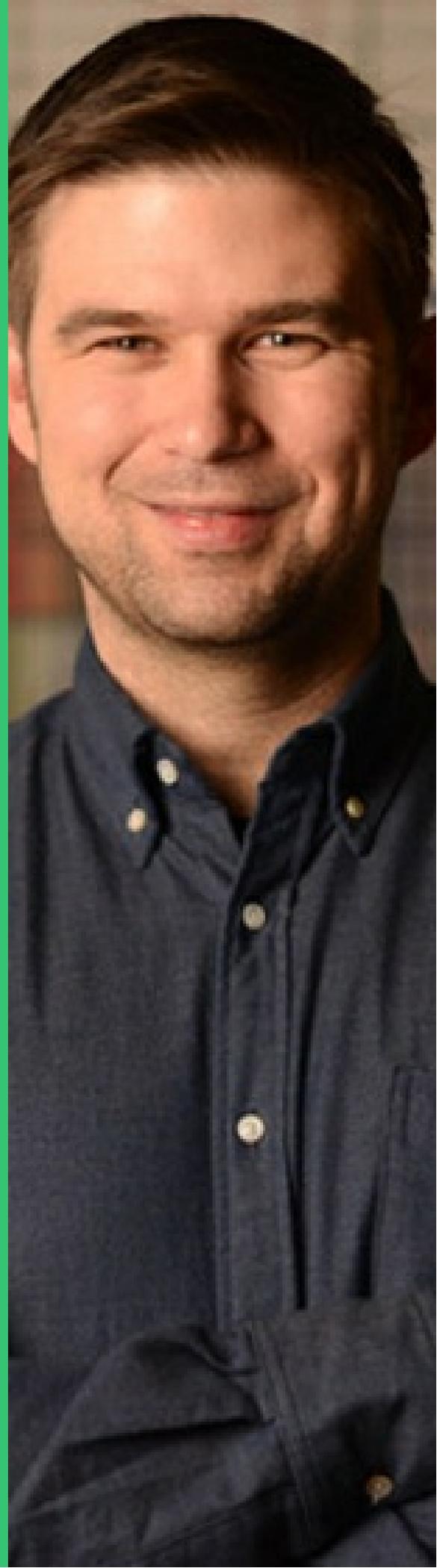




SuperFastBusiness Presents

# The Story Behind Drip + LeadPages With Clay Collins

Clay Collins is back to talk about his recent business acquisition - Drip. Find out the processes he's gone through, the adjustments he needed to make, and the biggest surprises he encountered upon taking on this new business venture.



# The Story Behind Drip + LeadPages With Clay Collins

by SuperFastBusiness



**Clay Collins**

**James:** James Schramko here, welcome back to SuperFastBusiness.com, and I've brought back a regular guest to our show, [Clay Collins](#).

**Clay:** James, thank you for having me back.

**James:** Thanks for coming back. We've been chatting for years now. I can actually

say years, as we chart your stratospheric progress from living in a closet to funded company. I don't mean that literally, I just mean that you used to make little videos underneath the staircase, and hustle a little bit for your marketing podcast, and you did a bit of software, and welcome gates, and video players, and ended up into this lead thing that's blown up pretty big. And now, it looks like [LeadPages](#) is moving into some new space, and that's something I'd love to ask you about, if you're willing to share today.

**Clay:** I'm all yours.

## LeadPages's recent acquisition

**James:** So what happened between the last time we chatted and now? It seems that you've acquired a business?

**Clay:** Yeah. I like to use the term acqui-partner, but I think the last thing this space needs is another jargony new term. But yeah, I guess we technically acquired a company called [Drip](#), but what I care about primarily is the partnership that we now have with a new group of people that's building out a new line of business for us.

**James:** And tell me about some of the decisions that come into this. I'm really curious about it from a business perspective. What would cause you to partner or take over a business unit rather than develop it in-house?

**Clay:** You know, I think for us, it's about speed and also expertise. I think that some people have more money than time, and some people have more time than money, and we're in the camp that has more money than time. I also think that, we, as a company, have a particular bent, I have a particular bent as a product person. And there was an opportunity to partner with Drip, and that includes the two co-founders Rob Walling and Derek. Rob and Derek have a different set of backgrounds, proclivities; they have a different approach to product. And that is a huge asset to bring to the table. I think for most companies, the only way to add additional, real, founding DNA is to bring some more founders into the team, and we were able to do that with Rob and Derek. And it's been a rocket ship ever since. When we acquired Drip, they had about 1,500 customers. Right now, we're adding about 1,500 customers per month to the platform, and we expect that to continue.

## Not just a cross-sell

And interestingly, getting in the numbers here, only 10 percent of those new customers that we're adding are LeadPages customers. So it's not like we're just cross-selling them on another product. We're objectively creating a tide that's lifting all ships.

**James:** And was that your theory, that you'd introduce new customers in?

**Clay:** It was, right. I think we have a pretty good footprint in this market, we have a list of over 250,000 people, and we've got pretty good reach and rankings for different things. Certainly, we thought that we could leverage that, but it wasn't simply a strategy of like, hey, we have Product A to sell to our customers, and now we can just upsell them into Product B. That crossed our minds, and it seemed like that was one of the ways that we could long term pay for the acquisition, but this was not simply an exercise in trying to increase the lifetime value of our customers through a simple cross-sell. This was much more strategic than that.

**James:** Right. And I suppose when you take on a different business unit like this, you're going to have other decisions, like whether to keep the name, or to merge them under one umbrella, or to operate the whole business, like Google did with their Alphabet thing. Were there some discussions around that?

## The pros of keeping things separate

**Clay:** Yeah. We really believed in the unbundled marketing stack. We think there's a whole bunch of people trying to create monolithic marketing platforms, and nobody likes any of them. Like, just think of any of the popular all-in-one marketing suites that have a shopping cart with an email service provider, with an affiliate program, with a landing page tool, with analytics. And no matter what brand you name, everyone probably hates most of them, and if they don't hate them, then the product is probably considered a lesser evil. And we think it's pretty poor product strategy to just be like, we're just going to keep on adding more sh\*\* to this monolithic thing and like, that's innovation. So we don't really think that's innovation, and we really like the nimbleness of again, this unbundled marketing stack and allowing people to choose whatever they want.

So LeadPages is going to continue to aggressively integrate with Drip competitors, and Drip is going to aggressively continue to support and integrate with LeadPages competitors, and if Drip earns the right to have LeadPages customers

use it, then that's fantastic, and if LeadPages earns the right to have Drip customers use it, then that's fantastic. But we are a proponent of open over closed, and we are a proponent of allowing people to have choice.

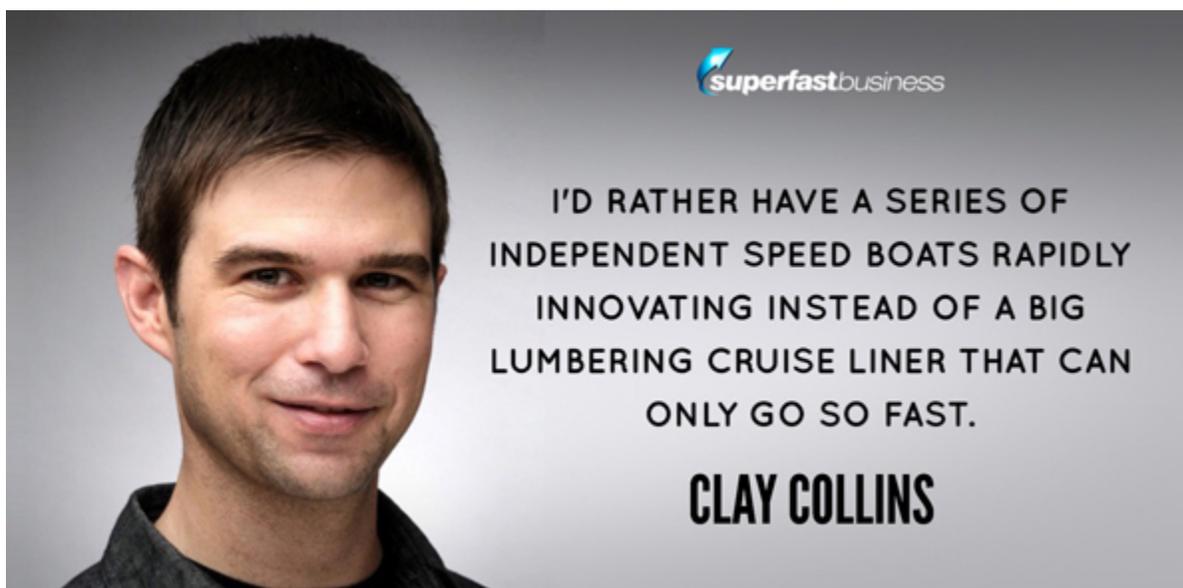
**James:** Right. So what that means is that competitors to LeadPages can still recommend Drip.

**Clay:** Absolutely. And competitors to Drip can encourage their users to use LeadPages. So it's open.

**James:** And the other thing that's great is the segmentation ability that you have, because I imagine when you're talking about your different silos, or segments, you can put on your hat for that particular product when you're thinking about marketing funnels, advertising, audience segments. They're going to be different, and you're going to have to have a highly relevant segmented conversation with those users instead of a one-size-fits-all.

**Clay:** Yup.

**James:** I notice that for things like Google apps, they've got a separate app for the Sheets versus Docs, and Drive. As a user, I love that they've split them out. In fact, I did the same thing with my own business units, and sold off my [website development business](#) and my [SEO business](#) because they were standalone units and could be separated from the portfolio as their own individual traffic-generating service fulfillment modules. So I think it's a great idea of yours to keep them separate.



**Clay:** Yeah. I think a lot of what larger platforms end up spending a lot of their

time on is just coordination and synchronization across groups. You know, do these different products have the same UI? Oh, we upgraded our buttons over here, now we need to upgrade them over here, and we modified this part of the tech stack, and we need to make everything in alignment. I'd rather have a series of sort of independent speed boats rapidly innovating and delivering new value to the market instead of this one big lumbering cruise liner that can only go so fast. And so, I think the separateness allows each team to innovate separately, to move separately, and I think it creates more choice for the market. You can use LeadPages without Drip, you can use Drip without LeadPages, you can use Center without either of them, or with both of them. And so I think it's better all around, and I think it allows for more innovation.

## Surprises Clay encountered

**James:** What was the most surprising thing for you in the process of taking over another business? Was there something that you thought would be one way and turned out to be completely the other way when you got further into it?

**Clay:** You know, I think at the end of the day, what I'm most blown away by is the quality of the Drip team. I knew they were incredible, I just didn't know how good they were. The majority of the team has decided to move from California to Minneapolis, they seemed to be having a great time, and I'm not really spending a lot of time in the day-to-day operations of Drip. In fact, I would say I'm spending almost no time other than around spinning up a marketing machine around that product while the two co-founders continue to do what they did best.

So our aim was not to take over. It was simply to amplify what they were already doing right, and then participate in the upside that would be generated as a result of that amplification and that partnership. So I feel like we just have more entrepreneurs in the building now, and the biggest surprise was just how good it is.

I read a statistic somewhere that said that between 75 and 80 percent of acquisitions end up failing, and that scared me to death considering the real amount of money that was and is on the table around this acquisition. I'm just surprised at how well it's gone, and I think that speaks to the amount of time that we spent cultivating this deal. We spent over a year talking. I think it speaks to the alignment that LeadPages and Drip have in terms of cultures. I think it speaks to the dedication that both parties have around the success of the deal and the

combined success.

And there's just something really beautiful and really special, and something that is just frankly really touching to me around how all this came together. I think this partnership that has emerged is something that, I knew it made sense on paper, I knew it made sense from the market, and it's also making sense at sort of this level of integration. It's just a really, really satisfying thing. I guess the surprise is, I just didn't know how satisfying this would end up being, and I'm just incredibly delighted by how it's turned out.

**James:** I remember going through the merger of Chrysler and Daimler of Mercedes, and that was fascinating, but mostly because the guys at Chrysler were on much bigger pay, and they were two different countries and different cultures. I imagine having them be in the same country, and the fact that some of them are actually moving to base there would have initialized some of those threats. Do you find anything like pay disparities or cultural differences that you have to smooth out?

## An all-around win

**Clay:** Yeah. So Drip was a scrappy bootstrap startup, and they were at about seven people plus two contractors, and there were some disparities, and I won't speak to exactly what they were, but there were some disparities, and they were ones where I think at the end of the day, Drip employees ended up benefiting from the merger. So it was a win for Drip employees, it was a win for us, it was a win for the Drip founders, and ultimately, I think it's a win for the market and for LeadPages customers as well.

In addition to that, I think it was a win for affiliates, so we raised affiliate commission from 15 percent to 30 percent, we did that immediately, and I think it was a win for Drip customers, in addition, from the point of view of, if you had less than a hundred contacts, we made your plan only cost a dollar a month, so there was about 400 customers to 450 customers that had less than a hundred contacts, and they're now only paying a dollar a month as opposed to \$49 a month. So I think there were a lot of wins that came out of this.

## What exactly is Drip?

**James:** Right. And obviously, if you're adding 1,500 users per month, you'll get that back. Just for someone listening to this, if they're not sure what Drip is, can you

give me the one-paragraph explanation?

**Clay:** Yeah. Drip is a marketing automation platform. It does what a MailChimp would do, but it also allows you to create advanced workflows with branching logic and life cycle journey maps. So if you, for example, want to create a flowchart outlining basically logic around what messages and what automations kick off both inside of Drip and through email and other apps, based on behaviors the user is taking throughout the customer life cycle, Drip will automate that.

I generally don't like talking about competitors, but I think people might see Drip as similar to or in the same market as an Infusionsoft, or a Marketo, or a HubSpot. So basically, tools of that ilk, it is sophisticated and advanced enough for the Fortune 100, in terms of feature set, the API, custom events, custom fields, things of that nature. But also, it's simple and from a price point of view is accessible to small and medium-sized businesses who don't want to pay annual contracts, don't want to purchase through a salesperson, don't want to pay required onboarding fees, etc.

So we think we have the best of both worlds, and our goal is really to bring advanced marketing automation to companies that might not otherwise have access to that. So we think that this kind of advanced marketing automation that you might only get at a price point starting at like \$200 a month with Infusionsoft or HubSpot, we want to be there at that dollar price point when customers are starting out, so that they can sort of grow with the platform.

And then of course, we have a sales team as well. We're going after large deals, you know, companies like GE or a LeadPages customer. We think there's lots of opportunity there as well, but we also want to be there when folks first start out and make this successful, so they don't have that big, painful experience when their business gets so big that they have to move off of the limited feature set that maybe a MailChimp has, they don't have to make that big, painful switch. They can stick with something that's fairly robust from day one.

**James:** Right. I imagine a simple system like MailChimp is a great target market for you to pursue. They're really obvious and visible for you. And Drip is the part that comes after the opt-in, so I can see that it makes sense in terms of the flow of your business. Do you see yourself going to the next stage in the process with things like carts?

**Clay:** It's a good question, and it's something that we've thought about. I think there's, from a product perspective, companies usually start from the back end and move to the front end, or companies start with the front end and they move to the back end. And I think it's a lot harder to move from the back end to the front end.

Like, Oracle has tried forever to try and make a CRM, but CRMs have already done a pretty good job working their way backwards. So we start off with lead generation, and sort of running the points of sign-up on people's websites, or allowing people to sign up for things with SMS. So LeadPages allows you to do that. You can create pages, forms, landing pages, you can run split tests, things like that. And obviously, the next step in the value chain was, where do leads go after someone opts in? Right? So that's where Drip comes in.

I think that the next step for us really is Center. So owning, basically, the customer timeline. So you've got all these events that are coming in for a user from webinar, software, from different pages they're visiting, from things they are purchasing in Stripe, and bringing those all together in a unified customer timeline. That's what Center does. It's basically like a next generation CRM, essentially.

We see ourselves going kind of more backend. Perhaps, we'll think about doing something with payments at some point in time. But that would really be kind of a return to the frontend because most products that facilitate payments aren't their own payment processors, like they're using Stripe, or Braintree, or Authorize.Net, or PowerPay.biz, or whatever they're using. So they're not payment providers. They're basically just like frontend on payment providers.

So being that frontend, that's already kind of like what we're doing with LeadPages. So I think that it would just make more sense to extend LeadPages to have that kind of functionality than it would be to build a whole new product around it. Although, there's lots of things that we've been thinking about. But I see us going sort of further back or extending down the backend of running your marketing stack.

**James:** Nice. So with the Drip situation, did they come to you or did you go to them?

## How the partnership started

**Clay:** I went to them. I sent them an email. I sent Rob an email. It was pretty absurd. I think the subject line was “Interested in selling Drip?” So I was very upfront with my intentions from day one. The email itself was pretty short and sweet. I put a picture of it in a blog post, kind of chronicling the acquisition, and the email to him basically said something to the effect of “I love Drip. Would you be interested in selling it?” A bit over a year later, we finished the deal.

**James:** How did you meet Rob? Did you find the software first, or did you meet him in a community?

**Clay:** Yeah, it’s a good question. So I’d heard Rob interviewed on Mixergy long before I had ever been interviewed on Mixergy. So Rob was an early, kind of hero of mine. Rob is a technical co-founder, although he has a broad skillset and can do a lot of different things. But you know, he started out as an engineer and then looked to make his own products and market them. He runs a good podcast called Startups For the Rest of Us and has been writing and publishing on how engineers and software developers can make a living creating their own apps.

So he has always had a reputation for creating solid products, and I followed Drip almost from the very beginning because I followed Rob. It had a really good reputation. The more I dug into it, I was like, “Wow, this API is really well written. Wow, the automation back end is really solid. Wow, the text app they picked was really amazing.” So there was so much about what they did. It wasn’t just like some marketer wanted to monetize their audience in a different way with a different kind of offering. It was like, this is a true software engineer with a really solid technical co-founder in Derek building high-end, best-of-breed software, and I just had been following the evolution of the products.

And what clinched it for me was when they came out with workflows, which I think really changed the game. There’s a lot of people offering sort of linear email sequences, and offering essentially sort of these Drip sequences, you know, Aweber, MailChimp, etc. And I think there’s a different class of email automation platform that offers a visual campaign builder that has sort of forks, and you can build out different actions, you can set tags, you can have goals, multiple goals within the workflow, you can receive inputs from third-party integrations to find out what users have done and have not done in other marketing tools. And when that came out, I was like, “Wow! This is the best I’ve seen. This is right now my favorite email marketing app and marketing automation platform. It’s simple, and

it's easy to use. It's technically sound. All the things that I like to see in products." At that point, I reached out because I was very motivated to see what we could build together.

**James:** Great. So just a few little lessons there; podcasting, interviews, and making good products are a recipe to grab Clay's attention.

**Clay:** Yup. Sure.

**James:** Let's talk about you for a second. Now that you've got this big thing happen, what's happening with you in terms of how you're involved in the business? Is it continuing to evolve? Are you getting more arms and legs separating you from the grunt work? Or are you still the same Clay as the last time we spoke?

## What's happening with Clay?

**Clay:** Yeah. So I think I'm different in a few different ways. My wife and I recently had twins.

**James:** Congratulations!

**Clay:** So we got twin girls. That's changed my life remarkably. And then, as we continue to grow, my role changes as well. I think I said this on the last podcast, but I feel like every three months, my job changes. And then it takes me three months to realize that my job has changed, and then it takes me three months to re-learn what my new job is, and then three months later, it changes. So I think everyone at a fast growing startup has to reinvent themselves over, and over, and over again.

I would say, my recent learning is around kind of continuing to operate in my zone of genius and stay true to that. I think there's a lot of myths about what CEOs should be doing, what it means to be a CEO, and also, other people have a lot of expectations for what a CEO should be doing. I think that I've kind of come full circle. Like I started out as a very market-focused person, a connoisseur of marketing technology, a lover of marketing technology, and I think there was a period of a year and a half where I had to learn how to read finances, I had to learn a basic level of competency around raising capital, certain legal things.

And I think that was required. I really do. At least I think a certain base level of competency is required there without going overboard. Once I have that again,

I'm starting to see how the founding DNA that made LeadPages successful in the first place, I'm starting to see how that matters. I do think that the journey I've been on is necessary. I think it would be pretty disastrous if I was still the same person that was running or co-running an eight-person software. I can't be that same person. But now that I learned those other things, I think it's time to double down on all the things that worked for us in the first place.

**James:** Right. So what do you think some of the myths are about CEOs that you would argue against?

## A myth about CEOs

**Clay:** I think the main myth is that they're sort of these detached people whose job should be to stay in some kind of office, removed from day-to-day operations, doing things like investor relations, doing things like speaking on other people's stages, doing things like creating presentations about the one-year roadmap, and I think that's really comfortable to a lot of people. It's almost safer to have that CEO because they're not likely to disrupt some of the things that are happening in the company.



I think there's a time for that, and I think probably the biggest gift that any CEO can give to their company is to hire good people and to give those people autonomy. And I think that during critical moments in a business, it's really important, in the right instance, for a CEO to roll up their sleeves, and again, during specific points during the business, to get very involved, but then to pull out when they no longer need to be involved.

So yeah, I do think that as much as sort of the myth of the seasoned, detached

professional CEO, as much as sort of that's pooh-poohed on, I think there are some people that actually prefer to work with that kind of person.

**James:** Right.

**Clay:** And those types of people probably shouldn't be working at startups.

**James:** How do you feel about [LeadPages](#) now? And with the new addition, do you think you're on track for all the stakeholders? You're doing a good job for them?

## Everything on track?

**Clay:** I do. I do think so. I mean, if by stakeholders you mean...

**James:** Shareholders. Investors. Basically, the people who your company owes their value to.

**Clay:** Yeah. So I take a pretty broad view of stakeholders. I think that includes customers and includes employees. Every single employee owns stock, it includes myself and my co-founder. I think it includes our investors. I absolutely feel that we're doing right by them. They've had a really good run. When we received our first investment, we were at like 30 people. We had like maybe 7,000 or 8,000 customers, and now, we're sort of about to hit 44,000 customers and growing by sort of a similar pace as when we were half the size. So we're growing at a really nice clip, and our growth is sort of recently re-accelerated, which is really, really nice to see.

So I feel really good about the value that our investors have received. And I also feel really good about the opportunity for wealth creation that our employees get to participate in. And I also feel really good about the product itself. The price for LeadPages has stayed the same almost since the beginning, and we continue to add a lot more to the product over time. So I feel really good about how we're treating our stakeholders on all fronts.

**James:** Nice. OK, so just in closing, Clay. If someone's listening to this, they're considering taking on another person's business division, what would be three things that you would encourage them to investigate or do their full due diligence on that you did that you think was critical in your decision to take on Drip.

## 3 things to investigate

**Clay:** Yeah. So we weren't looking for an asset acquisition; we were looking to partner with founders that had a vision and to provide resources to allow them to scale what they were already doing. So I'd say that's thing number one is like respect the founders and find founders and people that want to continue what they're doing and who you can maybe add more fuel to the fire. I think that's thing number one.

I think thing number two is to find truly, truly good products created by people who love products. I think there's a lot of artificially, inflated valuations around companies that maybe have really good marketers but don't have a really solid product. We wanted to find a fast-growing product, which Drip was, one of the fastest growing SAAS companies in the country. So it was already growing fast, but it was growing fast because of the product not despite it.

So there's a lot of companies that I think are growing fast because they have good marketing, they're growing fast in spite of their product. Drip had good marketing and a good product and some things we could scale there.

So I'd say, thing number one, find founders who still have energy around their vision where you can help scale what they're already doing. Second thing, find products where the product itself is the primary growth lever, not a bunch of fancy marketing tricks. And I'd say, maybe the third thing is to don't disrupt the special sauce.

The **Drip** team at LeadPages sits at a table together. They all report into their CEO. We didn't sort of break them up. Their engineers report to our engineering team, and their product folks report to our product folks, and their support people report to our support people. They're staying together as a cohesive unit. We figured it worked before. Let's not destroy the value that we just paid for by disrupting existing patterns. Let's just actually scale the things that were already working.

So I'd say that the third thing is if it's not broken, don't fix it. There's probably a reason why you're interested in the company in the first place. So just try and scale that rather than trying to assimilate it into some other thing.

**James:** That's good advice. It's kind of like what Woody Allen does with actors. He hires them, and when they say, "How do you want me to play this?" He goes,

“Listen, I’ve hired you. You’re the actor. Act.” And he just gets out of their way. A lot like how I run the team. It’s like, do what you think is going to be the best. Put your own skills. I think that probably takes a lot of discipline from you to hold back from wanting to overly integrate or influence it because you know; you learned all these things so far.

But I see they’ve got their own site. It looks like their own brand, and look and feel, and everything. So it would be interesting to watch this and see how it pans out.

**Clay:** Yeah. I think that’s just sort of the luxury you get when you work with A players is they’re A players, and I think that B players’ performance suffers without guidance, and I think A players tend to do better if not interfered with. That’s really our aim here. When you’re working with people that are operating at this level, I think it’s best to just stay at the side and watch the magic happen.

## Wrapping up

**James:** Awesome. Clay, thanks for coming along and sharing. I hope you will continue to give us these sort of updates as the business evolves. I love watching this journey from under the staircase through to global CEO corporate mogul sales team selling to GE. What an exciting transition. I get the feeling you’re not even close to finished yet. You’re at the foothills of Mount Everest with plenty more journey left.

**Clay:** You know, I recently have been listening to this book about Steve Jobs. And I don’t fashion myself after Steve Jobs. I just think it’s a really good book. It’s called Becoming Steve Jobs. It really outlines a journey that Steve started on right after college. He was really doing his best work when I believe he was in his 50’s, right, when he died. And so, these journeys I think span multiple decades.

In Steve’s case, it was with the same company. And then if you look at Ed Catmull who ran Pixar, with Steve, he started doing motion graphics when he was in college, and it wasn’t until he was like 45 or 50 that he got to do what he originally set out to do in the first place, which was creating a motion picture, which was Toy Story, with a computer. And he continues to do what he did at Pixar.

So I think that all the things that are worth doing merit a multi-decade trajectory often with the same company. For whatever reason, like it’s really at that level

that I love marketing technology, and I love the problems that we're solving. And so, hopefully, we'll be doing these interviews decades from now, and we'll have a much larger story to tell.

**James:** Yeah, let's keep doing that. Thank you, Clay.

**Clay:** Thanks James!



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