People started opting in. I said, "Well, people are opting in. I better start writing them content." I started writing content. Long story short, I've got over 40,000 active subscribers. A fair number of them are financial supporters. It's a free service, but every year we say, "Hey, this cost money and if you want to help support what we're doing, please contribute." By golly, people contribute.

It's been a great thing for me, because I'm basically being paid to pursue my hobby. I'm being paid to pursue my education because jazz is, like any form of music, it's very deep. There's no end to it. There's always a new musician that you didn't know. There's always a new period of history that you weren't aware of. There's always new musicians coming along. It's one of these fields that you can never get to the end of it. I'm basically being paid to pursue my passion, my hobby, my education.

Something that I didn't anticipate is a lot of people-- There's a fairly good infrastructure now around the country of jazz education. Whereas when I graduated from college, I think there were two jazz programs in the entire nation on an academic level. There are now over 350. Because of that, a lot of high schools are paying more attention to jazz. A lot of high schools now have big jazz bands. It's a wonderful thing. Kids are learning to play instruments. They're learning to play together. They're learning to listen to each other. They're learning how to work respectfully with each other.

Long story short, a lot of educators in the jazz field use my site Jazz on the Tube as a reference. The way I learned this is so funny. I have a nephew. He was in jazz band in high school. First day in class, teacher went up to the whiteboard and wrote in big letters [jazzonthe tube.com](http://jazzonthe tube.com). I want you all to subscribe to this because it's a great education in jazz. My nephew called me, "Uncle Ken, Uncle Ken." Here's the crazy thing. This is how things work. I was just sort of doing. I was doing what I was doing and I was watching the list get bigger. I was creating the content and just enjoying myself.

It never occurred to me that I was creating something that was going to be useful to high school band directors. Now, of course, it's obvious. By the way, I want to tell us a related story about this because it's a very important business story. We talked about Steve Jobs. When Apple started, Apple had a little blip and they were doing fine. Then immediately they were in deep trouble. They weren't making any money and they were really close to closing the doors. Somehow somebody who worked for the Minnesota education state system fell in love with the idea of computers, called Apple up and placed a mega order for educational computers.



Steve Jobs, smart guy, just declared Apple the education computer at that moment. They've changed their mission many times since, but he didn't need to be told twice where the opportunity was. There's two lessons there. One, if you are out there doing stuff, things will happen that you're not even aware. If you're out there doing positive stuff consistently, like the actor that you mentioned, right? He showed up, there were only six people there, he could have blown it off, instead he gave it his all and a photographer showed up and it ended up changing his life, ending up changing photography.

If you're out there doing a lot of stuff, and by the way, being prolific is very important. Please remind me if I forget to expand on that, but if you're out there doing lots of stuff, things are going to happen and you're-- one of your jobs as an entrepreneur is to pay attention to how people are reacting to what you're doing and shaping what you're doing based on their reaction. Now, you don't want to distort yourself and pull yourself out of shape and do stuff that you don't believe in, but if something positive is happening, that you didn't anticipate, that you can get behind and put energy into, why not?

They say, pour gasoline on the fire. Don't pour it where there is no fire, pour it where there is a fire. I want talk about being prolific, because this is a really important concept. This never occurred to me, I just was prolific. I just did lots and lots of stuff. I was always doing lots and lots of stuff.

**Ray:** Define the word prolific for people who don't know what you mean.

**Ken:** Well, it means doing lots and lots of stuff. [laughs] For instance, if you're a writer, well, you've got to be writing everyday. That's a baseline minimum. Whether everything gets published or everything leads to something or everything is any good or not, that's not what matters. What matters is that you're creating stuff everyday.

Somebody gave me some numbers and I wonder if I can find them, but I'll approximate them. Famous composer, he wrote 15,000 songs. He only published, in other words, brought into public view, one out of ten of them. So, he had 1500 published songs in his career. 12 of them were nominated for some kind of award and four of them won.

This is a big name guy. Oh, I wish I could find it. I might not be able to find it, but let's just agree, even though I can't find his name off hand. This is a famous--this is a name you go, "Oh, I know who that guy is." In order to get those four awards, he had to write 15,000 tunes, and out of the 15,000 he wrote, he only felt one out of ten was worth doing anything with. I already had the bug to be prolific. Why I had it, I don't know, I just wanted to do lots of stuff. Oh, here it is, Irving Berlin.

**Ray:** Oh my gosh. So, what would have happened if he had not written those 15,000 songs?



**Ken:** Exactly. Let me chase my memory. Yes, it was 15,000, he published 1500, 25 became number one hits, he had 12 nominations and he got four awards over the course of his life. In terms of songs written to getting an award, his batting average was 0.026%. [laughs]

**Ray:** Wow.

**Ken:** Yes. I just see this over and over again that it's really about doing, and just do and do and do and some stuff will go nowhere. I would probably guess that 90% of what I've done, 95% has gone nowhere. It's just, I did it and not much happened with it. Out of the mass of things that you do, something will click, and then it's up to you to pay attention. For an example, when my friend way back in San Francisco said, "Hey Ken, there's this thing called the internet." Well, I listened to him and I looked at it. That was an important step for me.

I could have easily said, "Well, what's this internet. It's nonsense. It's nothing. It's not important." Exactly, right? I paid attention and then I thought, "Well, okay, I'm going to read about it." I started reading about it and then I said, "Wow, this is very interesting." Then coincidentally, somebody was putting on a conference on computer bullets and boards, which were the pre-runner of the Internet. I thought, "Well, it's not the Internet, but it's close. I'll go to that." I went to that and my mind was blown wide open. I just was like, "Wow." There's a whole world of online media out there. Just doing lots of things, talking with lots of people, reading a lot, reaching out.

**Ray:** Following your passion I think has been an important theme in this interview.

**Ken:** Yes. You have to be commercially savvy. If my passion were growing petunias, well, I guess you could make a business out of that. It's passion plus commercial instincts, [laughs] I guess, is the formula. If you just have commercial instincts, life is kind of bland. You never really have the fire that you need. It's kind of like knowing the price of everything, but not knowing the value of anything. If you just have commercial instincts, it's hard to get a fire going. You need fire to make the engine run. You just need it. Especially for the long haul.

When we talk about being prolific, prolific implies over a long course of time. That's why passion is important. If you only have the commercial instinct, it's kind of hard to do stuff. Now, if you only have passion and you don't develop a commercial instinct-- by the way, how do you develop a commercial instinct? Claude Hopkins, John Caples, David Ogilvy. If you don't-- none of us are born with commercial instincts. None of us come out of the womb knowing how to sell and how to persuade and how to package pro. I mean, that's ridiculous. These are things that you can't know, you can't be born with, you have to develop them.

Those guys who you mentioned earlier, and I'm mentioning now again, those guys had phenomenal commercial instincts. They could convey. They could transmit that instinct to you by reading their story, their life stories, and their adventures and the



things that they tried and failed at and tried and succeeded at. If you combine passion, something that you just love and that you're interested in, with your commercial instincts which you can continually develop over time-- I feel I'm continuing to develop mine. You never get to a point where you go, "I know it all."

By the way, I'll tell you this from experience. The day you think you know it all, you're in very deep trouble. You are very close to having a very bad experience. So, never think you know it all. Enjoy the process of learning these things. Take advantage of all the experienced and generous and wise people out there that have gone through the tremendous effort to put their life stories in books. Be prolific and try always to do the things that you're most naturally interested in. You can't always do the thing you're most naturally interested in. Sometimes you have to go and do another job for a while, that's not the end of the world. Sometimes you're doing 90% stuff that maybe you'd rather be doing something more interesting to you. Then 90% is not interesting, 10% is interesting. Then maybe with some progress now you're spending 20% of your time doing the things that interest you the most, and bit by bit you wake up one day, and gee, everything you do is something you want to do. I'll tell you this though, even when you're doing things that you want to do, there's always housekeeping. There's always stuff you've got to do that's not glamorous, that's not glorious.

Believe me, when you see somebody that's succeeding, they're doing a lot of behind the scenes stuff that's just not fun. It just has to be done to keep the engine running.

**Ray:** It's just part of the gig. I couldn't have thought of a better way to put a bow on this conversation. I'm going to add one more name to the list of people that you need to study, and that name is Ken McCarthy. We're going to have links to all of your resources that will go along with this show. I just want to thank you so much, Ken, for being willing and available to do this. It means the world.

**Ken:** Oh, well, thank you. I really appreciate being asked, Ray. It's a privilege. To be able to share this information with people is a good thing for me and I really appreciate it.

**Ray:** That's it for this special edition of the *Ray Edwards Show*. We'll be back with a more normal show, if we have such a thing in our repertoire, next week. Until then, may God bless you richly with prosperity and with long life. Peace to your house.

[music]

**Voice-over:** Thank you for listening to the *Ray Edwards Show*.

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Each week, we bring you a message of prosperity with purpose and freedom. Remembering that true freedom is available to all through Jesus Christ.

**[01:10:18] [END OF AUDIO]**