

CHAPTER THREE

Idea Generation

Brainstorming the Business

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

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Whether you are building, fixing, or buying a Cash Machine, you need to generate or solidify the idea of the business. This idea will come from your skill set. If you are building a Cash Machine, the business is developed from a set of skills you have. If you already have a business that needs fixing, it probably has a flaw or two that is keeping it from being the optimal Cash Machine. As we've defined a Cash Machine, the business should

- Regularly and consistently generate cash
- Be properly protected and structured
- Utilize an experienced team to reduce risk
- Have growth and acceleration capacity

The important thing is to make sure that your business has sufficient potential. The idea generation stage is a good time to revisit your skill set and ensure that the business you have chosen revolves around your strengths. By getting the business idea in line with what you already know how to do, you'll make more money and have the time and energy to learn how to run the new and improved business properly.

If you are buying a Cash Machine, what you buy should fit in with your skills. Your goal is to get in on an ongoing operation immediately so that you can learn the entrepreneurship skill set more efficiently. In these cases, there is a chance that you don't have any skills that fit in with the ongoing business. For example, you might consider buying a car wash, but you have no skill sets involving cars, heavy machinery, or cleaning. Additionally, you don't bring any of the entrepreneurial skill sets, such as sales, marketing, finance, or operations, to the table. Given that you will be immersed in this operation, you should target a sector or industry that you generally like or are interested in and that might, in some way, fit in with some skills you have. You may know nothing about cars or cleaning machines, but

IDEA GENERATION

you might be highly organized and excellent with people, so that the systems and customer service aspects of the business have a chance of being supported and improved by what you bring to the table.

This seems like a good place to note that you do not want to build or buy an entrepreneurial venture in the same sector as your investments. If you are heavily invested in real estate, for example, and you are also creating a Cash Machine in real estate, you are putting a lot of your eggs in one industry. The Cash Machine is another opportunity to diversify your asset allocation. If that example hit close to home and you are set on doing your Cash Machine in real estate, consider a 1031 exchange. According to the Internal Revenue Service Code Section 1031, if you exchange business or investment property solely for business or investment property of a like kind, no gain or loss is recognized. And so you might want to consider a 1031 exchange of some of your real estate investments into other like-asset classes, such as oil and gas or an equity venture that has property attached to it.

Hitting on an idea may or may not seem that difficult to you. As I've said, though, the goal is not to come up with just any idea; it's to arrive at a *good* idea. In order to find the right venture—one that's not only interesting, but real—you may need a little help in the thinking department. Idea generation is a good time to start casting around for team members. Once you've discovered your skills, find a mentor and ask for business ideas. Everyone likes to give advice, and reaching out to a mentor for ideas is a good step toward getting that mentor on your team.

Just as two heads are better than one, several ideas help spur the best of ideas. That's why brainstorming is a great idea-generating tool. The way to keep the ideas pouring out is by not filtering them. Let all the ideas flow, even the absurd ones. You never know. If someone throws into the air the idea that because you're good with animals, you should breed and sell some new weird pedigree, that might spark the idea in someone else's head to start a special kennel and dog-walking service for Labradoodles.

Heading the Right Way

Once you are committed to action, things move pretty quickly in the sequence of steps to start up the Cash Machine. It's important, then, to first make sure that your idea gets you going in the right direction. To understand that direction, you should ask yourself three questions:

1. What do you want?
2. What are you committed to?
3. What is possible?

Knowing what you want will keep you on track and help to focus your mind on creation. Making a commitment will give you clarity, because it is this *commitment* that helps you access the know-how that will go toward fulfilling your goals. Commitment helps you put together the team you want, and this team will help you work through the tough stuff and create accountability for action.

The 120-Day Plan

The process of getting to the right idea should not cause analysis paralysis. The goal is to embark on immediate action so that you can start gaining experience that will deliver the evidence you need to build the confidence that will get results.

Action* ➡ *Experience* ➡ *Evidence* ➡ *Confidence* ➡ *Results

After you brainstorm, you need to get moving. The 120-Day Plan gets you out of analysis and into action. The moment you put something into a schedule, you've created the time for it. Schedules create accountability and responsibility. These schedules are for the entire Wealth Cycle and cover asset allocation and investing, as well as the Cash Machine. The part that is pertinent for the Cash Machine looks like this:

IDEA GENERATION

Loral's 120-Day Wealth Cycle Plan				
From:		To:		
Goals:				
1.				
2.				
3.				
4.				
Month #1				
Tasks for Goal #:	Week #1	Week #2	Week #3	Week #4
1.				
2.				
3.				
4.				
Month #2				
Tasks for Goal #:	Week #1	Week #2	Week #3	Week #4
1.				
2.				
3.				
4.				
Month #3				
Tasks for Goal #:	Week #1	Week #2	Week #3	Week #4
1.				
2.				
3.				
4.				
Month #4				
Tasks for Goal #:	Week #1	Week #2	Week #3	Week #4
1.				
2.				
3.				
4.				

Follow the seven weeks to sales schedule. Choose a specific date, before or at seven weeks from day 1 and idea generation, to begin the business. Mark it on your 120-day calendar: "Revenue into Cash Machine Begins." This will be the day that you get your first client or customer through marketing. You are going to work backward from

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this date. With that objective on the very near horizon, you will be motivated to get going. You also want to set up objectives for the entire four-month period. Tasks to accomplish in this time period include

- Idea generation
- Calling mentors
- Modeling businesses
- Preparing revenue models
- Team building
- Contracts for the team
- Entity structuring
- Marketing and sales activities
- Generating sales leads and cultivating prospective clients
- Setting revenue targets

We've also created a 120-day table on which you can list the specific tasks you need to perform to get to each of these goals.

Loral's 120-Day Plan				
From:			To:	
Goals:				
1.				
2.				
3.				
4.				
Goal #	Tasks	Start Date	End Date	Comments/ Resources

IDEA GENERATION

As you can see, the table begins with a list of specific goals for that four-month period. It then lists each and every task that needs to be done. Though this can seem a bit detailed, it's important to write down exactly what needs to happen. This will help you outline all the steps in the sequence and accomplish each one. There are also columns for start date and end date; this creates accountability. The dates on the tasks list should match those on the calendar.

Obviously, the Cash Machine requires that you track your numbers, dates, and tasks meticulously. This keeping track helps you to keep control of what you are doing and when it will happen. Once you commit to each task, write down how many times a week you are going to perform that task. Write these plans in ink, make the commitment, and be accountable. I can't overstate how helpful writing down action items is for accomplishing tasks and eventually reaching your goals.

This type of planning supports the *action* requirement of a Cash Machine. The objective is to make a plan and commit to that plan. Though it may seem tedious, it's an important part of the process. By putting it in writing, you are taking the first action step.

Of course, the idea must come first.

The Current Climate

There are several factors that you might want to consider while thinking of your business. These factors will help you both trigger ideas and see if they are viable.

The Market Opportunity

Consider what's missing in your town or community. Most likely, this will be something that's been on your radar for a while. While there may be several holes in your local market, these opportunities are

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good business ideas only if they fit into your skill set. If your area lacks day care and you have a lot of experience with children, as well as creativity, organization, time management, and patience, this is a good Cash Machine for you. Likewise, your area may have a pizza place that's less than desirable, yet everyone eats there anyway and just complains about it. That's a business that's ripe for being bought. However, you don't have any skills involving food, or entertainment, or service, or organization, and what's worse, you're allergic to cheese. Furthermore, you've no access to any team that can cover for you with these skills. This is a Cash Machine opportunity, but not for you.

Trends

Everywhere you look, you see . . . what? Maybe it's a need for Web sites, or moving companies, or interior design, or landscaping. As demand grows, supply sometimes can't keep up. You might be able to build, fix, or buy a Cash Machine that grabs on to the coattails of an already established, very good idea. Let's say you own a beauty salon that's fighting to find customers every week. You overhear your clients complaining that they can never get an appointment at the laser hair removal place. Adding this service to your product line might be a good business idea that will upgrade your business and transform it into a Cash Machine. It's no accident that where there's a McDonald's, there's a Burger King. The entrepreneurs of Burger King realized that there was enough demand to go around, and since the McDonald's folks had already done the legwork to find the best high-traffic locations, putting a restaurant across the street saved a lot of time on wheel reinvention.

Whispers

Sometimes, you might find yourself ahead of the market opportunity and the emerging trends. These are special opportunities that are not

IDEA GENERATION

to be taken for granted. If you work at the Chamber of Commerce and you hear rumblings about a new mall that's going up, and if you happen to have a skill set that revolves around driving and relationships with senior citizens, then the idea of starting a mall limo service from the senior center might be a good Cash Machine.

Parallel Worlds

Many times, things are happening "there" that aren't yet happening "here." Your friend in another town might tell you how she used a local service to hire a high school student to come to her home and install her computer. If your skill set is organization and management and your son's high school friends are spending too many afternoons on your couch in front of the TV, you might be primed for such a Cash Machine. Similarly, you might travel frequently and have noticed a certain demand in Denmark for products and services that aren't offered here, but should be.

Sources for Ideas

There are many resources for digging into the current climate. These include the following:

- *Traditional and new media.* Newspapers, magazines, television, the Internet, cell phones, and other portable devices are obvious sources for learning what's going on. It is important that you keep up with the news and events of the day, if only to know what everyone else is thinking and doing. Obviously the goings-on delivered through the media can be either major or minor. Big or small, you obviously want to latch onto the upswing of a trend. You want to be the person who thinks to sell life rafts in areas that are

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susceptible to flooding. You don't want to be the one who comes up with selling rug cleaners when the hottest do-it-yourself show is hyping hardwood floors.

- *Pop culture.* As much as it might pain you to pay attention to the latest media offering or store opening or clothing style, these things can help you understand the market and what's being desired, or aspired to, by the masses. Understanding aspiration is no small thing. Martha Stewart built an empire on the desire to establish the perfect household, Phil Knight made millions from athletic ambitions, and Jenny Craig exploited body image perfection when she created her weight loss centers.
- *Trade and research reports.* Industry- and business-specific newspapers, magazines, newsletters, and Web sites are terrific and underutilized sources of information. There is no better place to learn the language and meet the players in certain sectors. Even though most Cash Machines begin as small operations within a big industry, it is helpful to understand the industry you're in. If you're starting a handyman business, but you haven't read any of the home improvement trade magazines, you might not realize that customers tend to get a handyman through word of mouth and won't respond to traditional advertising. Or perhaps you want to create an equipment leasing business. It will help to read brokerage firm research reports and learn that they emphasize cash flow over income in that sector. You'll save time by knowing which numbers you need to focus on in your own business. Trade media are like an invitation to a behind-the-scenes club. These resources help you start talking the talk and walking the walk of any given business. They don't call them trade secrets for nothing.
- *Business broker listings and papers.* If you know you're going to buy your Cash Machine rather than create it, scour the

IDEA GENERATION

business-for-sale classifieds in general newspapers and in the business broker listings. While there are professionals who are literally business brokers, there are also Web sites and papers called business brokers that are just channels for buying and selling businesses. One click in your search engine and you'll see an abundance of opportunities. Too many. Buying a business is very much like investing in any other asset; it requires the proper due diligence. Though we will look at how to approach these acquisitions, I also suggest referring to *The Millionaire Maker's Guide to Wealth Cycle Investing*, where we dig into due diligence and valuation when acquiring a company.

- *Display ads, commercials, and even the Yellow Pages.*

Advertising has always been a great sign of its times. It is also a good source of ideas. Companies don't advertise on a whim. It's an expensive proposition, and they've done their homework before they spend their ad dollars. You can take advantage of all their work. Look at the way they position their product. Notice what audience they seem to be targeting. Try to deduce the demand-supply equation that the company is tapping into. There's a chance that you can tap into a similar demand-supply equation. Skim through magazines, and check out billboards as you drive past. This will get your mind going on what's desirable and who's desiring it. A simple ad on the radio might give you a great idea. The Yellow Pages are another source. If nothing else, because of the alphabetical listing of industries and products that they provide, the Yellow Pages can steer you to an idea within a certain skill set that you might have overlooked. Let's say you know you want to provide some form of bookkeeping. The exact form may come to mind when you scan the various businesses in the bookkeeping section of the Yellow Pages.

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- *Field trips.* This is one of my favorite ways to generate ideas. It might be a simple trip across town to see a new Laundromat where business is booming because the owner put in a coffee bar and a pool table. It could be more involved, like a jaunt to another town, state, or even country that may stimulate an idea. It could be a small idea with small potential that's just perfect for that starter start-up. On a visit to Texas, you might have seen your friend go to a local, ad-supported Web site where parents shared comments on children's museums, parks, theater, and activities in Dallas. Realizing that your town has nothing like this, you could export the model for your city or state. It may be a trip abroad that stimulates the idea. In 1979 a businessman named Paul Fireman, who already had experience in outdoor sporting goods, spotted some interesting English running shoes at a trade show. He got the license and later that year introduced the sneakers into the United States under the brand Reebok. That turned out to be a pretty nice Cash Machine.

Spend time scouring as many sources as you can. You never know.

Rules of Idea Engagement

I have three rules for reaching a decision on what form your Cash Machine should take.

1. *Keep it simple.* A Cash Machine is not the same as a traditional entrepreneurial venture in that you must be up and running in seven weeks—at most. This gives you little room to be too clever or to create an idea that is too complicated.

IDEA GENERATION

While your eventual Cash Machine may be complex, your immediate Cash Machine should be simple, with a clear and obvious sequence to revenue generation.

2. *The obstacle of original.* There is rarely such a thing as an original idea, and if an idea is *too* original, its chances of acceptance are low. For the most part, we are all exposed to the same stimuli. We can't help it. We live in a world where the media have the ability to inspect and invade almost anything that is going on in this world. Few places or people are out of reach. And most of us who are watching news shows, reading newspapers, or surfing the Internet are viewing and absorbing the same things. That's why you often see similar products lining the shelves, or three movies with the same idea in the theaters at once. It's almost impossible to come up with an original idea. Whatever stimulated you and your thought process probably stimulated six other people at the same time. Trying to be too original will strain your brain and waste your time. Derivative ideas often work best for a profitable initial Cash Machine. Take advantage of what's already been done. You can still strive for originality in certain aspects of your business. That adds flavor, and flavor is fun, but do not spend too much time pursuing originality at the idea stage of your first Cash Machine.
3. *The supply and demand disconnect.* If you can see a big gap between what's available and what's in demand, then you are well on your way to creating a viable Cash Machine. Unfortunately, the opportunity is rarely as obvious as a big gap. Most often it's just a little fissure. But if you can see it, there is probably enough room in which to start a Cash Machine.

I noticed just such a fissure when I started my wealth coaching company, Live Out Loud. Attending seminars for wealth building

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speakers in order to learn a bit about the field, I became aware of the disconnect between what to do and how to do it. The speakers got the audiences excited about building wealth but left the stage without offering them their support. I also noticed that what little coaching was available came from scripted coaches who offered general, not specific, advice. There was nothing tailored to individual needs, and worse, the advice was theoretical, not practical. I saw the demand for one-on-one personal, tactical, results-oriented wealth coaching. I put my team together, defined the product and service, and in days was generating revenue. My Cash Machine took off all because of a slight, but as yet undiscovered, opening in the marketplace.

Some Ideas to Get You Going

Your team will probably be the best source of ideas and the best walls off of which to bounce your own ideas. I've listed several Cash Machine ideas on www.liveoutloud.com/cmideas, and here are just a few that might help you think of a good business for yourself:

- Handyman-and-mechanical at-home services
- Transportation, moving, and hauling services
- Clutter control and organization for homes and offices
- House design, decorating, or cleaning
- Car care, detailing, and washing
- Tax preparation and returns
- Grant writing
- Event planning
- Exercise and physical instruction
- Silk screening and personalized products
- Recording and video services
- Nutritional products and programs
- Home-cooked meals delivered to the elderly

IDEA GENERATION

- Consulting: marketing, finance, operations, retail
- Coaching: sports, music, dance, theater, performance, speech, art
- Tutoring: math, English, science, languages
- Outsourcing: writing, graphic design, bookkeeping
- Specialized crafts: clothes, jewelry, metalwork, woodwork, scrapbooks
- Caretaking: children, pets, seniors, disabled

CASH MACHINE CASE IN POINT*Multiply Ideas and Sales*

After Al Cypress thought about his skill set, his view of his own Cash Machine began to change. Though sports psychology was what he knew, the way he was offering it was not the best and highest use of his time. More and more, Al was making special audio files for his clients to use during their workouts. Though each was tailored to an individual client, Al realized that there were similar themes, and he found himself repeating certain insights. He also found that the same themes sometimes worked for different athletes and different sports.

Al created a Web site where he could store the files and to which he could refer his clients. Soon, his clients asked if they could share these files with others. Al then found that the files were becoming popular podcasts.

That's when he decided to change the business model of his Cash Machine. Al hired another psychologist to take over the one-on-one clinical practice. Then he focused on the podcast audio files. He also created videos and other products, such as inspirational training calendars. Al was on his way to working less, marketing more, and creating multiple streams of revenue for his new and improved Cash Machine.

Buying a Business

If you've decided to buy a business, it has to be a Cash Machine. The bowling alley down the street that's been run down for years may be for sale, and it may even be cheap, but if it needs a lot of physical work, the equipment needs to be replaced, and no one in town bowls anymore, then you shouldn't buy it. It's not a Cash Machine. You also don't want to infuse cash into a friend's struggling company, even if it's one that has a great new product idea, but no sales, no customers, and no operations. That would be like creating a whole new company, and not a Cash Machine. The company you buy can't be the remnants of someone else's dream business with no cash-flow prospects.

In buying a business, you are looking for an ongoing business venture that is already making money or is, at the very least, breaking even. If there are clear and obvious opportunities for operating efficiencies, where a few fixes will quickly pump up the revenue and the margins, then that's all the better. Sometimes these operating efficiencies can even reduce your acquisition costs if they are initiated quickly enough.

When you look at potential companies to buy, you don't want to buy a great business with little room for improvement, and you don't want to buy a terrible business with too much room for improvement. You want a good, solid business that is doing fine. The point of buying a Cash Machine instead of creating one is to leapfrog that troublesome struggle-to-get-on-your-feet stage. Buying a Cash Machine should allow you to learn the entrepreneurial skill set a bit faster, without putting you in over your head. Businesses that might be both interesting and helpful as a Cash Machine include the following:

- Car washes
- Coin-operated game arcades
- Convenience stores

IDEA GENERATION

- Gas stations
- Hardware and supplies
- Laundromats
- Machinery shops
- Manufacturing operations
- Marinas and RV parks
- Storage

These businesses may or may not seem exciting, but if they have a reliable customer base and a steady stream of revenues, that money in your pocket gets very exciting very quickly. Industries that tend to be a bit more challenging include

- Entertainment
- Fashion
- Food service
- Health and beauty
- Leisure and lodging
- Media
- Recreation
- Retail
- Travel

Some people refer to these as the glamour industries. They are more difficult Cash Machines because they are strongly trend-dependent, customer service-oriented, and time-intensive. You may be running a good operation, but your customers can just dry up for no reason other than that they've fallen in love with another option. Such consumer fickleness happens too often in these areas, and then you're fighting for market share with heavy-duty marketing. Though you may discover a viable Cash Machine opportunity in one of these sectors, and I have, I don't recommend looking here first.

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In looking at a business, as with any investment, you have to consider the perspective of the seller. If a plumbing manufacturer has strong sales, has a good customer base, and doesn't need to advertise, you have to wonder why the owner would sell. If you discover that it's because the owner is older and wants to move to a warmer climate, that could be a good reason. If you discover that the owner is just tired of it after two years, there might be some problems with time intensity that you should look into. I have found that too many people tire of owning businesses because they have no concept of maintaining a team. The Lone Rangers get burnt out quickly, and that's a chance for you and your team to drop in and improve the business.

Values

There's no use becoming a millionaire if you have to become someone else to get there. As you brainstorm ideas for your Cash Machine, you want to make sure that what you do is in line with both your values and your vision. Your immediate Cash Machine does not need to work with your ultimate vision, and in most cases it will not. But as with everything you do in generating wealth, your Cash Machines, both the immediate and the ultimate, must fit with your values.

Understanding what these values are is important and is worth a moment of your time. If the environment is high on your list of what's important to you, that will guide your options. Let's say your experience is in food and your skill set includes time management and coordinating operations; a Cash Machine that delivers lunches in Styrofoam containers is not going to work for you. To get you thinking about your own value system, here are examples of values: accomplishment, achievement, advancement, affection, availability, community, cooperation, creativity, education, family, freedom, friendliness, health, honesty, individuality, innovation, integrity,

IDEA GENERATION

intelligence, justice, kindness, liberty, loyalty, order, originality, peace, power, pride, recognition, spontaneity, self-respect, spirituality, vitality.

Values are peculiar to each person. Community might be very high on your list and individuality somewhat low, whereas another person could have individuality as the number one value and community not even on the radar. You should make a list of your own values and see what's nonnegotiable for you. It may surprise you to discover that you need order and predictability in your life. This will help you weed out any Cash Machine that relies on spontaneity.

Vision

It's important to stay motivated while you build your Wealth Cycle. Some wealth builders find it difficult at the beginning—and for good reason. There's a lot of tedium involved in establishing your Financial Baseline, restructuring assets, gathering a team, establishing entities, and building a Cash Machine—especially if you do not like the options for businesses that your skill set allows. I've heard many teachers tell me that they don't want to start a tutoring business, they'd rather run a resort. My response is to tell them that they will get to do that later, but for now they have to learn to earn and make money with the skills and experience they already have. While that makes sense, sometimes the day-to-day operations can be a bit tiresome.

That is why you need to have a vision of your future, the ultimate Cash Machine toward which you're working. It might be a massive real estate investment company. Maybe it's a nonprofit organization that helps others. It could be a dream you had when you were a kid—an old-fashioned ice cream parlor, a surf shop, a movie production company. Brainstorm ideas for your immediate Cash Machine, and also consider what your eventual Cash Machine will be. This business will be part of your ultimate vision.

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No-limit thinking allows for the best of inventions and ideas. In this type of thinking, you conceptualize your ultimate Cash Machine by dreaming big and pushing your wish list. The vision is formed as if there's no chance for failure, allowing you to stretch your ideas so that you stretch your life. Like your Cash Machine, your vision should fit in with your values. Most likely, your vision will change over time. Set it down while you establish your first Cash Machine, and then continuously nurture it in your mind. It's the carrot. This vision should motivate you to learn to earn so that you can eventually live in the world you want.



Model the idea