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Chapter 1 - Changing the Mindset

Some time ago I noticed Doug, my warehouse manager, filling out a Lotto form. I'd never seen one before so I asked him to explain the system and his likelihood of winning.

"Look George, it's easy. Just pick 6 numbers out of 44 in any order and you win a million."

"How much does it cost?"

"Twenty five cents a game. I've been spending ten bucks a week for the last 15 years. I've won a few small ones but reckon the big one's bound to come up soon."

I looked more closely at the form. "Ten bucks a week eh. Hmm." I started to do some mental calculations. "Look Doug, I think your chances of winning a million bucks on Lotto are pretty remote. You spend ten bucks a week and your chances of winning the big one are 40 times 6 over 44 times 5 over 43 times 4 over 42 times 3 over 41 times 2 over 40 times 1 over 39. The way I see it you've got an even money chance of winning the Lotto if you bought 10 tickets a week for the next 1,500 years. Why don't you win Lotto the way I did?"

I could see I now had his full attention.

"When did you win Lotto?"

"That's just a figure of speech Doug. I've been winning Lotto every month or so for 20 years and I've never bought a ticket."

For once he was speechless which, if you know Doug, is saying something.

"Look, there are lots of easier ways to get rich than gambling. The only ones who get rich out of gambling are the promoters. Why don't you try this way: You take your ten bucks a week and bank it till you've got enough to buy a few shares. Blue chip, whatever, it doesn't matter. After ten years you'll be amazed to discover your Lotto money has ballooned out to between ten and twenty thousand dollars no matter how lousy an

Making Your First Million

Anyone can go into business. Ask any one of the 900,000 Australian business owners, there's nothing complicated about getting into business. The question is: Which business?

So many people jump into business on the basis that they're good at what they do, surely there must be a profit in it. Raoul teaches computers at university. He was so convinced the general public would pay for his teaching skills he talked his Dad into guaranteeing a \$100,000 loan so he could outfit his new business. A dozen computers, fancy offices, furniture, no customers. Within five weeks his partner landed in the divorce court thereby quarantining his guarantees and the father had to sell his home to meet the son's debts. Zero to minus a hundred grand in five weeks. I've seen and made some stupid mistakes in my time but I've yet to see the equal of this for blind insanity.

Where did Raoul go wrong? He put the cart before the horse. He didn't create his business on the basis of filling the needs of others, but on filling his own needs. Most businesses operate that way and most businesses are failures. Most people go into business out of personal necessity. They don't have a job. They have to do something to stay alive and feed their family, so they set up or purchase a 'business'. They look at what they're experienced in, what their hobby is, or what they would like to do, and they start out to build a business around that. "Yeah, I used to work in a truck delivering flour to bakeries and I like cooking so I decided to set up a cafey. Hmmm.

Usually the result is disappointment and the owner makes little better than wages. We see this every Saturday in the classified Businesses for Sale. Upbeat little ads promising great returns with little effort. Owner reluctantly selling due to ill health. Rubbish! The owner is sick all right. Sick with the worry of trying to keep the business afloat and he's desperately trying to offload it before it sinks and drags him through the bankruptcy courts. Run with the mob and you'll be trampled.

How do you avoid that when just about everyone you hear about who goes into business with a golden handshake from their retrenchment pay-out ends up embittered and broke? Think. That word again. Run with the mob and they'll break your legs. There are no free lunches. Anyone who's trying to sell you something is by definition trying to advantage himself by disadvantaging you. A universal truth, only the scale and the camouflage varies. Far better to utilise your own ideas and retain total control than to tag along with someone else's formula. Avoid franchises or multi-level marketing. These are for victims. They paint a rosy picture and lure you in with the carrot of greed, and generally the money goes the wrong way, to the promoter rather than the worker. Keep away from get-rich-quick schemes. You will work yourself to a standstill to enrich the people above you. You've been given a brain. Use it. All a franchise is, is a slave/master relationship. Like the battery chicken, you are assured of a regular feed, but at what cost to your independence and ability to make serious wealth? Be independent. It's your best chance

Making Your First Million

So often in life I find my own predictions and hunches prove wrong. By letting the market dictate my moves, rather than my own preconceived conceit, I can almost guarantee that I will succeed. I am reminded of the story of the customer who took a roll of film to a processing shop:

"Could you process this film please?" she asked.

"Sure", said the attendant. "That'll cost \$19.95"

"But it only costs \$7.95 across the street and they give me two for one!" she spluttered.

"Well, ma'am" he said "If price is that important to you, I guess you'll be better off going over the street. But we sure have a good quality print here."

She stood thinking. "Look, give me that film back. I can't see how your processing can possibly be worth more than twice the price of the shop across the street."

"Here you are, ma'am." he said. "Sorry we couldn't be of service." And with that she twirled on her heel and marched across the street.

A customer who had been listening to this conversation remarked: "It must be hard competing against such low prices. Do you get many customers like that who desert you for cheaper prices?"

"Sure!" said the shopkeeper, "about a quarter of them."

"Doesn't that make you mad?" enquired the customer, curious at the shopkeeper's seeming indifference to lost business.

"Oh no" he muttered absent-mindedly, "I own the shop across the street."

Summary

- To be an entrepreneur you'll have to take risks
- Focus on sales. Everything else is window dressing
- A good entrepreneur is a customer-focused opportunist
- An entrepreneur needs to be different
- We need to create 'ambush places' which impel customers to buy from us
- Take out some insurance with a number of different sales approaches and let the market dictate your success

Preview from Notesale.co.uk
Page 27 of 173

station in Vladivostok just after glasnost. The country was (and still is) falling apart. The consortium had purchased a whole block of downtown Vladivostok for a couple of hundred thousand and were preparing to build a casino as one of their first ventures, which will give you an idea of the carpet-bagging nature of the group. I gave Adam a drawerful of US\$1 bills and told him to keep his eyes open. I had them left over from trips to the US where tipping has reached the level of a social evil. You have real money in one pocket and \$1 bills in the other for tips. The tips drawer was the rouble equivalent of \$8 million, enough at that time to buy an army tank and a Sikorsky helicopter as private transport for the crew and still have enough left over to live like a Byzantine prince. Months later, after he'd exhausted himself in the flesh-pots of Irkutsk, with \$5 to his name, on the day before returning home, remembering my injunction to go forth and buy something, he went to a local market to see what turned him on. Nothing. Russian dolls. Lacquer boxes. Nothing. And he came upon an elderly babushka knitting beanies. Cashmere, double layered with ear muffs. Feeling defeated that this was all there was available, no painted icons, no treasures, no great works of art, he despondently proffered the \$5 and gestured in deaf Russian granny-speak "How many for this?" The babushka trembled, put down her knitting, shook with shock and disbelief as she laid a groundsheet on the floor and proceeded to empty the entire market stall into it. 600 beanies. Burdened with a huge sack of beanies, Adam went back to his digs, sorted out the best ones and threw half away.

On his return to Australia, Adam gave hundreds of beanies away to all and sundry to the point where people greeted him with: "Stop. You've already given me beanies. I don't want any more." With half a suitcase full to dispose of, Adam came up with the idea of offering them to Pete at the local ski shop. "Yes, I'll pay \$20 for them." Said Pete. "Great," thought Adam. "I've quadrupled my investment" And Peter proceeded to write out a check for \$1200. \$20 each! Six months later Pete rang: "Adam, have you got any more beanies?"

Money comes from the simplest sources. We need to open our eyes and look at things not from our point of view, but from the point of view of a potential customer. What to you is useless junk, to another is priceless treasure. The only difference is the perspective. If you live in the bush amongst great slabs of turpentine and ironbark and all around you are fallen branches you tend to take the bushie view and see firewood. If you're my mate Ken you see opportunity. Bush furniture. Common as bulldust out here. The height of chic in Cherrybrook. A grand a day for playing with a chainsaw. All cash.

What do people want? If you can work that out you'll make millions. Occasionally we just fall into it by accident and sometimes it just evolves. But it all requires thought, creativity, lateral thinking. Put yourself in the other person's shoes. What does he want? Everywhere there's opportunities. Everywhere! I dropped into McDonalds late one night, it was closing so I went through the drive-thru. (Don't you love the subtle colonization of our language) and I noticed a row of potted figs standardised into topiary balls. Hundreds

Chapter 7 - How Do I Break Away From The Ordinary?

Look at the big picture, but take the time to dream. Don't make the mistake of being too focused. Most would-be entrepreneurs fall into this trap of earnest effort, thinking if only I work hard at pursuing my goal I'll succeed. They burn out. Relax and listen to your instincts. It takes more than determination to succeed. It takes intuition, reverie and a little spark of madness. Disengage your brain and let it float free. Don't focus on minutiae. Listen to Obewan Kenobe. Use your peripheral vision and feel the big picture with your eyes and your instincts. Have you ever watched ants in the grass? The moment you look at them you can't see them. When you defocus and look 'through' them you can see every ant. It's like that in business. Focus hard on something and you can't see it. Relax, and use your peripheral vision, taking in the big picture, and it all becomes clear. Look at what is and play devil's advocate. Playfully mix metaphors and materials. Ask "What is really at stake here? How can I do more with less?" Push the envelope. An ashtray becomes a flak helmet for a flat-headed pygmy. Imaginary bullets whistle past our ear as we involuntarily calculate angles of reflection in real time 3-D. Words become playfully mangled. Shoes become helicopters. Reality becomes optional.

Don't limit yourself with small ideas. Go big. Then go bigger. Life is short. Imagine yourself near the end of your life. What are your thoughts? "I wish I'd taken more risks"? The only time you have is now. The only person responsible for where you are is you. If you don't dream big dream for yourself who will? Your mother? She can't make it happen for you. But you can.

We all live with self-defeating, self-limiting beliefs. These come from our upbringing and our experience. We like to think of them as 'common sense'. But if we look carefully at them we can see they are fear reactions. Fear of change, fear of failure, fear of rejection, fear of the unknown, fear of pain. False Evidence Appearing Real. When we experience these fears our delicate psyches throw up wheel-spinning dust-storms of "I can't. It's impossible. It won't work. I'm not good enough. I really didn't want to do it. It's not my cup of tea. The grapes are probably sour anyway." Self-defeat, negative self-talk.

To dream big dreams and bring them to fruition in the face of not just the mockery of others but also the termites in our own heads is nearly impossible. We have to learn to believe in ourselves. How do we do it, particularly in the face of our past poor performance? We need to re-examine what we describe as failure. Thomas Edison was asked why he persisted with the goal of developing an electric light-bulb in the face of his obvious, ongoing and abject failure. His response gives us a clue: "I have not failed. I

decisions in the face of blatant, unresolvable contradictions and you'll get sick of hearing yourself say: "I don't know." You'll need to be able to juggle this and make a decision anyway. Indeed, if we only ever made decisions whose outcomes were known we would do nothing. To be good at business you need to gather all the known facts, think, think some more, tease it out and worry it to a standstill, and then make a decision on intuition. If you lack that streak of heuristic fuzziness, that jolt of unpredictability, you're dead. Walk onto the field with a computer program dictating your moves and in time your opponents will see the pattern and cut you off at the knees. Be a little crazy for your health's sake.

See if you can find the book *The Twelve Axioms of the Gnomes of Zurich*. My dogs chewed it up years ago and I haven't found it since, even on the Internet, but the gist of it was this Swiss guy wanted to write a book on the principles of business. So he asked his Dad who was a successful entrepreneur and he got together with his mates and they formulated 12 principles they used to make money. I can't remember them all but it was things like: If you're not worried you're not risking enough, When you think you've got it all worked out you definitely haven't, When the ship starts to sink don't pray, jump, Put all your eggs in one basket and watch the basket, Always sell too soon and so on. Business is more art than science. Without the science you're cactus, but without the art you're ordinary.

What are the qualities you need a mixture that allows you to turn the ordinary into the extraordinary? What is the spark that took a humble product like the hamburger and turned it into the world's most recognized logo and second-most recognized brand? Who saw the opportunity to take the pizza and turn it on its head from an interesting handmade ethnic dish to Australia's leading home-delivery fast food? What spark of insanity caused Sean Howard to toss in Australian Personal Computer and gamble everything he had on Ozemail? When you think you've got it all worked out, you're dead in the water. There is some logic, but it's mostly gut instinct. Avoid like the pox the snake oil salesman with the sure thing. Look at the reality, not the presentation. If it's real, you'll know it, you'll feel it in your guts. Oftentimes, the less real it is, the slicker the presentation. Nothing is certain. Run on instinct and if you haven't got any, develop it. Develop your instincts for people. Spreadsheets and projections can be consumed by the flames of change as quickly as the paper they're printed on.

There are no limits. All things are possible. But you have to believe in yourself. You have to have the courage to front up when the world mocks and sniggers. Remember too, the majority of people are wrong the majority of the time. If you follow the advice of the majority you'll end up like them. The majority will tell you it can't be done. It's common sense. It won't work. Do not listen to those who sagely spout common sense and wallow in their mediocrity. When a member of my staff reminds me of the impossibility of a task my answer is: "I know it can't be done. I don't pay you to tell me what I already know. I pay you to tell me how it *can* be done!" So often people pull up at the first hurdle,

delighted that at last they can rest, secure in the knowledge that it can't be done. What differentiates the winner is he sees obstacles differently. He sees them not as stop signs but as opportunities to change to a better direction to achieve his goal. He doesn't alter his goal, just the route he takes to achieve it.

The cynicism of the 'realist' is the cheapest form of advice and the most expensive form of blueprint. Believe in yourself. You can do it. Mindless yapping is the currency of the disgruntled. If we stopped for every dog that barked we'd never get home. This is your journey, not theirs. Map it out for yourself and play your cards close to your chest. You need the encouragement of the optimist, not the energy sapping of the self-styled realist.

Everything is changing so quickly that the mental map of the world we acquired in childhood from our parents and our social environment is not only largely wrong or irrelevant, in many instances it's counterproductive. Examine the world from multiple perspectives. Question everything. Believe in yourself. You're unique. Nurture your intuition and craziness. Take a different route home each day, randomly pick up hitchhikers and go out of your way to talk to strangers. Remember the Principles of Abundance. Give yourself away. Spend yourself helping others. You get what you give away and you'll never know when it'll return to you. Tom, a friend in investment broking, bought a cappuccino for a complete stranger in a crowded ski-field café. Two years later the stranger is a friend and has entrusted \$24 million to his care. Always risk. It will be right for you. Play safe and you're comfortably dead. The big opportunities are discovered by those, by a whimsical bent, who are not put off by worldly wisdom counseling caution. Take big, carefully calculated risks but nurture your intuition. I find I have to rely on "How does this feel in my guts?" for my big decision making. Whenever I'm making a decision about real estate, for example, I'll walk the land by myself and allow the feel of the place to soak into me by a kind of spiritual osmosis. Does it feel right? If it feels right for me then chances are it'll feel right for potential buyers of the development. And most of the time the answer is no. Don't be afraid to say no. It's far more important to learn to reject the valueless as the really good projects will stand out regardless. If you're tangled up with the merely good you'll miss the best. Be patient. Wait.

Your greatest asset is you. Be real. Fool others at your peril but fool yourself and you're already dead to the opportunities before you. People respond to people. If you lack integrity you must develop it. Focus on the goal alone and you'll be driven and miserable. To comfortably hit your goal, aim higher. Don't be a sleazy salesman painting a smile on your face because it's good for business. People see through it. Go the extra mile as a matter of course. Make it a habit. Ask: "What can I give rather than what can I get?" and life will be easy. We only get what we give away. If you want money you must give value and service. If you want friends then go out and befriend others. Avoid cynicism. So often we become so goal-focused we blinker down and reject much that is positive. Greed may get you to your goal, but it's love that makes it palatable.

In my case, my big break came without fanfare. I'd been importing software and consumables for 3 or 4 years and been trading comfortably at around a million a year with 3 people. I was approached by Stuart who represented a major US diskette manufacturer. Would I be interested in buying his disks? Yes, if the price was right. The price is right. Okay, I'm going to take a risk here. Give me an unlimited line of credit for 120 days and I'll buy every disk you can make. They did, and I did. We sold a peak of 4 million disks a year. We bought 500,000 disks every 6 weeks. The day we dropped the retail price from \$2.90 to \$2 a disk we sold 16,000 disks and later when we dropped the price from \$1.30 to 99c we sold 40,000. It was insanity. We dropped the price, we doubled our sales. And each time a container came in I negotiated a lower price. I said: "Stuart. If you want another order for half a million disks I want the price to drop from 69c to 57c". He always agreed. "And I want the 57c price to apply to the container that landed yesterday." This caused some heartburn.

"Who's paying for lunch?"

"Me."

"Okay. Done." A \$60,000 lunch. We had many such lunches until the axe fell and the head office CEO came across to shut the party down. No more disks. No more credit. Please pay us five million before we go broke. It was a struggle but we managed, and the 4 years of unlimited credit got us kick started. The CEO, incidentally was the one who told me: "Business is simple. Buy low. Sell high. Collect early. Pay late. We knew that but we got it round the wrong way. We're losing money doing business with you George. Please stop buying from us!"

How do you start out? Get involved in something and learn to recognize opportunities. Look. Ask questions. Look at emerging trends here and overseas. Is there something coming that you can exploit? Don't be phased by the overwhelming complexity of the world. Focus on one thing at a time. A reporter once asked Mother Theresa: "Don't you get overwhelmed by the problems in this world?" Her response: "If you think of people as a mass, yes. But the mass is made up of individuals. We focus on the individual." Concentrate your focus on each individual possibility. You will be rejecting nearly everything so don't be dismayed. Eliminate the Tamagochi and Mutant Ninja Turtle fads unless you've already got money behind you. You want something real and long term. Subscribe to product sourcing journals from Asia and the US. I think of the guy who lives near me with one product, a hovering plastic hawk to protect crops and fruit trees. For as long as I can remember he's been repeating his quarter page ad in every monthly garden magazine in Australia. That's at least \$600 an ad. "Solve your bird problems with my bird scarer . . . or it won't cost you a red cent." Year after year. A cheap and cheerful Chinese

Summary

- Test everything. You're not infallible. Sales are the test
- Be disciplined. Learn from your mistakes. Keep them small
- Reinvest your profits to keep the company healthy

Preview from Notesale.co.uk
Page 54 of 173

L.C. (at sight irrevocable letter of credit which is paid out by your bank here when the goods land) if you don't trust them. A T.T. is usually fine for small orders but once you get into serious dollars you need the security of an I.L.C. I clearly recall a colleague's angst at losing US\$77,000 which he'd T.T'd to a US company he'd been dealing with for years. They went belly up at the time his cash came in and they scarpered. Incidentally, you could have the temerity born of inexperience to ask your newfound supplier for credit. At this point he will look pained and launch into a lengthy and boring explanation of his costs and margins. This is his polite longhand for "Go fry your socks." He won't say this because he is too polite to offend you, but I have no such reservations. If you've done your homework well there'll be no room for credit. That's one of those quaint Western customs where suppliers enjoy double digit margins.

You'll need a shipping agent here to clear the goods through customs. You can do it yourself, but like everything bureaucratic you need a PhD in loopholes to get through the maze. A short-term solution is to order small amounts by airmail. You'll get away with it for the first half dozen shipments and then you'll get a stern letter from Customs asking you to come and clear your order through the proper channels. The cost of clearance precludes small orders. You'll need to order at least \$5,000 worth to amortize the costs.

Okay, having now landed a trial drumful of this stuff your choice is: "Do I sell this retail or wholesale?" Sell retail and you're going to need to create the market. You can do this by creating a web-site and seeing to market to the world. There's no other way unless you have a hundred thousand dollar budget to throw at the magazines. This product is an ideal subject for selling on the Internet, which I'll explain in Chapter 12, but let's assume for now that you've blown your entire budget getting the stuff here and you've decided to sell wholesale, going door-to-door to craft and gift galleries.

Remember, this stuff is unique so it will command a premium retail price. But you can't sell it in its present state. It needs presentation. If you were a big operator you'd vacuum mould special presentation packaging and hype up the box with waffle about heirlooms and increasing in value and little children in bonnets and gingham pinafores but you haven't got to that elevated state yet so you're going to have to take the cheap but dignified route. Plastic bag with cardboard header, single page A4 display brochure showing complete range available, heritage colors (cream and green), nice little line drawing with Red Riding Hood's Grandma's house, smoke coming from chimney, collect all 72 pieces, distributor's address and phone number in case the customer wants more and the store has a limited range, packaging cost 32 cents, product cost including all oncosts to date \$1.12, wholesale price \$18.20 or \$11.30 ea for 20, final retail price \$29.95. Verily I say unto you, Bob is your uncle, or at the very least a close approximation of avuncular similitude. It's all in the presentation.

Making Your First Million

Now you're going to have to hit the road. At this point most of us fall into fond reveries of comfortable jobs where we looked out the window and passed the time sharpening pencils, gossiping and making cuppas. "You mean I gotta go front up and ask people to buy?" Sure, but you're doing it for a new reason. You're not doing it because it's your job. You're doing it because each time you make a sale you're pocketing 90 cents in the dollar. Effectively, you're going around saying to people: "Hey, give me 50 bucks and I'll trade you this little \$5 memento of your gift. I've got plenty of these mementos, in fact I've got a garage full of them so they're no particular value to me. But I figure you're a bit of a sentimentalist at heart and I'm sure you or your customers will like them." The stuff spilling out of your garage is of no particular value to you, but because of its perceived value to others it can be sold for twenty, even a hundred, or a thousand times its cost.

Preview from Notesale.co.uk
Page 60 of 173

Making Your First Million

building the foundations of an outrageously successful enterprise so take the time to dig deep and well. When you earn trust, people will then trust you with their money.

Develop character and integrity. Be scrupulous. I recently phoned a free-call number in response to an ad about share market investing. I received a well-produced package with glossy literature and an audio tape, but I only got as far as the testimonial letter. It was full of spelling and grammatical errors. Its hyperventilating tone established for me that the promoter had a room temperature IQ and that my \$995 would be a questionable investment.

Be real. Establish intimacy with fellow web users. Don't shout. Whisper. For the first time in history, the ability to communicate to a vast number of individuals is both easy and free. Don't abuse it. Think about it. What's it to be? "G'Day Fred. I liked this site and thought you might be interested in it." OR: "Hi there! How y'all doin? Take a look at this!" The latter is for mass media, the former for the net. Intimacy. You no longer have to yell or over-promise.

By all means, trawl the net. But do so intelligently. Rather than spam people's email why not approach user groups, chat rooms and bulletin boards with something for nothing. Whatever, Mamma's Andalusian Paella recipe. Top fishing spots revealed. How to get better mileage out of your Winnebago. Free conifer gardeners' newsletter. Think up (or plagiarize) hundreds of freebies you can post on your web-site and approach the interest groups. And before they get the free info they register their email address. That way you pre-qualify them. Once they know you and trust you, you can start selling to them.

What are the best Internet businesses? Our own web-site <http://www.da.com.au/> consists of an on-line catalog of computer consumables aimed at the local Australian market. The products are me-too products and so the web-site simply complements the existing catalog business. Where the net comes into its own is in cementing relationships through email, and this value-adding service is now encouraging our customers to purchase directly from the net despite the ready availability of the same products elsewhere.

The best options for starting up an Internet-only business are automatic information downloads, low-cost service delivery or unique mail-order products. Smart use of the technology allows web merchants to automatically accept and process credit-card orders for digital downloads of information, graphics, video or music. The customer keys in his details, the computer verifies and processes the money transaction, and then allows the customer to have limited access to the file for a one-off download. The key is content. You may either create it yourself or license it. This book is my own content-experiment in progress. It contains the distilled experience of \$70 million in mail-order and Internet

Summary

- Information is the ultimate low-cost, high-margin product
- You can replicate your knowledge through publishing and selling books, tapes or newsletters
- Utilise new technology, Internet and 1900 numbers
- If selling information as a consultant, charge a success fee rather than an hourly rate

Preview from Notesale.co.uk
Page 71 of 173

Making Your First Million

- High dollar value (minimum \$30 per order, maximum \$1000 per item)
- High perceived value (scarcity, value for money, buy now etc)
- Consumable (look for repeat orders or line extensions)
- High margin (cheap to buy, dear to sell)
- Extendable (leads on to purchase of other products e.g. collection)
- Unique (or relatively so - present yourself as the only or the leading source)
- Inspires loyalty (product and promotion so good they inspire ongoing purchases)

If you can source a product, or preferably, a range of products that meet these criteria you have the makings of a good mail-order business. I started out in computer consumables, and while this is now a mature and highly competitive market, we still see the occasional resegmenting with a new player entering the market, specialising in particular areas such as networking, toner, mice etc.

My suggestion is to look for the convergence of new technologies and underlying trends. Fortunately, in times of rapid, overnight change, there are such opportunities everywhere. Often the window of opportunity has a very limited opening due to competition or legislation. Internet gambling, mail-order Viagra, radar speed detectors. Avoid such easy fixes. We need to tap into the Principles of Abundance and find products that are life-affirming and that we can add value to which in turn will add value to our business and make it snowball.

Product areas that come to mind are books and reports on specialist areas, fishing and boating accessories, crafts and hobbies, jewelry, ornaments, prints and paintings, specialist clothing, safety equipment, camping and hiking gear, signs and badges, home security, car accessories, gardening accessories and plants, collectibles, executive gifts, specialist stationery, individualized stationery and products, home entertainment, Internet services. These will give you a guide but your best guide will be your own research and instincts.

Summary

- Mail order is easy and profitable
- Find small, high value products with high margins
- Look for products in emerging trend areas

Preview from Notesale.co.uk
Page 74 of 173

Making Your First Million

your own standalone advertising, possibly in the form of a catalog or newsletter, which you mail and email to your own database of customers and potential customers. The database is critical. You'll get at least 6 times the response advertising to people who've previously bought from you as your past customers already know you, they've taken the risk of purchasing from you and they've self-selected themselves as consumers of your particular product. I'll talk elsewhere about the theory of database marketing but here let's look at how you acquire your database.

My own business started with a small ad in Interface Age from which I made enormous sales. I also acquired many thousands of names and addresses from general inquiries to the magazine which were forwarded on to me in the form of computer-generated mail labels. I mailed to these people at enormous cost and failed to make a single sale. Help! What's going on? What went wrong? Why was it that the ad sold like crazy but the inquiries failed to give me a single sale? I had to think about that for a while. Then I realized that those people who were going to take a \$55 risk on an Australian mail-order company already had. They'd bought the goods. The people who filled in reader response cards were a totally different animal. Looking at the reader response card I realized they were to be fed through mark-sense card readers. It didn't take long to realize that the majority of 'reader responses' were in fact morons who'd coloured in the whole card. I'd wasted a couple of thousand dollars on them.

If I was going to grow my business (and by this time I'd had to dump my own software product as it was hopelessly flaky) I was going to need to cut my advertising costs down to a bearable amount. I soon realized that with an increasing range of products I could go back to my original customers with a different offer. It worked. With my customer base of only around a thousand people I could select new products and write to them. The response rate was (and you have to now put a Billy Connolly accent and emphasis on this word:) brilliant. I remember seeing a beta test version of one of the first animated graphics programs for the Apple: Choplifter, at Roger Keating's place. Roger worked for Strategic Simulations in the US and had access to the latest goodies. I wrote to the hundred largest customers who had purchased similar games (This was well before the Internet). I hand-wrote the address on the envelope and roneoed a single page letter full of breathless praise (if not deathless prose) for this new program, advising they could pre-purchase now for delivery in 6 weeks. By the time I took delivery of the software I had a hundred and two orders. A hundred and two percent response! At a cost of \$20 and sale price of \$60 I'd made \$4000 for ten minutes work.

It dawned on me then, the value of my mailing list. In the early days, pretty much all you had to do was write with any offer to a computer owner and you'd be swamped with orders. Schools were taking them on, particularly high schools, so I attended schools computer conferences. I was even invited to a Federal Government think-tank in Canberra complete with chauffeured pickup and delivery to the airport. Wherever I went I collected names and addresses.

better the result. Persistence is deified as the key to business success and in most instances it is. We're all familiar with Calvin Coolidge's ubiquitous quote: "Nothing in the world will take the place of persistence. Talent will not; nothing is more common than unsuccessful men with talent. Genius will not; unrewarded genius is almost a proverb. Education will not; the world is full of educated derelicts. Persistence and determination alone are omnipotent."

But I'm not sure if the slogan 'press on' has solved and always will solve the problems of the human race. We may be doggedly and persistently climbing the ladder of success against the wrong wall. What if the key information, such as 'Think outside the square', or 'Stop now, the problem's insoluble' is missing? Then we will reach a point of diminishing returns where working harder does not produce results and we hit the glass ceiling of frustration and depression and we'll start thinking about selling out of this hopeless business we're in. All businesses reach this point. If you like, it's the business equivalent of the Peter Principle where we get promoted to the level of our incompetence. In business we run out of the juice of innovation that got us to this point and we become ho-hum.

Are you doing the right thing, or just doing things right? Work hard on your business and you're doing things right. Start to focus on your customer and you're doing the right thing.

You can't avoid hitting this ceiling in your business. If you want to go somewhere you've never been you're going to have to take a road you've never traveled. Let me now put you on that road that will unlock the millions of extra potential dollars from your business. Your customer. No, I'm not going to launch into that "awesome service" stuff, espoused by motivational speakers. That's all good stuff but I'm not trying to talk you into having the "world's best" anything. You don't need it. What you do need is to think outside the square.

Most small business owners do all their thinking inside the square: "I'm good at what I do. I like what I sell. I like working in this industry. I've got a good customer base, good location, good products etc." The question I ask is: Why do your customers buy from you?

"Well, I have a good range of well-priced products, well-displayed. We offer good service, home delivery. We're better and cheaper than anywhere else."

Yes, but what brings them there? What prompts them to open their check books?

"Well, we advertise in the local paper. We have helpful staff. We follow all the guidelines of our industry association. We're quality assured".

That tells me about you and what you do. Tell me about your customers. Which customers are coming in next week and what and how much are they going to buy?

We will make a thousand times more money from a good idea

than ever we will from bending our backs

When you can partly answer that question you are close to possessing that one good idea. What I am about to tell you will give you the solution to unlocking the millions of dollars NOT being spent at your place of business. Automatically and with no effort on your part.

Of the 18 million people in my country (Australia) perhaps five or ten thousand will be your customers, and of these perhaps twenty per cent are regular customers and perhaps a hundred will account for 10% of your turnover. You'll have 30 customers a day spending an average \$63 each. And you ask yourself: "How can I increase my sales?" What are you going to do? You can take out an ad in the local paper offering 10% off which costs you \$600 and brings for maybe \$1300 in sales at 30% instead of 40% margins and you've lost money. The paper's Advertising Accounts Executive" will tell you: Yes, but you've got 20 new customers and they're likely to come back again and again. Hmmm. Or you bite the bullet and commit \$9,000 to advertising during the local news hour and occasionally on Burke's Backyard. And the results are the same or worse.

Who'll keep your sales ticking over all this time you're gambling with the firm's future? Your customers. Most new business owners fall into the trap of neglecting their customers in favour of trying to drum up new business. Worse still, their existing customers become disenchanted with them and move on.

longer, to encourage browsing, to make the customer feel positive about the store and in the end, to buy more books. They have recently added live music three mornings a week, which I believe may be taking the theory too far.

How does this apply to Rod? All his life he's been in the car repair business and has gone nowhere in any particular hurry. To change direction he now needs to identify the real, underlying business he is in, and in the process, start to see the opportunities for dramatic change and improvement. We start by asking questions. What am I doing? The hardware salesman may think he's selling a drill bit, but the customer is buying a hole. Rod may think he's repairing a car, but the customer is buying reliable transport. Rod is in the reliable transport business.

What does that mean? Well to me, reliable transport means I can use it without thinking about it. It's always there and it never causes me any anxiety. I don't have to worry about breaking down or expense, inconvenience or embarrassment. I own a car for prestige, convenience and reliability but I am also focussed on economy. My car makes a statement about me, my values and aspirations, and I am easily sold on the things it projects.

How does this help Rod? Understanding what business he is in helps him focus on where the real profit lies. He is no longer a grease monkey. He is a reliable transport facilitator and his focus starts to lift from the problem to the solution. His gaze lifts from under the bonnet to the customer. He starts to interact with the customer rather than the machinery, looking to provide reliable transport solutions for the person who will give him his first million this year: his customer. This is not just semantics. We are not dressing up a cabbage and calling it a cos lettuce. We are actually creating substantive change. Rod is no longer a mechanic. He is a reliable transport facilitator.

Now that he's in the reliable transport business, Rod can start to look at ways of helping his customer get what she wants and in the process, find ways to radically or gradually alter his business to tap into emerging trends that will let him use synergy and the momentum of gravitational change to make more money than he can spend in a lifetime. A bold proposal? No. Easy if you change your thinking. Rod has already identified the first step. He now needs to look at what he does and undergo radical surgery to chop off the unproductive and stimulate the productive activities.

This can be a gradual process of refinement or improvement, but if he wants to make serious money in a hurry, he may need to take a radical broad-axe approach. Do not be afraid to take major risks. Put all your eggs in the one basket and watch the basket. And if you're wrong, change sooner rather than later. If Rod wants to move up a notch he needs to take a risk and make radical changes. His business provides him with a wage and

Making Your First Million

shares, in real estate or buried in a tin in the backyard. Nobody knows what will happen. We may suffer inflation again as we did in the 70's or we may see the deflation of the 30's. The key to survival is cash and cash-flow. If all you have is cash in the bank, then you'll go out backwards. You need both cash (in the form of bank funds or at-call securities) and income-producing assets, which hopefully enjoy some capital appreciation. Our safest position is to spread our investments across real estate, shares, cash management funds and higher-risk ventures, which we actively manage. The point is, you can't do nothing. You have to do something with your money. The only absolute security is six feet below ground level.

Take charge of your investments and avoid salesmen. Many financial advisers gather at the waterhole of tax and superannuation, luring you into deals that lack any business merit, focusing on short term tax advantages or long term benefits. Look closely and you will see behind the fancy spreadsheets a maze of up-front fees that only benefit the salesman. That's why he's doing it, not to benefit you. Caveat emptor. Do your own research.

Understand too, the cyclical nature of the market. As interest rates start to fall, people move money to the share market which starts to rise. Real estate becomes attractive with low interest rates and prices start to rise. Demand for money grows and to curb this rates start to rise. The share market peaks and investors move their money from the share market into real estate. Real estate starts to peak as interest rates continue rising and people move out of real estate into cash. Excess cash causes interest rates to fall and repeat the whole cycle again. I have seen this cycle repeat itself each decade and each time it happens people are surprised.

After the market crash of 87 real estate in Australia boomed through till 89 when rising interest rates caused the recession of 91. Today we see a rising share market which may well suffer a downturn shortly, accompanied by a strongly-growing real-estate mood. Interest rates are at a 30 year low. If we understand these broad trends we can make better investment decisions.

There is always change happening. New expressways, expanding population, new technologies, declining areas, all open up opportunities for strategic investment. Look and question. Just this week, for example, in the Sunday paper was a full-page, \$10,000 ad for a vast sheep station west of Nyngan. Why? Clearly the advertiser was seeking to tap into casual Sydney money. For \$450,000, the price of a modest bungalow in Sydney, you could own a vast kingdom in western NSW complete with private airstrip, lagoon, 100 square homestead, 100 year-old garden etc. I see these ads on a smaller scale each week in the weekend papers. Somebody seeing something that others can't. A rocky waterfront headland with almost no level land becomes The Anchorage, a five star resort built over the water. To make real money you'll need to polish up your instinct for

Making Your First Million

You can make a living out of daily share trading but it will become a full-time business and will take over your life. The most successful traders adopt the Buffett approach, putting in all the worry and effort *before* buying and allowing their judgement to ride the full course.

Preview from Notesale.co.uk
Page 135 of 173

Making Your First Million

given. To he that has not, even what little he does have will be taken from him." We see this so often in lottery winners. Almost all end up as broke as they were before they won it. What makes the difference is knowledge. If you know the difference between money and wealth you'll not only keep it, you'll add to it. What's it to be? Consumer or producer? Buyer or seller? Victim or victory?

Rory is a native North American. He and his brother had come from circumstances of poverty and neglect and were adopted by a middle class couple who brought them to live in Australia. When Rory was in his teens, an oil exploration company found a large oilfield on his nation's homelands in Canada. Revenues were in the billions. Royalties of 10% of profits were paid to the native peoples. All 600 of them. The community, after building a casino, decided to split the income amongst themselves. Rory and his brother at 18, along with each of the other community members came into an income of \$100,000 a year, increasing at 10% per annum compound. For life.

What did this do? It destroyed the community. Alcoholism, drug addiction, promiscuity, gambling tore the community apart. Nobody had taken the time to teach the people the difference between the money that you take shopping, and the money that you use to create wealth for others. Money is the fuel for the journey, not the destination. So many people, when they get money, greedily spend it on themselves. They line up, snouts in the trough, trotters as well. Yum, yum. More. They may pay lip-service to others: 'Yes, I'm helping others. What do you think I'm paid for? It's my job okay?' but their actions betray them. They greedily push others aside in the rush to serve themselves first, and they enlist the self-interested, hypocritical complicity of those alongside them in their anxiety to keep the gravy train running.

Wherever we look, we see short-term self-interest at work undermining real wealth for the sake of greedy personal gain. We see hypocrisy, laziness and self-justification. Or we see ingenuous ignorance and childlike trust from people who've never asked why. Self serving will never give us what we are looking for. For a few years I was on the finance committee of our church fellowship. We were constantly short of cash and asking the congregation for more. And I wondered why. One of the committee devised a drama which explained to me why: A young girl came on stage with a cake. Along came a boy with the slogan 'Outreach' pinned to his shirt, smiling broadly. He knew he would be served for that was the church's purpose for existence. "Can I have a slice, please?" he inquired in as polite a tone as he could muster.

"No," came the reply. "You'll have to wait."

'Electricity' came along: "Can I have a slice?"

Summary

- Real wealth comes from helping others
- It's easy to become seduced by money
- Money is not the barometer of how well you're doing

Preview from Notesale.co.uk
Page 144 of 173

"Where's Ken? Off on a bust again?"

"Haven't you heard? Last Sunday night Ken met up with some mates and they bought a few flagons and went down to the railway yards for a party. After they'd finished the wine, Ken wandered off. They found him the next morning. He'd taken off his jacket, rolled it up, put it on the railway lines as a pillow and went to sleep."

Alcoholism, defiance, pride, resentment, bitterness, despair, self-delusion, self-destruction. These are the results of never letting go, never admitting defeat. Cool Hand Luke could not admit defeat. Facing a superior opponent in a Florida prison yard, surrounded by other inmates, he squared up, punched the air and was smashed down. The crowd roared. He got up, wiped the blood from his nose, shaped up and Drag-line landed a hammer blow to the side of his face. Down to the dirt, face down. The crowd erupted in admiration: "Kill him!" Luke rose again and the same thing happened. Down, down, down. The mood of the crowd began to change from elation to cautious silence. "Somebody oughta stop this." Luke rose unsteadily and took another smashing blow. "Stay down Luke. He's bigger than you. Stay down." As he rose to his elbows Luke looked through the arc of leg-chains tethering Drag-line's legs and the old anger lodged in him again.

"Stay down Luke. I don't want to hurt you any more!"

"You're gonna have to kill me," he growled.

In the final scene, caught in the glare of the bosses' spotlight, caught with no escape but to go quietly, he stood in the window and smiled that old Luke smile: "What we have here is a failure to communicate." and he lurched forward as the bullet pierced his throat. I see so much of Luke in myself and in the people I deal with. Pride to the death. Travelling a path of lonely, prideful self-destruction, blaming others. The macho loner is burnt into our culture yet it is one of the most destructive of all role models. There is a better way.

Turning onto the expressway in a summer rainstorm, I saw him hitching a lift, a comical skinny figure sheltering as best he could in the meager rain-shadow of a speed sign and I turned in to pick him up without a second thought. I knew what to expect, the sour smell of week-old sweat and stale beer, the missing teeth, the obligatory LOVE and HATE tattoos on his knuckles. Darren didn't disappoint my expectations, right down to the multiple earrings and soggy packet of jail-issued White Ox tobacco. He was as pleased as a puppy to get a lift and proceeded to tell us how he'd got there. He'd been busking in Tamworth, do you mind if I smoke, yes, no, okay, and had had his tent burgled, his guitar smashed and all his belongings stolen, and was hitching back to Queanbeyan, nice car,

This supernatural power, this invisible force which guides and binds the universe, wants the best for us, wants us to prosper, but wants us to do so by *giving* rather than *getting*. As Zig Ziglar says: "You can have everything you want in life if you'll just help enough other people get what they want." This is tapping into the power of synergy, the universal law of love. In my business, long before I knew what I know now, I published the following mission statement:

1. To build the best business possible.
2. To have fun doing it.
3. To achieve it by empowering others to achieve their goals.

By tapping into the natural synergy of love I was swept up in the current of mutual self-interest and found that business was easy. When everyone is working toward mutual self-interest in an atmosphere of fun, recognition, acceptance and love then we indeed aim higher, and we easily hit our target. The opposite emotion of compulsion, coercion, control and suspicion would have had the opposite effect.

To bring out the best in people we have to focus on love, on acceptance, tolerance, patience, coaching, praising and empowerment. And to do this we need to trust. We need to believe that the universe is a good place. We need to believe that there is an unseen power, like gravity or electricity, guiding, directing, accepting, forgiving, coaching, praising and loving us. We get what we give away but we can only give away what we have. If all we have is fear and negativity, that's all we can give and that's all we'll get in return. Love has to come from somewhere. Learn to trust. Learn to listen to your instincts. This is God talking to you. If you focus on self-preservation, staying in control you'll miss it. Instead, focus on floating. Focus on windsurfing across the surface of the planet in dynamic balance with the power of love. Let go and hang on at the same time. Trust in God with all your heart and lean not to your own understanding. In all your ways acknowledge Him and He will make straight your path.

Give for the heck of it. If we give conditionally, focusing on material goals, pretending to love unconditionally we'll always be disappointed. Focus on the Principles of Abundance. Abandon yourself to the healing power of love in the universe. Do it. It works. The more we give to others the more we receive. Give love and it comes back a thousand-fold. "*Whatever you do to the least of these my children, you do unto me.*" We're not here to stuff our faces and line our pockets and purses and drawers with gold and jewels. "*For what shall it profit a man if he gain the whole world and lose his soul.*" We're here to enjoy life by loving all around us and in the process finding joy and contentment. "*A new law I give to you, that you love one another.*" And hopefully in the process find meaning

Making Your First Million

and purpose, hope and peace. *"Seek first the kingdom of God and his righteousness and all the rest will be added to you."*

This is what we're here for, to find a connection with the supernatural creative force we call God, not just a mere intellectual assent but a fully surrendered acceptance of our belonging to this mysterious power outside of ourselves. And when we finally have the courage to do this, life will *amaze* us.

Preview from Notesale.co.uk
Page 170 of 173