

Introduction

Driving down the main street of my town, a great little resort town in a mountainous area of the Northwest, I pass several retail stores, some restaurants, beauty and wellness salons, office buildings, and shingles hung by various professionals. Commercials blare from the radio. And the people in the cars around me are on their way to make or use some product or service.

Entrepreneurship surrounds us. New businesses and ventures are the very pulse of wealth around the world. The fact is, almost every product or service that we use, each storefront or office building that you pass, is a symbol of bravery. Some individual had to have the courage and faith to create that product or build that business. If not for the vision, skills, energy, effort, and, most important, persistence of an entrepreneur, that product or service, store, or company would not exist.

I'm pretty sure that Christopher Columbus did not cross the ocean so that we could all get jobs and secure our 401(k)s. Entrepreneurship

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is America. If it hadn't been for Henry Ford, you would not be driving that car. If it hadn't been for Sam Walton, you'd have no Wal-Mart to frequent. And if it hadn't been for Clarence Birdseye, the only thing you'd be pulling out of the freezer would be ice. The results of these entrepreneurs' efforts are ingrained in our life, yet we mostly take their products and services for granted. I know I didn't offer thanks to Margaret Rudkin every time I bit into a Pepperidge Farm cookie while writing this book—though I should have. In my pregnant state, that was quite often, thank you very much.

Entrepreneurship is the single biggest source of wealth in this country. Yet too many wealth-building programs bypass this step. This book is about building and sustaining a viable business to help you create and support your wealth. That business is called a Cash Machine.

Defined, a Cash Machine is a *legitimate, legally structured business venture* that uses your *skill sets*, is *modeled* after a similar successful business, is developed in *weeks*, sometimes days, takes advantage of *teamwork*, and generates *immediate cash* to feed your Wealth Cycle. The Wealth Cycle is my proprietary system for wealth building, which I wrote about in my first two McGraw-Hill books, *The Millionaire Maker* and *The Millionaire Maker's Guide to Wealth Cycle Investing*. The Wealth Cycle is just that: a cycle of wealth. It is a systematic approach to building assets that generate passive income. That passive income is then used to invest in more assets. The Cash Machine is a key part of that wonderful cycle of assets and income. Creating businesses and making investments, not managing expenses or focusing on debt, is the way to get wealthy. That may seem too obvious to be a big "aha" moment, yet for some reason most people, and far too many personal finance programs, spend too much time focused on controlling debt. That makes your life small, and I'm not interested in making your life small. I'm all about creating a healthy, fun, want-to life. Forget about a savings plan, and consider instead the excitement of a spending plan. Let go of retirement

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restrictions, and strive for a Freedom Day. Stop planning for poverty, and start a plan for prosperity. I don't know about you, but as I get older I don't want my life to shrink; I want it to expand. The Cash Machine is your link to this expansion.

If you want to sit around counting pennies and live a smaller, have-to life, then focus on your debt. In fact, I promise you that if you spend the next year focused on getting your debt down to nothing, you will have exactly that at the end of the year—nothing. Focusing on debt is like dieting without exercise. It's an endless cycle of starvation and deprivation with no lasting results. However, if you spend this next year building a business, you will break every unproductive financial cycle you've ever had.

The Wealth Cycle and the Cash Machine are all about expansion, living larger, and finding a bigger, better life. You do not have to sacrifice your lust for latte to become wealthy. A colleague of mine drinks three iced quad venti nonfat no-whip mochas a day. His monthly coffee habit is some people's car payment. Yet by using the Wealth Cycle, creating a Cash Machine, and directly investing in assets, his net worth has gone from half a million dollars to four million dollars in just three years. Wealth building should be about excitement, not sacrifice. Let's face it: *you cannot save your way to double-digit growth.*

This building rather than shrinking is the secret of the Cash Machine, and it's the way to wealth. The Cash Machine allows you to add to your life. Building a business as an asset is one of the most powerful forms of wealth generation and one of the best steps you can take to create an expansive, empowering life.

I bet you've had a good idea for a business, but I'll also guess that:

1. You think new product development is best left to the inventor in his garage.
2. You think starting up a new business takes too much time, money, and energy.

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3. You don't want to leave the safe confines of your job.
4. You've tried to start a business before and had little luck.
5. You already have a business, and it's taking up too much of your time, creating lots of stress for you and, the real kicker, not making any more money than you did on your W-2.

From what I've seen, many who do pursue their dream quit quickly, never make any money, and learn nothing about how to run a business. That is not fun. The Cash Machine is different. In this approach to entrepreneurship you make money immediately, learn increasingly advanced business skills, and ultimately build and generate wealth and your dream life.

Traditional teaching of entrepreneurship suggests that you begin with an idea. Not here. We begin with what you already know so that you can get going and make money immediately. The best part is, you do not have to go it alone. A key component of the Cash Machine is *team*. This book is for those of you who want to partner with others who have a team or create your own team to

1. Build a new business.
2. Fix an existing business.
3. Buy a business.

The Cash Machine may or may not be your dream business. And it is definitely not a business venture that oversees your investments, your assets, or your passive income. It is a separate entity, a moneymaking machine derived from skills you already have that will allow you to set up shop as soon as possible. You may not realize it, but you already have the skills, intelligence, and energy to build something valuable. The only thing you don't have is the way, the right way, to make a lot of money from what you already know. The Cash Machine will help you do just that. The good news is that it's never too late to start. With a Cash Machine, you will *learn to earn* and *make money*—fast.

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Entrepreneurs are the backbone of the capitalist system. In this country alone, thousands of small businesses are created every day. The problem is that too many budding entrepreneurs have no idea what they're doing. These businesses are rarely profitable, and eventually, most fizzle and die. With a Cash Machine, you *learn* to earn. The only real way to learn how to run a business is by running a business. You've got to do it. And, let's face it, learning is not its own reward. It is no fun to learn if you're not making money. Theory is nice, but a little reward goes a long way in keeping anyone motivated. With the Cash Machine approach to entrepreneurship, you learn to earn and you make more money immediately.

Your Cash Machine and your investments in assets are the 50–50 partnership that creates and accelerates your Wealth Cycle. The cash flow from your Cash Machine seeds your assets and fuels the Wealth Cycle. In order to be wealthy, you need a Cash Machine.

In addition to being the fuel for generating wealth, the Cash Machine is a gateway to unleashing your vision. Without your vision, skills, energy, effort, and, most important, persistence, some product or service, store, or company will not exist. Innovation is at the heart of this great country, and if you pursue your wealth by creating a business, then you too will contribute to the fabric and future of our nation. Let's begin one of the most exciting ventures on your wealth-building journey—the Cash Machine.

CHAPTER ONE

The Cash Machine

Making More Money as You Learn to Earn

A permission-based society is exhausting. I knew a woman, Marilyn Stanley, who was energetic, fun, and smart—when she wasn't working. While she was working, Marilyn was frustrated and bored. Yet she was committed to the commute. She indentured herself to work 10 hours a day, 5 days a week, 50 weeks a year so that she could continue to spend most of her time being frustrated and bored. I don't get that. Marilyn and I talked about what she could do.

"I have to work that much," she said. "I have an adult life; I have responsibilities." That mentality will keep anyone in debt. I've met too many people who used to play like rock stars, then became responsible for families and started making decisions out of fear that they'd risk their security. In other words, they played not to lose. That is not how you win. You can't be afraid to lose—you have to be committed to winning.

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Marilyn was working 50 hours a week as a graphic designer at an Internet provider and barely broke even after taxes. But she felt lucky to have a job. Marilyn needed the money to help support her family and pay off her debts. She felt trapped, but she was worried about rocking the boat. She was eager to find a way to make more money without putting her livelihood at risk. Marilyn dreamed of a way to ensure and expand her financial future on her own terms.

Then there was Al Cypress. Al was in business for himself and had a pretty good venture. He was a sports psychologist, and he had set up shop in a strip mall in Los Angeles. He had a few dozen regular clients and several drop-ins every month. Al was proud of his business and his ability to get it off the ground, but he discovered that he was working more hours and making even less money than he did when he worked as the in-house therapist for a large corporation. He felt that he was pursuing his vision, yet his business was draining all of his time and energy. He wondered how he could possibly continue this way.

Another woman I coached, Rosa Brackett, had some assets, including equity in her home, investments in the stock market, and an IRA. A widow, she feared that she would forever be at the mercy of a fixed income, limited to a world that would get smaller as she got older. Rosa had always wanted to build a nonprofit company that would give underprivileged children access to crafts and artisan workshops. However, she had no idea how to run a business, let alone start such an organization. Rosa knew that it was time for her to dust off her dreams and take control of her life and her future.

At first glance, these three people may seem to have nothing in common. But the fact is that each of them could, and did, benefit from a Cash Machine. Regardless of whether you find yourself barely making ends meet in a W-2 job, running a business that's more aggravating than rewarding, or holding on to lazy assets that

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narrow your choices for the future, a Cash Machine will help you make more money, learn to earn, and get control of your life.

The Cash Machine begins with the answer to this question: “What are your skills?” These skills, the things you already know how to do and are comfortable doing, are the kernel of a profitable Cash Machine. You will derive the idea for a business from the answer to that question. This won't be just any idea; it will be your *fastest path to cash*. Within weeks of building, fixing, or buying a Cash Machine, you will make more money.

This model of entrepreneurship, the Cash Machine, was developed from my personal experience in creating new businesses. I started my first business when I was 17, and since then, I have built a number of businesses in a variety of industries, several of which have grossed millions. Most of the wealth builders I work with in the Live Out Loud community own businesses or are getting ones started. This is a fundamental part of the Wealth Cycle.

The Wealth Cycle is built on 12 building blocks, all of which work together to generate cash flow to build wealth and maintain that wealth. These are explained in full in *The Millionaire Maker* book. Three of the building blocks—Financial Baseline, Freedom Day, and Gap Analysis—are tools for uncovering where you are and where you need to go. Three others—leadership, teamwork, and conditioning—are action steps that are necessary to support the process. Four of the building blocks—entities, forecasting, Wealth Accounts, and debt management—are core strategies that ensure moneymaking and wealth building. And two of the building blocks—directly allocated investments (i.e., assets) and an entrepreneurial venture (i.e., a Cash Machine)—are the essential tactics to make more money. My last book, *The Millionaire Maker's Guide to Wealth Cycle Investing*, focused on assets. This book is about the Cash Machine. Let's look at the different ways you can approach the Cash Machine.

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Build It, Fix It, Buy It

Build It

Starting from scratch, with little money and no other assets, is not the easiest way to begin a business, but the Cash Machine makes it much less difficult. By using *the skills you have* to build a business, you can start making money fast. You can also *partner* with someone who is starting a company from scratch in order to leverage your skills with their ideas. I've brought in Cash Machine partners to run a few of my businesses, and it worked out very well. I benefited from their skills and knowledge and got my ideas executed. They benefited from my team and vision and had a chance to make money with, as well as manage, an entrepreneurial venture.

Some advantages of building a company are that you usually have

- No hidden problems
- Control over the business's direction
- The option to tailor the venture to your lifestyle

Some disadvantages of building a company are that you have

- No name recognition
- No customers
- No instant cash flow
- An unproven entity

The decision to build a business has to be made from experience, not emotion. Because we are looking for immediate, money-making ventures, you want to choose a start-up venture that is easily accessible and achievable. Big ideas wrapped up in emotion

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usually are not simple. We want simple. The big ideas come later in wealth building. For now, you want to do what's already been done by others so that you can learn how to do it too. The Marilyn Stanley case study explored over the course of the following chapters provides a good example of the *build it* approach.

Fix It

If you have your own business, but it's not making enough money or it's too difficult to run, then you do not have an effective Cash Machine. Too many people pursue a business without making any money. That's not a business, that's a hobby. Hobbies do not make you wealthy. If you have a business that is broken, or if you are partnering in a broken business, then you must shift to a new way of thinking about that business in order to turn it into a Cash Machine. The result will be a venture that makes money and has the potential to grow into a long-term asset with multiple streams of income. Throughout this book, we will follow Al Cypress's Cash Machine as an example of *fix it*.

Buy It

If you have assets in the form of home equity, CDs, money market accounts, and so on, you might consider turning those lazy assets into assets that generate greater returns. You can do this by liquidating them and using the cash to buy a business that is capable of creating cash flow. If you don't have assets or any money, but you like the idea of buying an ongoing Cash Machine, you can join another entrepreneur or a group of investors that are buying a company and offer your skills and experience as *sweat equity*.

There are hundreds of different types of businesses for sale all the time. Although owning a car wash or a Laundromat may not

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appeal to you, acquiring such a business can be a very efficient learning tool, as can buying into well-researched and reputable franchises and multilevel-marketing companies. When buying a Cash Machine it is important to consider your lifestyle expectations. If you can't handle early mornings or powdered sugar on your hands, then a doughnut shop would not be a good acquisition. Although you may have hired a great doughnut maker, inevitably he or she will call in sick, and it will be you watching the dough rise with the sun.

Some advantages of buying an existing business are

- Immediate cash flow
- Accelerated learning curve
- Reduction in start-up cost
- Preexisting customers
- Easier financing

Some disadvantages of buying an existing business are

- Initial purchase price
- Possible hidden problems, such as
 - Uncollected receivables
 - Existing employee issues
 - Equipment needs

Another option for buying a business is to consider a franchise. Some advantages of franchises include

- Brand identity
- Training program
- Existing marketing plan
- Proven business model
- Financing options

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Some disadvantages of buying a franchise include

- High cost of entry
- Limited flexibility
- Potential cap on growth
- Reliance on the franchiser's supply chain, designs, and the like
- Franchise royalty and ad fees
- An operating agreement written for the franchiser's benefit

When you buy a business, whether it is a traditional company or a franchise, you must perform *due diligence*, which means that you have to research the opportunity extensively. This is the only way to manage *risk*. As with any investment, there are risks to be assessed when buying a Cash Machine. These include product risks, industry risks, and economic risks. Educating yourself about any opportunity can help you minimize risk, and conducting due diligence will help you assess the possible pitfalls and problems.

In addition to investigating the wide range of possible strengths and weaknesses, opportunities and threats of the potential purchase, finding a profitable company at the right price can be difficult. As with many things, sellers and owners often have an inflated perception of a business's value, and potential buyers are responsible for uncovering hidden costs and hurdles to cash flow. The process of due diligence—that is, research and investigation—is essential when buying a company. If buying a Cash Machine is the route you choose to take, then you will need the help of a CPA, an attorney, and possibly a financial coach who can help with due diligence. I also suggest that you join the professional associations relevant to the sector in which your business competes. Their trade magazines and Web sites will give you much needed information, as well as multiples and metrics to use for valuation. Due diligence will make or break your decision. If you do not have the capacity to carry out due diligence, then you are not ready to own and operate

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a business. The example of Rosa Brackett's Cash Machine will take us through an experience of how to *buy it*.

A note on straddling: you can create a Cash Machine while you still have your commitment to a 9 to 5 job. This is *straddling*, and most of the wealth builders with whom I work take this approach. A Cash Machine is not a license to tear up the punch card but rather an avenue to get into entrepreneurship quickly and easily. When you first create your Cash Machine, you'll straddle the fence between where you were and where you're going. In less time than you think, you will be successful enough in your business to leave your job and move on to a bigger and better business. It usually takes this *straddling* time to learn that your skills are in fact worth a lot more money than the average W-2 employer is willing to fork over. You've probably realized by now that *you do not get paid what you're worth; you get paid what you negotiate*. You can negotiate a lot better when you're in charge.

Though initially it may be necessary for you to straddle, it is not easy. I did this for several months, working for a large corporation while trying to get what eventually became Live Out Loud off the ground. Just as I did, many straddlers want to have secure benefits before taking the leap. Others are reluctant to make a mistake. It took me a while to decide that I just needed to make the leap and figure it all out later.

Though straddling is a necessary step for most W-2 earners, the common problem for straddlers is not having enough time to do both the W-2 job and the Cash Machine. You need to continue to do your job and do it right, or you're not being fair to your current employer. If you don't have enough time, you need a team. And since no one has enough time, everyone needs a team. By building Cash Machine teams to help them do the work and cultivate sales, straddlers can shift the balance away from the W-2 job and toward the Cash Machine until they can finally focus on their business full time. Eventually, this has to happen. If you never jump ship, your

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business is just a hobby. You can't put enough time into a hobby to make it grow, and a Cash Machine must grow.

A note on partnering: partnering can work in many ways. One is that you take your idea and combine it with another person's. This works best if the ideas and the people are complementary. It also works if people with two complementary skill sets want to buy and/or fix an existing business together. I've seen all sorts of combinations, many of which have worked with great success. I've seen a teacher partner with a techie and an actor to create educational videos. I've seen a factory supervisor join forces with an art gallery manager to buy a housewares manufacturer. I've seen a salon professional reach out to a doctor to help improve his business by bringing in a wellness program. The partnership possibilities are endless. In fact, I'm an investor in a home décor company that was launched by an artist and a business professional who combined their skill sets.

Another approach is to bring your business idea to an existing business. Ideas are a dime a dozen, and *execution is everything*. That's why the consumer warehouse retailer might pay the sock manufacturer just a buck a pair while taking four dollars itself. But, believe it or not, I think that's fair. It takes one hot shower to get a good product idea into your head. Getting the product into the hands of consumers takes a lot more effort. New product ideas may work best with an existing infrastructure and through an established channel of distribution. Huge success stories have come out of these types of arrangements and can be beneficial to everyone involved.

Another approach to partnering does not require you to have an idea at all. This partnership relies on your skills. By taking your skill set into a business, you are providing a valued service to the start-up. I knew a woman with extensive brand and consumer product packaging experience who wanted to get in on a start-up operation. She had no ideas for her own Cash Machine, nor did she have a desire, necessarily, to build something from an idea of her own or

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buy a company. She had embarked on her Wealth Cycle, though, and a Cash Machine was necessary. Recent work events gave her the luxury of not having to make too much money right away or to hang on to her old job. And so she took an executive job with a brand new company, at a fair salary and with the promise of a percentage of ownership, that is, sweat equity.

Partnering is a very efficient approach to the Cash Machine for wealth builders who do not want to run their own business just yet. This “work-with-it” alternative allows you to learn to earn on someone else’s skill set. The glitch, sometimes, is that you might not make more money, at least not initially. If you have the time and resources to take a low-paying or no-paying job with a start-up company, this is another path to getting entrepreneurship skills under your belt. It requires finding a well-run start-up company managed by a smart entrepreneurial team from which you can learn these skills.

There’s also *short-term to learn* partnering. Many of those who build, fix, or buy a Cash Machine can benefit from *shadowing* a business owner during the business modeling stage, if only for a day. I once worked for a bookkeeping company for 4 months, 13 hours a week, at \$17 an hour, just to see how the company was run and to learn a new skill set. It was not my most favorite thing to do, but a mentor had suggested it, and as a result, I got the knowledge and the team I needed. Experience is much more effective than a lecture or a workbook, and getting in and getting it done is the best learning tool there is.

Keeping It Real

Whether you build, fix, or buy your Cash Machine (and many wealth builders have done all three at some time in their lives), you are going to focus on a business that generates revenue immediately. This business is not built on a dream or a clever idea. It’s a sure thing.

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Eventually, once you have the ability and knowledge to run and build a company, you can create a Cash Machine to serve your vision.

The Cash Machine keeps it simple and realistic. We focus on the fundamentals of entrepreneurship and the objective of making more money right now. If you haven't tried to make more money outside of your job, we're going to find a business idea for you by discovering your fastest path to cash. If you already have a business, but it's just not doing much for your wealth, we'll focus on making it a moneymaker.

The approach to creating a Cash Machine is straightforward. We look at your current situation and your objectives, consider your skill set and abilities, and then create a plan that optimizes both the situation and your skills. As you'll see, we get off and running right away.

CASH MACHINE ACTION PLAN

- Discover the skills you already have.
- Generate a business idea based on those skills.
- Model the idea after a similar business.
- Test the sales potential through revenue modeling.
- Design a Cash Machine plan.
- Build a team.
- Develop the marketing and sales strategies.

The way we begin the process is a distinction of the Cash Machine. Most entrepreneurs begin with the idea, but because the requirement for a Cash Machine is that it be up and running immediately, you need an edge. That edge is the skills you already have.

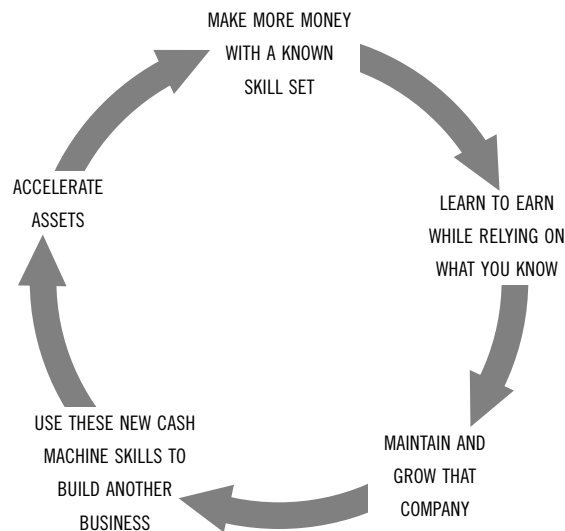
Whether you know it or not, you have many skills at your disposal that could make you money tomorrow. You may like these skills and find them fun—for example, you're great with kids, and you enjoy being with kids. Or you may not like these skills—for example, you're good at fixing things, but you don't enjoy it. The

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issue is not whether or not you enjoy doing something; the issue is whether you can immediately make money doing it.

Unlike those who say, “Do what you love. The money will follow,” I live in the world of reality. You might love to paint, but selling your originals on the sidewalk is a tough gig. On the other hand, if you like making pies, you know there’s demand for them at your local flea market, and you can make money doing this tomorrow; then you get to do what you like in your Cash Machine right now. Eventually, the painter will get to sell paintings, and they may become part of a Cash Machine down the road, but for now, the painter must learn how to build a business that will bring in cash immediately. Believe me, when the money starts coming in fast, you’ll begin to love what you do. Start with what you know how to do, and you will get to do what you love later on.

With a Cash Machine, you



Then go around again. Those are the life stages of your Cash Machine.

If you start this process today, you’ll find that you’re going to have more money coming in faster, you’ll retain more of that money

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through proper *entity structuring* and *forecasting strategies*, and you'll be on your way to being your own boss in a world you've created in less time than you ever thought possible. The Cash Machine gets you past "ready-set" and right to "go" in a way that no theoretical MBA approach ever could. In fact, I work with a lot of MBAs who say that they never learned the practical, day-to-day, business-building skills that we teach here.

The First 24 Hours in a Cash Machine

Marilyn Stanley realized that she would benefit from having a Cash Machine. Her known skill set was graphic design, and she had some organizational and time management skills as well. She and her husband were both 40, with two kids, and had no real money invested for the future. Marilyn was finding her job tedious and not financially rewarding. She needed to make more money. And that meant creating a Cash Machine.

Al Cypress was a good example of someone who already had his own business, but was not approaching it in a way that would lead to great wealth. As you may have realized if you already own a business, it's no fun to replace your W-2 job with a burdensome 24-hours-a-day entrepreneurial venture. Maybe that allows you to say, "Well, at least I'm working for myself." But even when you have your own company, you still have others—the bank, your investors, your customers or clients, your suppliers and vendors—to whom you have to answer. Being your own boss is nice, but it can also be a nightmare. That's why we approach a Cash Machine with specific objectives. We want to create a business that

1. Is profitable
2. You can eventually build into or convert into something you enjoy
3. Doesn't take over your life forever

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4. Generates wealth
5. Serves your vision

Al Cypress needed his company to help him create a great future for himself, not exhaust him. He needed to fix the business and make it a Cash Machine.

Rosa Brackett was simply not leading the life she wanted. She needed to take the assets she had, investment decisions made by her late husband, and restructure them to better serve her vision for the crafts and artisan workshops. She could do this by buying a Cash Machine.

Marilyn, Al, and Rosa all pursued a Cash Machine to improve their lives and reach their goals. Though these are not their real names, these case studies, and all of the case studies in this book, represent real clients who are now on their way to great wealth through a Cash Machine.

Let's look at how Marilyn came to discover her own Cash Machine. It began with the *Gap Analysis*. Defined, the Gap Analysis is the Wealth Cycle approach to mapping out a plan to get from where you are to where you want to be. The Gap Analysis is derived from the wealth builder's answers to the following eight questions.

CASH MACHINE CASE IN POINT

From Skill Set to Start-Up

Marilyn Stanley and her husband both had full-time jobs, she at an Internet service provider, he as a building maintenance supervisor. They had two kids and lived in Palo Alto, California.

1. What is your monthly pretax income?

“I make \$43,000 a year, and my husband makes about \$50,000,” she said. “That’s \$3,583 a month pretax from me and \$4,167 from him, so \$7,750.” *(continues)*

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(continued)

2. What are your monthly expenditures?

“We are a family of four living in Palo Alto. We are lucky if we spend less than \$5,000 a month. The kids are in private school, so that’s a lot of money right there.”

3. What are your assets?

“Our home is worth about \$600,000, and we have \$100,000 of equity in it. We have retirement plans, maybe \$50,000, and we have about \$25,000 in stock in my company.”

4. What are your liabilities?

“We have a \$500,000 mortgage and credit card debt of maybe \$8,000.”

5. What else?

“You mean what have I forgotten? Well, I think my son has some coins in his closet. But besides that, no, we don’t have any hidden IRAs or anything like that.”

6. What do you want?

“We’d like to see our kids through college, pay off this house, and I think we’d both like to quit our jobs sooner rather than later. We’d like to just travel and have fun.”

7. What are the skills you use to make money?

“My skills are *graphic design*, *technology*, and *Web languages*; I’m comfortable with the Web. I’m *organized*, and I *manage my time* at work so that I can get home. I’m the *chauffeur* for all my kids’ activities—is that a skill set, driving? My husband is a maintenance supervisor, so he has a lot of *mechanical* and *electrical* skills, and he knows about *machinery* and *building stuff*. He also has a *wood shop* in the basement.”

8. Are you willing to create and execute a Wealth Cycle?

She knew the only answer to this: “Yes.”

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Marilyn's answers to these questions made it very clear that this family did not have enough money to live without financial frustration, let alone live well. Let's look at how Marilyn went from where she was to building a Cash Machine.

In my Cash Machine seminars, we create Cash Machine Makeovers.

CASH MACHINE MAKEOVER			
FREEDOM PLAN			
What I want financially per year from my Cash Machine _____			
Ideas for my Cash Machine _____			
Revenue to be generated _____			
BUSINESS MODEL	SALES IDEAS	MARKETING IDEAS	TEAM
BASELINE			
Current skills and how I get paid now _____			
How much money I make _____			
The most amount of money I have ever made _____			

Let's look at how Marilyn went from where she was to building a Cash Machine. The action plan, seven weeks to sales, also serves as an outline for this book. In the following chapters, we'll cover each of these topics in more detail. The number of weeks listed here is not hard and fast. You can do all of these things in 24 hours. I've seen it. If you have the resources and the energy to plow ahead, do them as soon as you can. There's leeway to do as much as soon as possible, but you can't exceed seven weeks. None of the tasks can be

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held over. Ideas must be generated by week 2, and while you should be building your team all along, most of the initial positions should be filled, at least on paper, by week 6.

Action Plan: Seven Weeks to Sales

Action Plan <i>Seven Weeks to Sales</i>						
Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7
Skills	Idea	Business Model	Revenue Model	Cash Machine Plan	Team	Marketing and Sales

Discover Your *Skills*

Skill sets are the seed of the Cash Machine, so we began with Marilyn's answer to the seventh question. Her answers revealed that her skill set included graphic and Web site design, technology, communication, organization, and management. And Marilyn was right; driving is a skill that can make money. I've seen many a Cash Machine begin with airport limousine and errand pickup services.

Generate the *Idea*

Starting with her skill set, Marilyn brainstormed with her husband, friends, and colleagues about business ideas. She also asked her kids for advice. Children should be included in all aspects of the Cash Machine. It's similar to immersing them in a second language. They will get fluent in a healthy financial consciousness, which will shape

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their money decisions and conditioning for the rest of their lives. The idea that surfaced from Marilyn's brainstorming sessions was a Web site design company.

Model Your Idea

Creating a Web site design company was not an original idea. And that was a good thing. Marilyn needed to find a similar business with a successful operation upon which she could model her own. Someone is always already playing a bigger, better game, and reinventing the wheel is a slow process. She would then need to build on these models with a *unique selling proposition* to make her business distinct, and thus more marketable.

Talking to mentors in the same field or shadowing business owners is an efficient learning tool. As soon as you decide on an idea, you must find out how it's already been done. Imitation is not only the sincerest form of flattery; it's the simplest route to profitability. A quick Internet search will get you to many business models, and the answers to your questions will be a phone call or visit away. As long as you don't set yourself up as a competitor (don't call the local scrapbook expert and tell her that you want to start the same business next door), you'll be pleasantly surprised by how eager others are to share their advice. It's best to call someone in a faraway market who could potentially become a mentor or a strategic partner. Conversely, someone in the local market might be interested in helping you if your efforts can somehow help that person expand his client base. Strategic partnerships are usually most successful with a complementary business and not an identical model, but anything is possible.

Revenue Model

Based on what she discovered from looking at similar businesses and talking to those running them, Marilyn calculated a *Revenue Model*. In this short and sweet analysis, Marilyn decided

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- How much money she wanted to make. In a Cash Machine, business owners do not declare what they think they *can* make; they state what they *will* make and then create a Cash Machine that supports that goal.

In order to make that target number, Marilyn then calculated

- How much she would charge
- How many clients she would need
- How many hours she would need to work
- The expenses associated with the revenues

The revenue model helps you decide if it's feasible to charge the prices required *and* get the number of customers or clients necessary *and* put in the hours that will make the amount of money targeted. If the numbers are doable—that is, if you can work the hours, charge those prices, get those clients or customers, and do so profitably—then you are all set to move forward. If not, it's back to the idea stage.

One of the best things about the Cash Machine is that it's built on the idea of a team. If a ballerina decides to teach dance, but she can't reach her target revenue number because of the number of hours required, she can hire other dancers and scale out the model. In Marilyn's case, she felt that even with her full-time job and family responsibilities, she could work the number of hours she'd calculated and make the amount of money she desired. It was on to the next stage.

Design the *Cash Machine Plan*

Marilyn drafted a very concise plan that helped her to better flesh out the idea. This involved looking at

- The concept
- The opportunity to sell her concept in the marketplace
- A strategy to market the product

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- How the business itself would be organized with regard to her
 - Team
 - Operations, including systems and entity structuring
 - Financials, including projections

Not only does the Cash Machine Plan give you some guidance and direction, but it can also be used to attract the attention of potential investors and strategic partners. You'll find that the growth of your Cash Machine requires constant conversation, and the plan is a good reference for those conversations.

Build Your *Team*

Once Marilyn had a general idea of her business concept and knew that it would be financially viable, she needed to surround herself with a team that would help make the business work. Team building begins on day 1 and is a constant part of the Cash Machine. In Marilyn's case, she'd already begun to do this in the brainstorming stage. Marilyn needed to find and *legally contract* with her employees, suppliers, and any partners she'd need. She also needed support players, such as an accountant, bookkeeper, and legal counsel. Additionally, *life support* is often necessary for the Cash Machine owner. I have a great support group—Team Langemeier—that helps with my home and family. When I was pregnant, my brain was very busy making another brain; I really needed a team. You too will find that it's worth it to pay a housekeeper \$10 or \$20 an hour for four hours a week so that you can focus on making thousands of dollars an hour. The last time I checked, most millionaires don't do their own laundry.

Despite myths to the contrary, there have never been entrepreneurs who are Lone Rangers. Successful wealth builders do not go out into the business world alone. It just doesn't happen. The best

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leaders gather support around them so that they can do more with less of their own time and energy. The goal of the Cash Machine is to grow, not to set up shop on the corner and bring in a few bucks every week. A Cash Machine is about building a big, wealth-generating business, and that takes a team.

Develop the *Marketing and Sales Strategies*

Now that she had the foundation in place, Marilyn was ready to start the business. The ramp-up to any business is marketing and sales. She needed to get the word out to her potential customers. In the Cash Machine, this is done initially with guerrilla marketing, such as flyers and e-mail blasts or other creative tactics, such as informal, Tupperware party-type gatherings. Eventually, these efforts build into a more enduring marketing strategy that supports the Cash Machine as it matures.

The Entrepreneurial Skill Set

As soon as the business is up and running and revenue starts coming in the door, the Cash Machine owner is ready to move on to learning and understanding new skills, the entrepreneurial skill set. These are the skills it takes to run not just this business, but any business. This is yet another way in which the Cash Machine is different from traditional approaches to teaching entrepreneurship. In the classic model, you learn, and then you do. Here, you will start your business, make money, and then learn what the heck it is you are doing. Sure, it's exciting, but if you work off of skills you know and surround yourself with experience, and by that I mean a team, you minimize your risk.

Marilyn now needed to take on, and come to understand, some other skills:

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Entrepreneurial Skill Set				
Management	Marketing	Sales	Operations	Finance

Management

There's no getting around the fact that a business takes vision and vision takes *leadership*. In addition to her apparent skill set, Marilyn needed to look at the management skills she'd need, as well as her psychology and conditioning, to get all of her ducks in a row.

Marketing

Too many businesses spend time attracting their initial customers and then stop their marketing efforts. Marketing is continuous and encompasses much more than advertising or signage. It begins at the idea stage, constructing a concept that meets the needs of the marketplace, and should be carried all the way through every step of the business life cycle. Marilyn learned how to market her Web design service continuously, and this kept her product in demand and her pipeline of projects full.

Sales

Too many people fear selling. And that's because they go about it the wrong way. The key to effective sales is enrollment. Successful companies tap into a need with a positive experience. Marilyn was good

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at marketing, but she was nervous about the final sale, or “the close.” Marketing gets customers to the door. Sales makes them want to take their coats off and stay awhile. Pursuing one and not the other is useless. Marilyn had to become good at sales.

Operations

Marilyn needed to establish the operations for her business. Systems, such as accounting, customer databases, marketing, tech support, and sales, would all find a place in her Cash Machine. Additionally, she needed to structure a legal entity to protect the business and help maximize constructive tax strategies. Gathering and leading the personnel necessary to help her manage these structures and systems, as well as get her product out the door, would also be part of this skill set.

Finance

The Cash Machine required Marilyn to become more comfortable with numbers. It started with

- Revenue modeling

and continued on through

- Profits and losses—the income statement
- Assets and liabilities—the balance sheet
- Sources and uses of cash—the cash flow statement

Marilyn had to become very familiar with the quantitative side of any business. Every Cash Machine owner gets to know these statements intimately. It's not as daunting as you might think, and running numbers soon becomes as easy as flipping channels. Well,

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okay, not quite as easy. But it's definitely more satisfying and productive.

The ability to look at numbers and see a bigger picture or make an important decision based on a small detail in the numbers is useful in any and every business. It's also helpful in every aspect of wealth building, and the Cash Machine is a quick and effective way to learn these skills.

Accelerating Assets

Every day people create businesses that might look like Cash Machines, but are not. The difference is that a Cash Machine is not about bringing home a bit of extra money with a little business. I've seen people create a Revenue Model with \$100,000 a year as their target and think that's a home run. That's not even a single. Having a Cash Machine doesn't mean having a small corner drugstore where you lose money but give away lollipops. A Cash Machine is about learning to build a business that generates lots of wealth for you and your family for generations to come. If you set yourself up to sell scarves at the local fair, but you have not created a Revenue Model, set up an entity, developed a bigger marketing plan, or built a team, you have not created a Cash Machine.

Once your business is up and running, which should happen in months, if not weeks or even days, it's time to accelerate the business and really build it. With her business up and running, Marilyn considered creating ancillary products and services. She also looked at branching out into other businesses altogether by investing her time and money in several related and nonrelated business ventures and assets.

You get into your Cash Machine with a plan for its future. This includes *exit strategies*. There are several different options for realiz-

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ing wealth from the business asset you've created. Although your Cash Machine may work as an ongoing venture and provide you with an endless annuity, you might also want to sell the asset as a private or public venture, or consider other liquidation choices.

These are the elements of the Cash Machine. Obviously, some take more time than others. For instance, marketing and sales should take about 60 percent of your energy. In the meantime, managing your debt as part of your finances should take some time to set up, but should occupy less than 1 percent of your time after that.

Nothing I teach is that difficult. It's just different. In fact, I've found that the idea of a Cash Machine is so simple and straightforward that some people think they already understand it and delve right in, as they should, and maybe skip a step or two, which they shouldn't.

Sequencing your Cash Machine, which means doing the right thing at the right time, is vital. Mistakes occur when wealth builders hop right into one part of the process without considering and executing each step. This happens a lot because, sometimes, starting a business can seem like child's play.

CASH MACHINE CASE IN POINT*The Lemonade Stand*

Fifth graders Sam and Sally needed \$100 by the end of the week. Natural wealth builders, they had a chance to invest in a treehouse share that one of their clever little friends was starting. Not only did they want to invest, but they wanted to learn something about business so that they could do something similar to their friend's business one day. Their objective was to make more money and learn to

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earn. They decided that a lemonade stand was their fastest path to cash. They'd seen some friends do one last weekend, and they thought they could model the way those people did it. They also did some revenue modeling. They knew that they wanted to walk away with \$100 after covering their expenses of \$10, and so their goal was \$110. They figured they'd charge 50 cents a glass, and they aimed to sell 220 glasses by the end of the day.

Early on a Saturday morning, they coaxed their parents into lending them \$10 to buy the lemons, sugar, ice, and plastic cups. They used a pitcher from home and made their concoction. They also created several signs. Sam and Sally took a folding table from their parents' basement and went down the street to set up in a parking lot, on a corner across from the weekly flea market. They put the signs all around the parking lot, and they were in business.

Unfortunately, they didn't sell many cups right away. Most people got in and out of their cars without giving them much thought. They needed some guerrilla marketing ideas that they could execute cheaply and quickly.

In school, they were studying the U.S. presidents. Sam and Sally quickly drew up a set of trivia questions on small pieces of paper, and put them on the windshield of each car. The drivers were encouraged to go to the lemonade stand to give their answer and get a prize if they won—two cups of lemonade for the price of one. Fortunately for Sally and Sam, most of the adults did not know which number president Millard Fillmore was, but still bought some lemonade.

Sally and Sam learned much about entrepreneurship that day, including management, marketing, sales, operations, and finance. They had to buy the raw materials, find a good location, set a fair price, create signage, market and sell the product, and manage the finances, including profits and losses. The kids also proved to be quite clever at marketing and were able to turn a profit.

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I'm sure some of you set up a shop similar to Sally and Sam's in less than one afternoon when you were young. The lemonade stand is a good way to learn a business—for a ten-year-old. But a lemonade stand is not a Cash Machine.

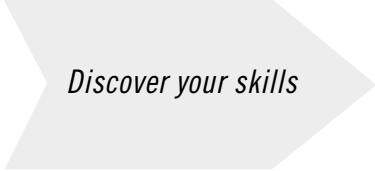
Let's drill down to the reasons for this. First, it's not based on a known skill set. Unless the entrepreneurs had some experience with beverages or retailing, the lemonade stand idea was not based on readily available skills. Second, it wasn't modeled to stand out from the crowd or properly structured to endure. This type of business is not without its competition, nor is it sustainable unless it's legally established and organized. If the lemonade stand is to be a true Cash Machine, the entrepreneurs would need to set up an entity to protect the business. Third, there's no plan, no team, and no acceleration potential. A Cash Machine requires growth in the game plan. This would mean hiring help, changing suppliers to achieve more efficient pricing, borrowing money or getting investors to fuel growth, increasing marketing efforts to include print ads in the newspaper, and eventually franchising the lemonade stand or licensing the name and operating systems to other budding entrepreneurs.

In the ultracompetitive world of beverages, retail, and real estate, this formula for growth seems somewhat unlikely for the little lemonade stand. Unless this type of growth can occur, and more money can be made, the lemonade stand operators will lose interest. Inevitably, the business will take too much time every week as the cost of lemons goes up, but sales don't. Additional problems might occur if a nearby competitor, such as a vendor at the flea market, is pressuring the entrepreneurs with legal action, or if a ruthless competitor has jumped into the fray. Finally, there's no bigger game. It's unlikely that these young entrepreneurs have had time to learn any real business skills in this venture and very likely that the novelty of selling lemonade has worn off. Without business skills firmly in hand, the entrepreneurs cannot move on to the big-

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ger and more interesting game. As a wealth builder, you will always be in pursuit of the better game.

This book delivers a unique and specific methodology for creating a viable, moneymaking enterprise that makes cash fast and leads to financial freedom and wealth. And it all begins with what you already know.



Discover your skills