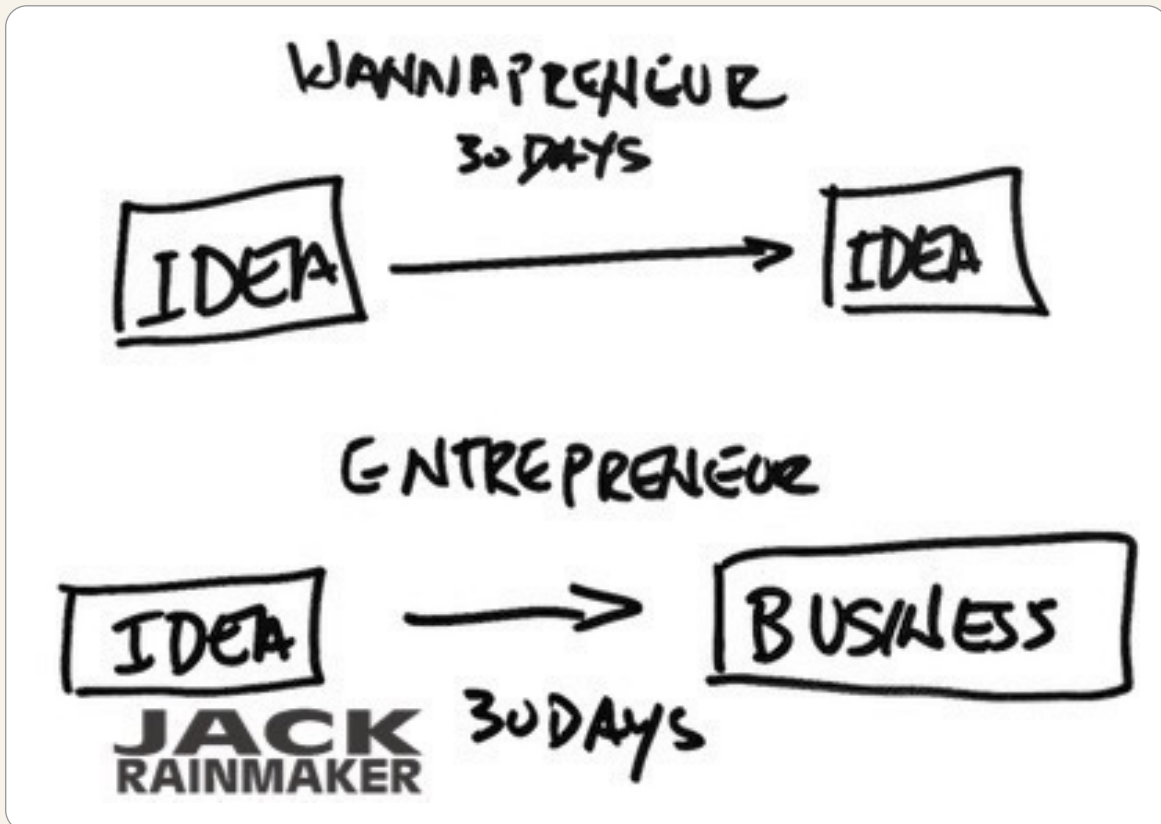


# Money Lessons I Learned at Twelve

Street-smart business lessons for making money in any economy



**John "Jack Rainmaker" Common**

Free TikTok Reader Edition

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By John "Jack Rainmaker" Common

Free TikTok Reader Edition

Based on the original manuscript Make Money Doing Anything In Any Economy.

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Published by JOHN COMMON / CRE8RAIN L.L.C.

This reader edition is provided as a complimentary copy for followers of Jack Rainmaker and the Money Lessons I Learned at Twelve series.

# Introduction

Four basic business principles I learned at the age of 12

I am 12 years old, living in the United Kingdom, in Aldershot, Hants (Hampshire). I think it was about 1969. Levi jeans come out with these new jeans that are every other color but blue. Tan, beige, yellow, red, pastel colors, every color imaginable, and they were only seven pounds sterling. So, I'm thinking, these will be kind of cool to buy. I go to my mom and I ask; "Hey Mom Levi's has come out with these really great jeans and they are only 7 Pounds. I have not had my pocket money in a while, can I get my pocket money so I can buy these jeans?". My mom's response; "pocket money is not a right, but a privilege that I can extend or withdraw at any time!"

Oh wow, I knew that this meant no money to buy new Levi jeans. I was faced with a conundrum. How am I going to get money, to buy those jeans?

I had been in the Boy Scouts for about I don't know, 1 or 2 years, and being in the Boy Scouts, we did all kinds of things to raise money for our Scout Troop. Everything from delivering advertising leaflets in apartment buildings, to, mowing people's lawns, weeding their yards, taking out the garbage, essentially doing whatever we could to help people and to earn money for our Scout Troop. I was actually used to working to earn money. Of course, like every kid at the time, I had a Saturday job. My Saturday job was working at an Army and Navy surplus store in downtown Aldershot as a sales clerk, helping the owner work his space at the Aldershot Public Market. Open air, a tarp for a roof, cold, rain, or, shine, I was making the princely sum of Three Pounds a day, for eight solid hours of work. It was a Saturday job and I only made money that one day. The question that was running through my mind was what can I do to make money so that I can buy those jeans?

## What are you going to do?

### **I know what I can do;**

I will wash cars.

My family lived in a nice suburban neighborhood in Aldershot.

Upper-middle-class homeowners with really nice cars parked in their driveways.

Living in England the weather is not that great. I think summer came on a Wednesday last year. The weather typically in that part of the country is cloudy, drizzly, somewhat windy and as a result, dusty. Cars would get dirty really quickly.

Okay, it was decided. I was going to go wash cars. Pretty simple, all I do is knock on people's doors just like I did in the Boy Scouts, and ask them if they wanted to have their car washed inside and out. Being only 12 years old, it seemed somewhat daunting so I called my friend Chris Sands my best friend in the Boy Scouts; "hey Chris, do you have a chamois and a bucket?", Chris asks; "why", and I tell Chris that we are going to make money washing cars

and when can he be at my house.

## **What do you need?**

That morning, Chris Sands my best friend from Boy Scouts arrives at my house on Upper Saint Michaels road with a chamois and a bucket. We are going to be in business, washing cars!

I went in the garage, took some of my dad's car wash shampoo I knew he would not miss it. Maybe I should have asked him, but I did not.

## **How much and how do you get paid?**

Chris Sands and myself head out through my neighborhood, knocking on doors, asking people if they wanted to have their cars washed for 25 Pence. Remember this was England 1969. At that time 25 English pence was the equivalent of 20 American cents (1969 exchange rate). 20 American cents in 1969 has the equivalent buying power of \$1.44 today.

Anyway, can you believe the look on people's faces? We knocked on their door, two 11-year-old (almost 12) boys saying; "hey would you like to have your car washed inside and out for 25 Pence?". What a Deal!

I have to tell you, the response was huge. It was cheap and we made big tips after the job was done. We had a bucket, we had a chamois, we had car wash shampoo, all we needed was access to water and a hose. I am telling you we washed those cars inside and out, spic and span!

When do you get paid? Cash same day!

I think that first day we made about £27 between the two of us. In today's money (thank you google)... 25 English pence = 20 American cents. \$1 in 1969 has the buying power of \$7.24 today. Quick math £27 is the equivalent of \$156 USD today. Anyway, Chris and I split the money fifty-fifty and I had enough money to buy a brand-new pair of Levi's jeans, with money left over. I have to tell you; this was a huge lesson for me in my life.

Think about it, my Saturday, day job, in the wind, cold and rain paid £3 (equivalent of \$17.38 USD today) and now I made more than \$78 USD more than four times that amount, door knocking, washing cars!

In the next four chapters I'm going to talk about each one of the Universal Business Principles (UBP), and how to apply them to whatever business you want to get involved in. By the way, since then, over the past 50 years, I have started, run and operated several multimillion-dollar companies. I still apply these universal business principles today. Of course, as you grow and scale your business, there are many other universal business principles that you learn and need to apply to your business.

I am often amazed at how many wannapreneurs, do not have any understanding of what the four basic principles are.

## **What are you going to do?**

## **What do you need?**

## **How and how much do you get paid?**

## **When do you get paid?**

In the United States, according to the US Bureau of Labor and statistics, two out of three businesses fail within the first two years. More than half of those left, will fail within the next 5 years!

83% of businesses fail within the first five years.

I think that's crazy! Taking these numbers, if 100 businesses start tomorrow, in 5 years less than 17 of those businesses would still be operating! Wow! That's absolutely crazy! Let us do the math. If a hundred businesses start tomorrow, 66 of those 100 businesses will be out of business within 2 years. Out of the 34 remaining businesses, half of those, 17 (rounding up) will still be operating five years from the date that they started.

Why is this? People do not know what they are doing. It is lack of knowledge.

### **My favorite quote;**

**"you only know what you know, and you don't know what you don't know."**

I believe that this quote is attributable to William Edward Deming. Mr. Deming according to Wikipedia was an American engineer, statistician, Professor, author, lecturer, and a Management Consultant. You may or may not have heard of total quality management or the acronym TQM. It was this practice of total quality management, TQM, that literally improved, not just manufacturing world-wide starting in Japan, but ushered in a new age of efficient product manufacturing and service delivery, to the benefit of all consumers. Every single aspect of business, manufacturing, systems and processes, delivering better quality, better service, high-quality products much more efficiently at more beneficial price points. If you are serious about getting into business for yourself and making money, then I recommend that you read and study William Edward Deming's extensive body of work.

The modern-day equivalent is "Six Sigma". Developed by Motorola Engineer Bill Smith in 1986

### **According to Wikipedia;**

"Six Sigma (6 $\sigma$ ) is a set of techniques and tools for process improvement. It was introduced by American engineer Bill Smith while working at Motorola in 1986.[1][2] Jack Welch made it central to his business strategy at General Electric in 1995. A six sigma process is one in which 99.99966% of all opportunities to produce some feature of a part are statistically

expected to be free of defects.

Six Sigma strategies seek to improve the quality of the output of a process by identifying and removing the causes of defects and minimizing impact variability in manufacturing and business processes. It uses a set of quality management methods, mainly empirical, statistical methods, and creates a special infrastructure of people within the organization who are experts in these methods. Each Six Sigma project carried out within an organization follows a defined sequence of steps and has specific value targets, for example: reduce process cycle time, reduce pollution, reduce costs, increase customer satisfaction, and increase profits.

The term Six Sigma (capitalized because it was written that way when registered as a Motorola trademark on December 28, 1993) originated from terminology associated with statistical modeling of manufacturing processes. The maturity of a manufacturing process can be described by a sigma rating indicating its yield or the percentage of defect-free products it creates—specifically, to within how many standard deviations of a normal distribution the fraction of defect-free outcomes corresponds. Motorola set a goal of "six sigma" for all of its manufacturing."

Personally, I believe that this was Motorola's way of hijacking Mr. Deming's work, and patenting it as their own.

I have always been a big believer in sticking to the basics. For the sake of our discussion today, and the main topic of this book; "make money doing anything in any economy", I am going to address the four basic principles that you need to apply before you start any type of business venture. I do not care if you are selling hot dogs from a hot dog stand, making and selling ice cream on the streets, manufacturing auto parts, running a plumbing business, landscaping company or pool service and maintenance company. The same four basic principles apply to all businesses.

The principles in this book should be applied to any business venture.

As we get into these topics, I will get more detailed you can access my website and develop your business with the site's worksheets, to help you make money doing anything in any economy.

To access the online workbooks to plan your business visit:

**[www.makemoneydoinganything.com](http://www.makemoneydoinganything.com)**

# Chapter One

## What are you going to do?

This is a really great question. My recommendation is for you to do something that you love. Even if you are working for someone else, at least love your job. If you do not love your job, leave. Did you hear that? If you do not love what you do change it now. Oh, and do not tell me that you love your job for the people. Yes, it is nice that you get along with your coworkers. I hear this all the time;

“everyone is just like family”,

when the chips are down, and it is a choice between you and a paycheck, the paycheck will win every time.

When you do your own thing, side hustle whatever, preferably in an endeavor that you have some expertise in, love what you do. When I was 12, I knew how to wash cars. I always washed my parents’ cars. Now, does this mean I was a really good car washer? I do not know ask my parents. My clients obviously liked me washing their cars, because I washed their cars whenever I needed extra money. I washed cars all the way through college. Going back to my neighborhood, knocking on doors with a chamois and a bucket. Washing cars inside and out, getting paid cash right then and there! By the way, when you get paid, how and how much you get paid are very important universal business principles. We will cover those topics the next couple of chapters.

During the COVID-19 pandemic, the lockdown meant many people lost their job, laid off, furloughed. Bottom line, no money, no work, or, should I say no work, no money. A lot of businesses closed down. In the first few months, close to 13 million Americans filed for unemployment. There were some people, who were able to get past this catastrophe and turned it into an opportunity, by starting their own businesses.

One of my favorite examples of this is Pandemic Donuts. Two Cafe workers laid off from the Café they worked at. Now, they are stuck at home, with no money, more importantly the question comes up, "how do we pay rent?".

I really have to applaud these two individuals. Most people would just be crying, waiting for the unemployment check to arrive. Quite frankly, \$1,200 in Federal government stimulus assistance does not go very far. I do not know, because I still did not receive my stimulus check. There you go. Essentially, this couple start a business from their home making donuts. They name the company “Pandemic Donuts”, selling donuts with free delivery. A ready-made selection “this is what you get,” pre-order through a website and Instagram feed. The business takes off like crazy.

This is not the only story. Newsy the online news service, featured a housewife who started her own lawn mowing and landscaping business. She had so much success, she actually hired three people within less than a month of starting her business. You have a suburban housewife, out of work because of the lockdown, with a lawn mower in the garage.

## **What did she do?**

She goes around her neighborhood knocking on doors and mowing people's lawns. It happened by accident. She was mowing the front lawn of home and decides to mow her neighbor's lawn, an elderly couple. Then another neighbor asked her if she would mow their lawn, they paid her, and so it starts.

## **You cannot find any work? Really?**

The world programs us. Go to school, go get a job and work for somebody. Oh, if you want the college experience, go to college, get into debt, graduate with a college degree in something useful like marketing or liberal arts. Graduate burdened with tens of thousands of dollars of student loan debt. Do not forget those credit cards you used to pay your bills while you were at school. Everyone knows companies will hire you only if you have a college degree. No college degree, no interview. It is a filtering mechanism.

Then there are those crazy people, who start working for themselves, earning in one day what day would earn in one week working for someone else. Now, there is no going back.

## **Let us return to the original question;**

## **What is it that are going to do?**

You can do anything!

You may think that you do not have any skills, but you do! Do you know how to mow a lawn? Do you know how to wash a car? How about scooping dog poop?

Thanks to widely available wireless broadband and the Internet, a new worker class has been created. The gig worker. People working for themselves as a service provider for someone else. These are people who would normally have been working for someone else. Uber and Lyft drivers, delivering groceries with Instacart, Amazon delivery, Door Dash, Grub Hub, Postmates, and the list goes on.

All you need is a smartphone, bank account or pre-paid debit card, and money is deposited directly into your account, as you work. You can work whenever you want to or whenever you need money. No more "working for the man", who by the way, is someone just like you who took action. Get paid once a week, follow someone else's rules (which can be dumb). Now if you cannot break free from the 9 to 5, you can still work for yourself as your own boss. You can also do both. As a gig worker you can work your full-time job and do the gig worker side hustle. For example, being a real estate agent can be very rewarding when it comes to large commissions and big money. The challenge is, it is straight commission and your first transaction may take several months to consummate. What do you do until the deal closes? Many individuals turn to gig work. The side hustle.

You might be reading this, and you have a specified skill set. You might be a journeyman electrician, plumber, handyman, whatever.

## **Ask yourself these three questions;**

### **What do I love to do?**

### **Do I enjoy doing it?**

### **Can I do it every day?**

What is really cool about what I do now, and what I have done in the past, is that it never seemed like work, even writing this book.

**“it’s more like having a hobby that happens to make money!”**

### **Crazy huh?**

Ideally this is what you should be striving for.

I lived in Seattle, Washington, for 22 years, I knew a lot of people who worked for Boeing and at the Bremerton Naval shipyards. They hated their job. They did the 9 to 5 grind, endured the crazy Puget Sound commute. The money was good. These guys did what they loved after work. At night, on the weekends. They were miserable during the week when they had to go to work. Super-duper happy when they got to do what they wanted to do, what they loved, on weekends and public holidays. Where do you fit in?

One guy I knew, lived in Kitsap County working at the Bremerton Naval shipyard. He had a recording studio in his house! Local bands would book recording time at night and on weekends. Producing and running recording studio is what he loved! He had a family of four children, a mortgage payment, car payments and so on.... In order to keep the family going he had to work at the Naval Shipyard. I do not know, because I do not know anything about the music industry, or, recording studios, but I cannot help thinking, that if he took on his recording studio venture as more of a full-time job, he maybe would have made enough money to support his family and not work a job he hated so much.

The very first question you need to ask yourself; what is it that you love to do? Now do not get crazy on me. I do not know how you can make money rock climbing. Maybe you could become a rock-climbing coach, a training guide. Rock climbing tours of your favorite rock-climbing destinations. Open a rock-climbing studio. Now it becomes a complete change of lifestyle. Do you have the guts to take action and do what you love?

I have two nephews the oldest, his name is Sam, my sister's oldest son. Sam, even as a teenager loved mountain biking. He rode his mountain bike everywhere. He even had a bad mountain biking accident where he broke his back. As soon as he was mended, boom, he was back on the mountain bike. Nothing can stop this kid. Sam got jobs at bike shops, fixing bikes. Enthusiasm around bikes and mountain biking was his life.

After graduating high school in the United Kingdom, Sam decides that he wants to learn how to surf on the ocean waves, learn to ride surf boards in Australia. Sam buys a plane ticket, flies to Perth Australia, gets a job at a bike shop, rents a room in a house literally a block from the Ocean and starts his dream!

When Sam gets tired of Australia, he decides that he wants to mountain bike. He flies to Whiskey Jack resort up at Whistler Mountain outside of Vancouver British Columbia, Canada. Sam gets a job at a mountain bike store and starts mountain biking in British Columbia.

Obviously, this is not an example of somebody becoming an entrepreneur, but it is an example of someone who wants to live their life on their own terms. Not necessarily conforming with what the world thinks we should be doing. I admire this about Sam. He always follows what he wants to do. He takes action, he has the guts to follow his dream. Sam somehow realized at a very young age that

**“your job is not your life and does not necessarily define you!”**

I remember my Mom calling me after Sam graduated from high school, announcing that he was going to Australia to learn to surf the Ocean. My mum wanted me to talk to Sam and talk him out of it. I think my mom was disappointed when I told her; “no, quite frankly, if Sam wants to learn how to surf, and go to Australia to learn to do that, then the time to do that would be now. So, instead of dissuading Sam I was actually encouraging him to follow his dream. I encourage you today, to follow your dream. Even if you do not know how to do what it is you want to do, learn how to do it. It is your choice. You only live once. You can live the life you want to live, or live your life on other peoples’ terms, you choose.

**The second question you need to ask yourself;**

**“am I capable of doing what it is I want to do?”**

If the answer is no, then make a plan. Make yourself capable. The fantastic thing about living in America, is that we have freedom of choice and virtually unlimited access to resources all around us. You can take University level online courses over the internet for free, check out edX. I am sure if you go to YouTube you would be hard-pressed to find a subject matter, where an expert would not be readily available, with a video on the subject.

I myself, have learned how to fix my own hot water tank and how to build custom shower pans for my house flips from YouTube. How to build and design better databases.

**A phrase that I often use;**

**"if you want to earn you need to learn"**

Let's say you want to sell flowers. You are a flower expert, you know all about flowers, how to arrange them, how to care for them, whatever.

I put it to you, don't you want to be the best flower person out there? Is there more stuff about flowers that you can learn? What is it going to take for you to be the best flower person

or arranger of flowers?

What it is that you want to do in the flower business? What is it that you need to do, to be the best? Nobody wants to do business with second best, or the worst.

I remember as a child, I was maybe four or five years old, my mum would ask me what is it that I wanted to be when I grow up. She instilled in me that I could do or be whatever I wanted to be. Just be the best. Even if I wanted to be a road sweeper.

Be the best road sweeper because the people in Beverly Hills will call, they want the best to sweep their roads.

I am sure that you want to deliver a business with excellence. I have never eaten a pandemic donut from the pandemic donut people in Denver Colorado. Their donuts do look yummy.

You want to be sure that whatever you ascribe to being able to do, that you can deliver the product or service, and get paid for being the best. Otherwise, you are just setting yourself up for mediocrity, or even worse failure.

From my personal perspective, one of the biggest challenges with society today is that mediocrity prevails.

**“People typically want to do the least amount of work for the most amount of money.”**

I am often told that this is Human Nature. Is it not our ability to escape our nature that separates us from animals?

Do you want to be proud of what you are doing? If so, you need to become the best at your craft. Maybe that craft is being a terrific organizer. If you are the best organizer there is, you will be getting referrals left and right. People will pay you top dollar to organize their house, their closet, their life, whatever needs organizing.

I know several ASE Certified automotive repair technicians. They love what they do. You might even say that they have a gift. I am sure that you have met people like that. Instead of working for an automotive repair shop they go out on their own, offering mobile auto repair services. This is a great example of someone with a skill set providing a service offering which is both more convenient and way more affordable.

The point I am trying to make here is very simple. What is it that you love to do? Skill or no skill. If you don't have a skill, then do whatever you need to do to learn the skill so that you can do what you want to do.

Years ago, while on a sailing trip, I met a very successful oncologist who used to be an architect. Doctor Fox was married with children working as an architect. He hated his job; he decides to quit and go to medical school. Years of study, poverty and financial hardship led him to become one of the top oncologists in the Pacific Northwest.

Some business dreams do require certifications and licenses. I am not going to address these areas for the purposes of this book. I will tell you, that you need to be aware of them and

make sure that you are always operating within the regulatory guidelines of the City, County, State and Federal Governments. Nor am I going to use this book as a device, to counsel and teach you about corporate formation, entity licensing and best tax structures. These are items which you are going to have to research yourself and educate yourself.

You can have a skill set or not, there are lots of things you can do to make money, that do not require a specific skill set.

Are you capable of working hard? Do you want to work hard? Do you like to be the best at what you do? Can you separate yourself from the herd by offering something that nobody else offers?

I see so many people make the leap into "I am going to do this, this, and this, without thinking it through. As a result, they make huge mistakes. Well, at least you could say they took action. Which is quite rare simply because most people are motivated by fear. Better to take action and fail, then to take no action at all. If you take the right action you do not necessarily need to fail. This is why you are reading this book.

A former brother in law of mine, call him DM, decided that he was going to become the king of life insurance. DM became a State licensed Life insurance agent in States all across the country and started running Internet ads, offering online life insurance quotes. DM knew nothing selling and even less about marketing, or advertising. DM knew nothing about the Internet, but he did know how to leverage his credit cards. DM got into so much credit card debt, that he had to refinance his Miami condo, given to him free and clear by his father, to pay off the credit card debt. Now he had to get a job working for the city of Miami Public Marina. Well, at least he took action!

Taking action without learning, remember "to earn you need to learn", can cost money, destroy relationships, marriages, friends, create stress and affect your health.

The biggest challenge? Most people are involved in their lives. Like you, they have the big rent or mortgage payment, the car and insurance payments, credit card debt, and two or three kids in school. Does this sound like you?

So how do you buy the groceries, how do you pay the bills, how do you get from point A to point B pursuing what it is that you love to do. This is much easier said than done. It is not easy. You need to make a plan and work the plan. In the next few chapters I will be addressing this issue as well as others. I will make some suggestions and give you some ideas on how to get from point A, your current situation, to point B, your entrepreneurial future!

Do you have the basics? Do you have what it takes to be an entrepreneur, to work for yourself?

What amazes me, several years ago people were teaching other people, how to be entrepreneurs. Quite laughable to me, because most of these "teachers" had never accomplished anything in their lives. I am sure that a majority of them did not even know how to balance their own checkbook.

I have never conducted a survey asking people what they thought an entrepreneur is. I am sure that when you think of entrepreneurs, you think of Elon Musk, Mark Cuban, or, Richard Branson. Yes, the same Universal Business Principles (UBP) apply to them. Just as they apply to the guy or girl who is running the hot dog stand on the street corner. What about the window cleaner who comes by your house once a month and cleans your windows?

Regardless of the size of the enterprise, regardless of the type of enterprise, the same Universal Business Principles apply to all businesses. Just like everything else there can be exceptions. Eventually however, if a business does not have a good foundation it will fail. You can become a statistic, be one of the 84 business failures over the next five years, or, you can be one of the 16 left standing. It is your choice.

### **I will tell you one more time;**

**"You only know what you know, and you don't know what you don't know"**

In the fourth quarter of 2019, I had the good fortune of working with a woman, ML, who started her own online women's sports, casual wear apparel company, SQN-Sports. By the time we met, over the telephone (she was looking to borrow money), she had been operating the company for about 5 years. The company had been consistently losing money, from day one. The business was only able to continue to operate because of significant personal and family funding, bank loans, lines of credit and income advances. From the clothing styles and designs, it was obvious that she was a very talented designer. However, from a business perspective it was all a total disaster. Loans were unpaid, liens, judgments, and a total lack of accounting and administrative controls, not even a basic understanding of what items were selling and what was not selling.

I am not going to get into detail here, but because ML was able to operate the business for a few years, running through loans and family money, she was laboring under the false impression that she could run a business and build a brand.

### **I call this type of person;**

**"The confident incompetent"**

ML was able to feed the business cash, and it was still in business (kind of), she thought she was really good at what she was doing. When it came to accounting, administration, and business basics, the entire company was a disaster. Her own CPA accountant turned her into her banker who immediately pulled her lines of credit and called her loans. This is the worst thing creditor can do and definitely not the correct course of action for the bank to take, but this is another subject. What I am saying, is that it was so bad that even her own accountant turned her in. Instead of seeking help and more importantly trying to learn business basics, ML continued to plow more money into the business, only to lose more money. Oh, don't worry she's not the only one. I am not saying that if you go into business for yourself that you need to learn to become the accountant or the bookkeeper or even the marketing person or

social media guru. You can hire people for those positions, but you do need to know enough to be dangerous. This will allow you to ascertain whether the individual you're working with actually knows what they are doing. I know it sounds crazy, but there are a lot of charlatans out there, people who claim to have a skill, but they really do not. You need to know the basics of business and understand accounting and universal business principles (UBP) of operations. Not just focus on the one thing that you are a really good at. All those other skills, you can hire for. Let them come and work for you, and you never know maybe you might even learn something from them. I know I did.

Early last year I met a young fellow, let's call him AC, who is an automotive repair service technician living in Utah. AC decides that he is going to start his own Automotive Warranty company. Selling and underwriting extended vehicle service contracts. The basic concept was pretty strong. Vehicle owners enrolled their vehicle for monthly breakdown protection. Paying monthly for monthly coverage. AC definitely knows how to fix cars. As an automotive repair technician over several years with a young family to support, he earned in excess of \$100,000 a year. This where it all stops. The company, OTMO had a very nice website. Everything was online, vehicle enrollment, claims management and underwriting was completely through the website with some pretty good innovations. I took an interest in his business because at one time I started and operated one of the largest consumer direct vehicle warranty companies in the United States. The first time AC and I met, again over the telephone he had been in business for a few months. About nine months later AC contacted me by email stating that he needed my help. To learn more about his business, I asked AC to send me a spreadsheet of what he had spent to establish and run the business. AC had never compiled the expenses before. AC's accounting and business metrics were non-existent. When I received the spreadsheet, I was aghast. Over the course of less than nine months he had spent more than \$200,000 to acquire about 80 customers. Given that this was an online business, with really no overhead and little capital outlay, this amount was staggering. AC had no idea until I had asked him to consolidate everything. No equipment to purchase, only a major \$38,000 investment for a sophisticated website. The majority of the expenditures were marketing, email campaigns, local radio, and local Television commercials. Essentially, this young man, had spent in excess of \$2,000 to acquire each customer! That's crazy! Especially when the average monthly payment is less than \$70 a month. In business you can spend \$100,000 to acquire a customer. As long as that customer yields at least \$500,000 gross revenue.

It was not until I had asked AC to gather up what he had spent, did he even realize his folly. I asked AC "where did the money come from?". AC and his wife sold some rental property that they had acquired while he was working as an automotive repair technician for the local Ford dealership. By selling the rental property, he was able to have enough capital to start the warranty company.

In both examples, each individual has a specific skill set. Unfortunately, those skill sets come with limitations. In the casual sportswear apparel company, ML is a phenomenal designer. With the automotive warranty company, AC is a talented automotive repair technician. Even though they both have the skill set to deliver the product or service, they were lacking in all of other areas of business knowledge.

I can be one of these over the top, obnoxiously positive people.

## **“Never Give Up**

### **Nothing is Impossible**

#### **If it is to Be, it's up to Me”**

There comes a point where we all have to realize our own limitations. Go look for help. I know, for some people this is tough it is not an easy thing to do. Bill Gates and Paul Allen the founders of Microsoft surround themselves with people much smarter than them. Ideally, when you hire people you want to be the dumbest person in the room.

When I started out as a young kid with my own advertising agency, I was paying some dick head, my accountant to handle my bookkeeping \$750 a week (1988 money, \$1,625.40 in 2020 money, this according to the website [in2013dollars.com](http://in2013dollars.com), now I am really pissed!).

I hated that. In 1988 I had an accountant working for me in my advertising agency, handling my bookkeeping, accounts receivable, accounts payable etc. At the time, all of this accounting staff, was a huge mystery to me. To add insult to injury, the guy was a total dick head, rude, moody, just not a nice person. He knew that he had total advantage over me. I was a great advertising guy, the big idea, phenomenal at signing accounts, but I was his accounting prisoner! He use peach tree accounting software at the time loaded onto an IBM clone. I hated it. I definitely did not like paying him \$750 (\$1,625.40 in 2020 money) a week.

That is when I decided that I needed to learn accounting and basic bookkeeping. Thirty years ago, there were no virtual assistants, or, online bookkeepers who could keep your books. Intuit QuickBooks had not been developed yet. You either had to hire someone and pay the them crazy money, or, learn how to do it yourself. I did have my ex-wife had on the books for a while, but she ended up embezzling money, a lot of money! Today, you can hire a bookkeeping service to handle your books. This does not mean that you should not know anything about the basics of accounting. You need an understanding in order to analyze your own financial statements, in order to make smart business decisions.

Do you have what it takes? Are you prepared to put in the work and learn the basic fundamentals of running a business?

This does not mean that you have to become a bookkeeping or accounting expert. You should at least know how to look at financial statements and interpret them.

What is a P&L, balance sheet and statements of cash flow? How do you build them? If you do not know what I am talking about, this is even more of a reason for you to take some basic accounting classes online, or, go to your local Community College.

I am currently involved in real estate investing, and I have many people who come to me every day who want to become Real Estate Investors. The very first thing I tell them is to go take an online accounting course. Learn accounting. People will tell me that they are not good with numbers. That’s okay, you do not have to be good with numbers this is why we have calculators and spreadsheets. Like I have said, this does not mean you have to become

an accounting expert, or even good with numbers. It just means you can sort through the bullshit that people are going to feed you, in order to fit their narrative.

Several years ago, I worked with this fellow who like me, is a real estate flipper, investor. He owns a construction company. Not only does his construction company handle the renovation of his own flips, but he also works for other house flipper investors. I distinctly remember around Thanksgiving, which is toward the end of the year, he walks into the office and loudly proclaimed that he lost a million and a half dollars in construction renovations!

You mean to tell me, that it took him 11 months into the year to realize that he was losing money on construction which is his Core business? Just because you are a good framer it does not mean you can run a construction company. Most businesspeople measure how much money they are making by the cash balance in the bank account. This is not the way you look to see if a business is making money. I am telling you this as a tale of caution. My stepfather many years ago was a director of Lucent technologies. One day, the lunch caterer who catered the employee lunches at the company's corporate headquarters decided that he was not going to serve lunch because he had not been paid in three weeks. A company's inability to pay its bills is not necessarily the sign of a company losing money, or even making money, it is a sign of poor cash flow. You can still be making money and because of poor cash flow have an inability to pay bills. I dare say this scenario of poor cash flow puts more companies out of business than companies doing bad business. Maybe experiencing poor cash flow is just another sign of bad business? Or, lack of knowledge. I dare say it is the latter.

Even a lawn mowing service, needs to know if they are making money mowing lawns. At the very least you should know how to balance a checkbook, how to track what and how much you are spending money on. If you charge a client \$30 to mow the lawn yet it costs you \$60, how long do you think you could be in business? How long could you operate a company where it cost you \$60 to mow the lawn, you charge your clients \$80, but they do not pay you for three months? If you do not know, you need to learn. There are bookkeeping services you can hire who may be able to help you with this. These same service providers will also give you a basic understanding of your business, the financial workings. They may have other clients in businesses similar to yours and will be able to give you insight and advice based on the experience working with those clients.

Even if you are not good with numbers, everybody knows you cannot spend \$100 and take in \$80. Well you can, but you better have deep pockets or be really good at borrowing money. The point I am making here is that there are things you are going to have to learn for your business.

Even if you are running a lawn mowing service you should at least have some basic rudimentary knowledge of how to run a lawn mower. Where do you put the gas? What kind of gas? What do you do if the lawn mower does not start? How do you know you have enough oil in the lawn mower? Maybe you should use electric lawn mowers? Very eco-friendly.

**“To Earn you have to Learn!”**

Do you have what it takes? It is more than just being a great automotive service technician, or casual wear apparel designer, or, a really good construction framer. There are other skills that you are going to need to learn or hire in order to make money and have a profitable business. There are a lot of business owners who work hard, love their business, barley making minimum wage. Is this something you are willing to do? Is this something that you want to do? There is no shame in it. There are a lot of people who are happy working for other people. Then there are those who need to blaze their own trail. Which person are you?

Before you go blazing your own trail, don't go crazy. Please, even if you are well-funded with friends and family money don't mess up. In the early 2000's with the maturation of the internet, the world experienced the dot.com boom and very shortly thereafter, the dot.com bust.

I was living in Seattle at that time, owned and operated large Warranty company. Yes, I made it past the five-year mark. A lot of the dot com companies were going bust. Going out of business auctions were being held almost weekly. They were selling office furniture, computers, office equipment, all kinds of stuff.

These companies were started by individuals with the technical knowledge to take advantage of the DOT-COM space. They received funding from people with money. Oh my gosh, I was shocked! These guys who started these companies may have been really good at internet stuff, but they were really shitty businesspeople.

During the preview days of the auctions I would find boxes and boxes of new cellular telephones, unused, still in the original packaging. Brand new office furniture never used, wrapped in plastic. Desktop computers and top of the line servers, brand new never used, still in boxes.

The guys who started these companies, had a really good idea. They went to people with money, and said; "I have this business idea". The people with money gave them money. The idiots with the business idea spent the money. They spent it badly. They spent it on stuff they didn't even use. When they went to the people with money for more money to actually operate the business, the people with money told them get lost, took over the company, liquidating the assets to recover some of their investment. This is utter madness, it is still happening today, in a variety of different industries.

I however did benefit. Instead of paying \$1,200 for a desktop PC set up, I bought all the computers I wanted for about \$370 a piece. I bought hundreds of them. Keyboard, mouse, PC, and monitor. Many of these computers had never been used, or, were virtually brand-new. I remember buying \$9,000 Dell servers for less than \$800. I always believe in the win-win scenarios; however, this is an instance where in order for me to win some poor sap lost.

**Revisit the basic questions;**

**Do you have what it takes?**

**Are you prepared to learn and do what it takes?**

There is no wrong answer.

I want you to understand, that when you go from being the casual wear apparel designer, to owning your own casual wear apparel company, there are going to be aspects of the business that you are going to have to learn. At least first gain rudimentary knowledge, then hire the talent to execute. Be ready to delegate to the people you hire, third-party service provider or employees. You will have to acquire rudimentary knowledge of the universal business principles (UBP).

### **“Are you prepared to exercise your mind and learn something new?”**

Hire people who are smarter than you. Understand that I come from the viewpoint of; “Nothing is Impossible!” The only limits are those that we place on ourselves.

Once you set your mind to anything, you can make it happen. I have seen it over and over again. Not only in my own life but also in the lives of others. Now this does not mean you will not get your ass kicked, nor does it mean that it is all perfect. It does mean however that you increase your chances of success and diminish the expected probability of failure. According to the US Bureau of Labor Statistics two-thirds of businesses fail within the first two years and less than half of those remaining businesses make it past the five-year mark. If you start a business today, chances are you have less than an 80% expected probably of making it beyond five years, and 2/3 will fail within the first two years. Understand that your mind is a wonderful thing. If you want to accomplish something badly enough, you will make it happen. Being in the advertising business, working with clients, it is just a function of money and time. If you want to shoot the first television commercial on Mars, just give me ten years and about a trillion dollars. I will make it happen. Look at Elon Musk and SpaceX, rocket landing on a floating barge in the middle of the ocean, pretty amazing huh?

When you ask yourself the question; “what is it I would like to do?”, open your mind.

### **Remember the words of Albert Einstein\ ;**

#### **“Imagination is more important than Knowledge.”**

As a business owner you can hire the talent and the knowledge, much faster than you can learn it on your own. Whether you are building your company for one person, or five thousand, the universal business principles (UPB) never change.

You are going to have to make an effort to learn new things. If you want to scale and grow, you are going to have to delegate to replicate. Scaling, growing, require replication and more importantly delegation. I am sure that you are aware of business owners who are literally at the center of their business universe. No one in their organization, can make a decision, unless they run it by the boss. The boss is too busy to pay attention to anything. This is a great subject for another book. I just don't want you to limit yourself. Always work with people smarter than you.

I lived in Seattle Washington for 22 years. If you have never been to Seattle, you should visit. It is a beautiful City, with a great foodie culture. Sprinkled around the city are a lot of one-off chef proprietor owned restaurants and bars. These are individuals who are creative and talented chefs who essentially gave themselves a job by opening up their own restaurant. I am sure, that those chef proprietor restaurants owners had to learn a few new things that they knew nothing about. You can always hire the expert talent. Do not be afraid to reach for the stars. Do not be guided or motivated by fear.

# Chapter 2

## What do you need?

### to do what you are going to do

In the rush to get going with that business or side hustle, a lot of people start doing instead of thinking.

### **“Thinking is Underrated”**

I am a big believer in taking action! Do not get me wrong. Running off in the wrong direction, or the wrong endeavor, will cost you time and money. When it comes to time and money, time is in limited supply. There are trillions, and trillions of dollars, once today is over, it is gone. You cannot recapture today.

Remember, the reason that you are doing this is to make money, doing what you love to do. Yes, you can start a business with no money. There are examples all around us.

I have been an entrepreneur my entire life. Every business I have ever started was bootstrapped. What does bootstrap mean? The business pulls itself up by its own bootstraps. Generating cash from its own endeavors from day one. I believe that whenever possible every business needs to be self-liquidating (pay for themselves from day one). I started many businesses that were self-liquidating (paid for themselves from day one with little or no capital).

This is where “how much and when do you get paid” two separate chapters in this book, come in. Both are important topics and deserve significant focus. This is all about money. Where do you get money from? How do you make money? You need to make a list of everything that you need to do what you are going to do. When I say everything, I mean everything! Running your own business or starting a business, being an entrepreneur even if it is a side hustle, does take thought and planning. When you are looking from the outside-in at someone else's success it looks easy and almost looks like they did overnight. What you do not see, or witness are the blood, sweat and tears, the hard labor that is invested to achieve the success that you are now seeing.

Leave no stone unturned. Make an exhaustive list of what you need. Next to each item on your need list write a number which represents the cost. Conduct research. Try and figure out if there is a workaround. What I mean by work around is;

### **“do I really need this? Is there a better way or a better alternative? Can I get this for free?”**

Earlier I gave the example of Pandemic Donuts. A couple working in a cafeteria who werw laid off because of the COVID19 lockdown. They didn't have very much money. I mean after all, how much money do you make working for a cafe? Yet, they were very successful in starting an in-home cottage industry business. The city of Denver CO has a cottage industry

law which promotes entrepreneurship. I believe more cities around the country should adopt them. The couple who started Pandemic Donuts knew how to make donuts. So they started making donuts!

How much are donut ingredients? What do you need to make donuts? How do you deliver the finished product to your clientele? How are you packaging them? How do you get the word out? There are a myriad of questions which need to be answered and plan for.

Some of the best businesses I have ever been involved in creating, were low-cost bootstrapped businesses. Don't go crazy, thinking that you need a bunch of money to start a business.

### **“Sell first, then figure out how to make it”**

Several years ago, while living in Scottsdale Arizona I was introduced to some Russian oil guys who had purchased a Canadian formulation of a motor oil additive. The additive is designed to prolong the life span have an internal combustion engine. These guys were hell-bent on creating this oil additive. Add it to your vehicle's engine as part of an oil change. The claim was that the additive provided better lubrication resulting in less wear and tear on the internally lubricated parts, less friction meaning less heat all of which contributes to prolonging engine life by at least 30%. Better lubrication, less wear and tear, less friction prolonging engine life and improved gas mileage. These Russian guys raised about 9 million dollars from other people for the oil additive. I am sure you have heard of O-P-M.

O-P-M is an acronym for Other People's Money. Yes, you can put together a fantastic dream, like “hey let's open a restaurant”. Build your business plan and meet people with money. Remember that list of stuff I told you about? What is it you are going to need to do what it is you are going to do? If your list is extensive, if it is going beyond the chamois and a bucket, you may need some real money. You might have to go to Mom, Dad, friends and family or even outside investors for that money. That's okay I am a big believer in OPM.

These Russian guys raised 9 million dollars cash, they leased flex industrial warehouse space just outside of San Diego California and built a plant to manufacture the oil additive. The Russians showed me pictures. The plant was beautiful. Huge big stainless-steel vats that held thousands of gallons of oil additive. There was one small challenge. They were out of money. The original investor who gave them the 9 million dollars did not have any more money to give them. They did not even have money to bottle the product for consumer retail.

### **What a bunch of dumbasses. Again, it comes down to;**

**“you only know what you know, and you don't know what you don't know”**

In 2001 I created a company selling a motor engine oil additive that came with a manufacturer's warranty. We sold the warranty and oil additive over the telephone. Fulfillment was performed by a third party based in Colorado. The engine oil additive was mailed to consumers along with the product warranty paperwork. In our first week of selling

generated more than \$100,000 in sales revenue. We printed the warranty paperwork in our facility and sent it to the Colorado fulfillment center. I did not need 9 million dollars.

The Russians should have started selling the product, taking orders and manufacture the product in a bathtub if they had to.

## **Do you get my drift, are you understanding what I am saying?**

As you make this list, you need to come from the perspective of; “do I really need this?” and “I have no money”. Even if you have money. I know more people who started businesses with whatever money they had and failed miserably. I also know a lot of people who had no money, started their own business with no money and made a ton of money. How? It’s a matter of mindset.

Let me tell you a story about a high school friend of mine, Tim Collins in England. Tim and I played rugby together on the school team, Heron Wood county secondary all boys school. Tim was in the lower academic grades and had a reputation for being a troublemaker. Tim definitely was not a grammar school or University candidate. Upon leaving high school at the age of 16, Tim started a window-cleaning business.

Think about it what do you need for window cleaning business? A ladder, a bucket, a chamois, and one of those squeegee things. I am walking by his house one day, I think I was about 17, and right outside parked in front of his house was an E-Type Jaguar, Red, with a fantail exhaust system! Sure, he was still living at home with his Mom and Dad but parked outside on the curb was easily a 20,000 Pound, motor. Never underestimate what you can accomplish with a ladder, a bucket, a chamois and a squeegee!

Anyway, whatever you do, go ahead and make your needs list. A software tool you should definitely become proficient in is Microsoft’s Excel spreadsheet. I know a lot of people utilize Google docs which is also very popular. I am pretty old-school, still at Microsoft Office 365 guy running on my Mac. Software tools will become your best friend. This goes along with learning some basic accounting and maybe gain some knowledge utilizing QuickBooks accounting software buy Intuit. Who knows?

You have now created your itemized needs list with the cost of each item. This list is what is often referred to as capitalization list. You need to capitalize your business, in order to obtain the items on your list, to do what you are going to do to make money. My car wash, and Tim's window cleaning businesses, really needed very little capital. A bucket and a chamois in my case. Tim needed a ladder and squeegee in addition to those items. Then of course a lot of door knocking, to generate business. This activity is now commonly referred to as D2D or door to door. Today, there is a complete culture built around this type of business generation. When you are planning for what you are going to do and what you need to accomplish this, you want to take into account, and think about; “how am I going to get customers?”, add marketing to your list.

Yes, marketing. I'm not sure how the pandemic donut people got the word out. I do know they have a very good Instagram social media presence, and a pretty good website. Their premise is awesome. They cook up a bunch of donuts for a specific day of the week, including delivery. The cost of half a dozen donuts \$15.00 (\$2.50 per donut) and a dozen donuts \$25.00 (\$2.083 per donut). Which is crazy! Donuts are the second most profitable food item in the restaurant business. The average donut cost, to make and finish, is approximately 12 cents per donut. You have packaging, delivery, marketing, advertising, etc. but not bad eh? Do the math. It cost you \$1.44 to make a dozen donuts and you sell them for \$25!

I would definitely recommend you take a look at Pandemic Donut's website. Look at their presentation. You can reverse engineer their needs list and launch your local delivery donut company.

An acquaintance of mine in St Louis Missouri, Amir, is a very successful restaurateur in the region. Great restaurant concepts! Amir has people throwing money at him to open up more restaurants!

Let me tell you how he started. I was amazed when he told me. Amir is of Persian descent and as a teenager he was sent from Iran to St Louis Missouri, to attend university. The Iranian revolution hit Iran and his parents were not able to send Amir any money to pay for school, for food and housing. This happened to many of my Iranian friends. They went from driving the best cars, dining at the best restaurants, wearing expensive clothes with thousands of dollars in cash, not a care a care in the world. Overnight they became virtually destitute.

Amir had to figure out and fast, how to make it on his own. He did. Amir would make homemade ice cream, then go out with a cooler on wheels full of ice cream, sell the ice cream to students standing in line for the college football games. He started with one ice cream maker, pretty soon he sold so much ice cream that he had to buy a bunch of ice cream makers. Then he had other people selling the ice cream at all of the college games. In time Amir opened up his first restaurant and never look back. Amir's philosophy is simple. He would tell me;

**“It's all in the flavor. If you make it taste good, even if it is shoe leather people will eat it”**

Okay, so how does a kid, from Persia (Iran) who is going to University in St Louis Missouri become a world-class renowned restaurateur?

Selling homemade ice cream from a cooler on wheels. I think that's amazing. This is what makes this country so great.

Okay let's say you have a business that you want to start and it requires OPM. The capitalization is more than what you have currently in your bank account, hidden under the mattress or in your pocket. You need to have a plan. A lot of people think that you need to have a fully fleshed out business plan very often referred to as a pitch deck. Be aware of people who will say; “oh I can build you a business plan just give me money”. Yes, their business plan is to fleece you. They have a business model based on selling business plans,

not necessarily writing or developing really good business plans. The latest in fashion seems to be the pitch deck. These people are not business plan builders. They use business plans as a way of making money. Remember that you are an incompetent, you don't know anything, and you don't know what you're doing! Remember this.

It is easy for you to abrogate your responsibility of learning new things and instead give people money. In the world of business plan writers, buyer beware. You will be hoodwinked like AC, the OTMO warranty guy in Utah. AC spent \$38,000 on a website build. When I contacted the so-called developer, the guy was not even a website developer, he was just some guy who sells website development provided by third party service providers. AC the owner of OTMO, had so much money, instead of performing his own research and due diligence, he just wrote checks. He was running the business using the "seat of the pants" plan. Quite frankly, this is how most people live their lives and run their businesses. Little or no planning, maybe an idea here or there, then let's go!

When you are looking to become an entrepreneur and start your own business, you have to have what I call a seeking spirit. This comes from my practice of Nichiren Buddhism. As you know most faiths and religions go out and spread the word. They are going to convert you to their faith. I am not going to apologize if I offend you. What is really cool about Nichiren Buddhism is that if anyone is curious about the faith, their questions are answered and are shown by life examples. If the curious want to come to a Buddhist meeting you invite them. You only do this, if they seek you out. The individual needs to have a seeking spirit. When someone wants to be an entrepreneur or start a side hustle, they need to have a seeking spirit. Many people talk and do nothing.

When I was a kid in the 1980's working in advertising. I read every book that was available on the subject of management, leadership and sales. If it written and published, I read it. The economist, and the Harvard business review were my favorite regular reads. I wanted to be the best that I could possibly be.

I know that other people might be smarter than me, that's cool. I know that I will learn more and work harder than anyone else. I did and I do, I still get my ass kicked .

Regardless of what you think you are going to be doing, you need to have a seeking spirit. You have to be ready to expand your brain and learn new things. Read. If you don't want to do this that is okay too. It just means you do not want it badly enough. If you do not want to put in the effort do not start. You are going to stress yourself out. You are going to stress out your family, you are going to lose a bunch of money and you are going to piss off your wife, girlfriend, life partner, whatever. You are better off not doing anything at all. If you want to make something happen you have to put in the effort there are no two ways about it.

You have the list of things that you need to do what it is you want to do. If it requires capital investment, more than what you have in your bank account, your pocket, or hidden under the mattress. Then you need to go the OPM route. The general recommendation is that you initially go to friends and family to raise money. Dealing with friends and family can be a daunting task. It really depends on your relationship with them. Many will poke holes in your business model. This is good. Don't worry you will get better at answering tough questions as

you practice.

By the way, if you ever sell insurance, go work for a bank, or any other consumer oriented sales organization, the first thing your employer has you do, is make a list of all your friends and family. Then get on the phone, start dialing and start selling. For many companies this is a viable business model for revenue generation. The more individuals they recruit, hire and train the more they sell.

### **“Dialing for Dollars”**

When you run out of family and friends, you live. In order to present your case, you do not need a long and involve business plan, with five-year projections and fancy pictures. The funniest thing I saw last year, someone sent me a pitch deck. In the world of side hustles this is the latest money maker. Let’s fleece wannapreneurs. People are paid to build pitch decks that do not mean s\*\*t, do not do s\*\*t and do not say s\*\*t. Why would you have someone who does not know you, or anything about the business you want to start, an individual whose only business is selling pitch decks, to build your business plan?

### **“K-I-S-S**

### **KEEP IT SIMPLE STUPID”**

The best money raising OPM tool I have ever used is the one-pager. If you cannot put what you want to do and what you need the money for on one page with simple words that people can understand then forget it. You need to be able to condense the information on one sheet of paper. This, one sheet of paper, is commonly referred to as the executive summary. It should succinctly describe what you are planning to do, how you are going to do it, what and who the market is, how much money you think you need for what and how much you will make.

Individuals with money will look at you, and are looking for the answers to three questions;

**Is there a market for what this person wants to do?**

**Is this the person who can make it happen?**

**I put money in, what is my risk, and what is my exit strategy?**

People who put money into other peoples’ dream business ventures generally do not want to be a business partner. If someone wants to invest and be your partner, they are just looking for a job. Just say, “no thank you”, and run. People with real money want to make a return on their money. If you deposit money with the bank you earn 1% a year, or less. Many people try and play the stock market and lose, very risky. Some people buy real estate, almost any type of investment activity require specialized knowledge. Most people with money want to be coupon clippers. They just want to rent their money out and earn interest. Ideally this is the

person you want. Some potential investors are individuals who sold a business or property, and as result have excess capital on hand.

In Seattle Washington a fellow by the name of Bob Shea owned Triple A (AAA) Fire & Safety. Bob also owned a card room in Lynnwood Washington, a bar with legalize gambling. Bob sold his company, AAA Fire & Safety, he had a bunch of cash and he started investing in wannapreneurs with business ideas. A chain of tanning salon, EMS centers, and a bunch of futon stores. I met Bob, through one of my clients, the owner of the tanning salons EMS centers. This fellow advertised on radio, sold memberships and ran off with the money. Bob was left high and dry with the business.

It was my job to help Bob get whole and get out of the business. Which I did.

Bob had another business he invested in, that was a feather Futon Store chain. The chain was losing money. Bob was about to lose his entire investment. Bob called me. We took over the business, had lots of going out of business sales. I brought in an operator (Bob Schwartz) to run the day to day store operations. A CPA firm handled accounting. My friend Bob Schwartz by the way, became a Pacific Northwest retail icon with "Bald Bob's mattress and furniture stores". The futon stores made money, I made money. We turned the business around and liquidated everything. Not only did Bob Shea get all his money back with interest, he made a little icing on the cake.

Bob Shea definitely was not interested in getting into the tanning salon business, or, selling futons. He did invest in these endeavors because he was looking for a return on his money. This for many investors is called "the exit strategy".

I know you might think that I am oversimplifying this, and yes, I am.

For any investor the exit strategy may not necessarily be "what happens if the business does fantastic and I want to get out?", but also; "what happens if the business craters and I lose my investment, what's my exit there?". You have to be able to provide answers to both scenarios.

This is not going to be a multimillion-dollar money raise. Although, if you want to do a reg D filing and raise millions of dollars I can help you with that too.

For the time being I am going to keep this simple. Even if you want to raise millions and millions of dollars, you need to be able to condense your plan to one page executive summary.

Easy to read, no tricky language, be concise and succinctly explain what it is you are going to accomplish, what you need the money for, and the potential business revenue and net profit.

As I have stated before, the prospective OPM individual is going to think about these three things;

**Is there a market for what you're trying to do?**

**Are you the person to make it happen?**

## **What's the risk/reward and exit strategy?**

We all hear about these Ponzi schemes where people promise crazy high rates of return.

If it sounds too good to be true, it is probably too good to be true. Conduct your due diligence.

If you do go to friends and family for capital. Remember that, if you do fail they are probably not going to talk to you ever again, or, things will definitely be very awkward.

## **There are three ways of creating cash flow;**

### **Generate Revenue, sell something, product or service**

#### **Borrow money**

#### **Sell equity**

Out of the three my personal least favorite is number 3, sell equity.

What does that mean? This is when someone comes in with money, and now own a part of your business. They are your partner. They invested money to buy a piece of your company. One example would be the public equity markets like the New York Stock Exchange. When you buy a share of a company you become a shareholder. Most shares are voting shares, where each shareholder receives a shareholder vote.

Very often in the news you will hear of activist shareholders. These are investment companies who buy a significant percentage of stock within a publicly traded company understanding that one share equals one vote. With enough shares you wield enough votes where you can force change on how the company is run, replace the CEO and obtain a seat on the board of the company.

There are lots of ways that you can structure a sale of equity. Many people who have no knowledge, often want to have a say in how the business is run. This is why they now want to become your business partner; "You do all the work, and I'll give you the money how about that?" At times, people are so desperate to start the business and in search of money I don't even make a deal with the devil. You will then hear things like;

"By the way my wife thinks that we should do this....", what the f\*\*\*? Really? Or: 'I know that you are doing all the work but I believe you're taking too much money out of the company to pay yourself...'

Business Partnerships are like marriages, the majority of them eventually destined for divorce. I do not care if you are like brothers, or sister. I do not care if you have been best friends since kindergarten. Friendship, business, family and money generally do not mix, ever. It is a lot easier to tell a stranger to f\*\*\* off, than your best friend, or wife. If you are going to go the OPM friends and family route, you need to have a simple one-pager handshake deal. Do not fall into the trap, telling them everything that you are doing and giving them a play by play description. If you do, you are inviting unwanted advice, or worse, someone who take over the company because they made an investment in you. You are

inviting interference, making you feel guilty because they gave you money.

People give you money because they expect a return on their money. When you hit it big, they are expecting their money back, plus. The minute someone comes up to you and says; "let me give you some money and we can both answer the phones together", run the opposite direction. This is someone who is going to want a job. To get that job, they are willing to invest in your business.

I have been through it. In 1993 I started working with Edward Sykes who was a very successful retired insurance broker/agent in Bellevue Washington. I was starting a warranty company. Edward Sykes and I became partners. Sykes introduce me to insurance companies and various underwrites. I built the company from scratch, every aspect of the business from the ground up with little or no money. I was forced to run it solo because within the first month of starting the business operations, Sykes was disabled due to heart bypass surgery. He was completely out of the picture for the first 6 months. I grew the company from zero to 5 million dollars in revenue within the first year. Edward Sykes and I became fast and furious friends. Sykes stayed home, rarely visit in the office, while I ran the day to day operations growing the company. Every Sunday, our families would go to church together. After church we would eat lunch together. When the company hit the 10-million-dollar annual revenue mark, Sykes decided that he wanted to get involved. He attempted to take over the company. Even though Edwards Sykes was sideline due to his health, everything was split 50-50. If I took a dollar, Edward Sykes received a dollar and so on.

At one point, Edward Sykes tried to lock me out of the business. Closed out the bank accounts and opened new accounts in his name only. All kinds of crazy stuff. I had more than \$20,000 of business expenses charged to my personal American Express. Edwards Sykes did not want to reimburse.

With business partnerships come problems. Problems when there is no money, and even more problems when there is a lot money.

Save yourself the grief and just borrow the money that you need to capitalize the business. How do you secure the person who lends you the money? A personal guarantee is not my typical option. One effective mechanism is a simple loan agreement, which details the loan amount, the interest rate and how the interest and principal will be paid. In the event of some type of repayment failure, you give the lender a warrant which converts the loan to stock, ownership in the company, based on valuation of the company.

I know that many of you want to get attorneys involved. Lawyers can be great. They tell you what the law is. They give you advice and point out unanticipated issues and challenges. Do not forget that you are the business owner. Regardless of what the lawyer says, this is a business decision that you make.

Remember lawyers are just like you and me. They have car payments, they have insurance payments, they have kids that need to go to private school. Their job is to try and make as much money as possible. They do this by billing you. If you are quick to call your lawyer or more importantly if someone you are dealing with is quick in calling their lawyer, stay away.

It is just going to cost everybody a lot of money.

A loan document should be very simple and a one pager. In 1997, in Dallas Texas, I entered into a multimillion-dollar loan agreement with AIG that was a handwritten one pager, signed by both parties faxed to AIG's New York City offices for approval. My company was founded the very next day.

**“It does not matter what you have written down in a contract, conduct hinges on the motive of the individual or entity you are doing business with.”**

2004, Scottsdale Arizona I was working with a friend of mine Bill Leahy. Bill handled the finance side of the warranty business. Prior to that, Bill spent many years working for Prudential Investments. Bill made a lot of money during the 1980's and 1990's with management buyout financing. Bill is law school graduate who never practice law. He did tell me that the most valuable lessons he learned in law school was this;

It does not matter what you have written down in a contract, conduct hinges on the motive of the individual you are doing business with. How many times a day do you hear this conversation; “that’s not in the contract....so what sue me.”

## **How many times a day is this happening?**

I am sure a lawyer will tell you otherwise, but to me, it really doesn't matter if you have a contract or a handshake, if someone's motive is to f\*\*\* you they are going to f\*\*\* you, and there's nothing you can do about it. Well there is, you can start writing checks to attorneys and by the way that will never end. You can spend upwards of a quarter of a million dollars before even going to court. To my chagrin I know from experience. Even though you may not have a contract, you may want to memorialize the agreement either in an email or a piece of paper or something, so that everybody remembers what the rules are.

You can be smart and mitigate risk. If you lend money to someone, especially if it is unsecured, remember you are giving them a gift. There is no you guarantee you will be repaid. This is why I prefer to make secured loans. In the event that the other party cannot or does not pay, there is some type of mechanism in place where I can claim my secured interest.

## **Quickly summary;**

Make a list of everything that you need to be able to do what you want to do, product or service. It can be anything from running a hot dog stand, lawn mowing service, to opening a restaurant. Make sure that your list is complete. Equipment, facilities, personnel, including licensing and regulatory compliance, and marketing.

With each item on your list, conduct research and try to be as accurate as possible, as it relates to the cost.. If you feel that the price tag is too high, go through this process; “what can I do to get it cheaper?” Remember there is no rush, preparation is everything.

As I flip houses, I used to buy table saws, tile cutters, wheelbarrows, all brand new, from Lowe's or Home Depot. Invariably, once the flip project is completed, that piece of equipment would go missing, or would be left on someone's truck. I find myself constantly repurchasing the same items over and over again. One of my workers suggested I should go look at pawn shops. Wow, to my surprise pawn shops have table saws, complete tool kits, jackhammers and anything related to construction that is pawnable. I easily save 60% over retail.

Try and be as frugal as possible. Be creative access to the internet makes this so much easier today.

This list of items that you need to start your business, can be called your capitalization requirements. Along with your capitalization requirements you may need some money for marketing and operating.

## **WARNING**

DO NOT INCLUDE MONEY FOR YOUR SALARY OR PERSONAL EXPENSES

Have you ever watched the television show Shark Tank? When the wannapreneurs mention they need money to live on, the sharks go crazy. If the business makes money you make money.

**The next two chapters;**

## **How and how much you get paid?**

### **When do you get paid?**

These are important component to your plan. These number will determine whether or not you may or may not have a financially viable enterprise.

Even if you are not going to require outside capital, I still recommend that you build a one-page executive summary. You will be amazed at how many business owners I meet who have no clue. Generally, most of these business owners reach out to me when it is too late. They have run their businesses into the ground. Just this last year a fellow running a carpet cleaning business in Phoenix Arizona reached out to me for help. Rick had been a service provider for a chain of check cashing retail locations cleaning carpets. The check-cashing company decided to change vendors and he lost their business. The new carpet cleaning service provider could not fulfill. The check cashing company wanted to reengage their contract with Rick. Unfortunately, Rick had taken a loan out for a carpet cleaning van. He was unable to repay the loan and the lender repossess the van. If you have a piece of equipment which is integral to your business, you need to do whatever it takes to protect your equipment, or, there is no business. Most wannapreneurs try to do it on their own. They start running out of money, because of lack of knowledge, get into trouble, and that is when they reach out for help.

Wrong!

You should be reaching out for help before you even start your business.

Also, no one is going to help you turn your business around for free. Waiting until you run out of money is completely the wrong move. Make sure that the person you reach out to has track record of running and starting businesses. If they are a business consultant and they have never started or run their own business, don't bother.

**There are a lot of charlatans. There's a saying;**

**“those who can't do, teach.”**

**Do you remember a few years ago when life coaches were really super popular?**

Here are people who are setting themselves up to be your life coach, yet their own life is a terrible screwed-up mess! It's like hiring a personal trainer at the gym who is physically unfit and 200lb overweight!

Build a one-page executive summary containing the following elements.

A short paragraph where you quickly and succinctly describe what is it that you are going to do.

Show the capitalization requirements (things you need, includer future earning, and real-life revenue projections with estimated ongoing operating expenses. Don't forget marketing investment.)

In order to accomplish this, you need to read and absorb the next two chapters.

## Chapter 3

### How much and how do you get paid?

**We are now at an important stage;**

**“why you are putting together your side hustle, or, wanting to become an entrepreneur and work for yourself?”**

#### **MONEY**

I am sure that you can come up with all kinds of other reasons too; independence, do not want to work for the man, I want to be able to be in control of my own destiny and other really super cool feel good reasons and notions. Unless, you are independently wealthy, have a patron, someone to support you; you need money to live. Most people think they are living. In fact, all they are doing is surviving. Take a minute for some introspection, are you really living, or, are you surviving?

I have been an entrepreneur my entire life. Well okay, let me correct this. When I was young, not even a teenager my first job was working for someone. I was 11 years of age. I worked at the Aldershot Public Market. I was working for a guy who owned an Army and Navy Surplus Store. He owned a brick-and-mortar retail location downtown Aldershot. On Saturdays, he ran a retail stand in the Aldershot Public Market. That is where I came in to help him work his public market stand. It was outdoors in a huge parking lot. A big military tent awning, large eight-foot picnic tables piled high with goods, along with a half a dozen racks of vintage clothing.

Everything from vintage clothing which was super cool to me, to, military surplus clothing and gear. Camo, tents, cots, packs, new surplus, webbing, belts, boots and so on. Pretty much everything military with the exception of weapons.

I was paid 3 British Pounds Sterling (1969 English money, 17.40 USD 2020) for a full day's work.

Imagine, my reaction, when I discovered how much money I could make working on my own, washing cars! I made £27 on my first day. This is the equivalent of \$156.60 today. OK, you choose work for someone else and make \$17.40, or, work for yourself, and split \$156.60 two ways, what would you like to do? I believe that it is this is realization or discovery which surprises most people. The world programs us to be worker bees. We see it as examples from our relatives, from our parents, from our aunts and uncles. You go to school; you get a job and go work for someone. In the meantime, you get married, buy a car buy home and have to 2.3 children. Doesn't everybody do this?

I am going to share an experience of a friend of mine, a very successful radio station general manager in Seattle Washington, let's call him Bill. For many years Bill earned in excess of \$200,000 a year.

I owned and ran an advertising agency; Bill ran a radio station. Over a few years Bill and I became friends. It was only natural that we would know each other professionally. From time to time we would lunch together. One day over lunch Bill confided that he was leaving his radio station job and he was going to open a Taco Time franchise. Bill's in-laws were the founders of the Taco Time restaurant franchise chain. Very similar to Taco Bell. Bill and his family lived in Enumclaw Washington, nice little rural community out in the countryside with an unbelievable view of Mount Rainier. To say it was in the sticks, would be an understatement. Bill and his wife opened a Taco Time franchise in Enumclaw.

This first entrepreneurial experience really opened his eyes! Bill could not believe that within a few months of operating a fast food franchise, he could earn more money than he did working 6 months as the general manager of a radio station!

Entering the world of entrepreneurship surprises many regular working people. Most discover that working for yourself you can earn more money in one week, than what one would earn working for someone for a month.

Sure, working for yourself generally speaking can mean making way more money. Do not forget, there are no guarantees. It is not like the entrepreneur receive a check every Friday. I have operated businesses where the daily bank deposits were in excess of \$100,000. It was also my job to ensure that my employees received a paycheck every Friday, regardless of what had come in or not come during the previous week. There were a few times when I had to wire money from my personal account to cover payroll. This is just part of business. As an entrepreneur, I have learned that if you work smart and work hard, you can earn money every single day. I have always maintained that entrepreneurs write their own checks. At the same time as an entrepreneur you have to have to write your own job description, including everyone else's. Entrepreneurs set own hours and manage their own life. Entrepreneurs have more responsibility than the people who are working for them. Although, I do see many people running businesses for absentee owners. How does that happen? Being an employee can be easy or stressful and relatively unrewarding. You jump out of bed, workout, shower shave, get dressed, drive or commute to work, and do your job. I know many people who also have to deal with dumb ass bosses and co-workers.

When Friday comes, you get a paycheck, then do it all over. There are those bosses, who stretch out payday and pay you twice a month the 5th and the 20th. Ever work for somebody who does this? How much easier can it get?

What I like about being an entrepreneur and working for myself is that in one day I can get a check or get paid more money than most people earn in a month. Being self-employed does not mean being broke. You can be between payments if you will. Especially if you trust someone who you should not trust, and they do not pay you. In my lifetime I have learned a lot of hard lessons. When businesses have not paid me for my work. I trusted them. If you are dealing with a business or individual and you are contemplating performing some work for them. You need to ask yourself; "if I do the work and they do not pay me how will it affect my business?"

Getting paid is more important than getting the job and performing the work. You can win the account, you can also perform the work, but you really do not have anything until you have been paid. This alone took me 20 years to learn.

With electronic transactions and instant pay today, there is no reason for someone not to pay you now or immediately upon job completion. If the job requires you to pay money in advance, to purchase materials etc. then you need to collect an advance payment. If your prospective client or customer balks at this walk away. You will save yourself a lot of grief.

Being an entrepreneur definitely does not mean having that magic idea. Most residential property appraisers are self-employed. I know some residential property appraisers who work for themselves, billing \$4,000 to \$6,000 a week. How about a business that brings in \$48,000 a day in cash? How about generating 14 million dollars cash in less than 9 months?

You can do this working for someone else. You better be the CEO of an S&P 500 company, or, join the ranks of professional sports athletes. The owners of most professional sports teams were not athletes, but very successful entrepreneur businessmen who took their money and purchased a professional sports franchise. You have a choice, you can be the athlete, or you can be the guy who owns the team. Who would you rather be?

A few years ago, I had a really good laugh when all over the news the famous baseball player Los Angeles All-Star Michael Trout was awarded a 12 year 430 million-dollar contract! Everyone was going crazy. I am sure many kids, every little league player wanted to be just like Michael Trout.

## **This made me laugh. Why?**

Please, go ahead Google this; the average S&P 500 CEO, earns about \$120 million a year. Typically, 30 million to 40 million dollars in base salary. Another 30 million to 40 million dollars in stock options and about another 30 million to 40 million dollars a year in performance bonuses. Okay now \$120 Million a year for 12 years is 1.44 billion dollars!

Michael Trout I'm sure he is a super nice guy and an excellent baseball player. There is only one of him with a 12 year contract worth \$430 Million. You could be a S&P 500 CEO and earn over 1.4 billion dollars in 12 years. Who would you rather be?

By the way according to catalyst.org, only 5% of the S&P 500 CEO's are women! I expect this to change over the next few years. Therefore, if you are a woman and you want to work for someone else there is now a good chance of you being more successful in becoming an S&P 500 CEO as a woman. This needs to balance itself out. I know a lot of very smart businesswomen. The system is rigged.

This chapter is about; how much and how you get paid, let's stick to the subject.

## **The Assumption Sheet**

For any business venture, the first thing I do is build what I call the assumption sheet. Once I have completed the "all the things that I need" list, the assumption sheet is next.

The Assumptions sheet is exactly that.

You are making assumptions.

If you can, use a Microsoft Excel spreadsheet to capture your assumption data. I use adjustable variables which drive the pro forma financial projections. For now, I am just going to focus on how much and how you are paid. This will determine whether or not you have a financially viable business moving forward.

|                                                      | Assumptions |
|------------------------------------------------------|-------------|
| Marketing Cost of Acquisition                        | 30%         |
| Enrollments Per Agent Day (Agent Day = 6 Hour Shift) | 3           |
| Remote Agent Hourly Pay                              | \$20        |
| Per Agent Technology Fee                             | \$240       |
| Agent Commission Per enrollment                      | \$30        |
| Revenue Per Enrollment                               | \$199       |
| One Time Pay                                         | \$199       |
| Monthly Retention Rate                               | 95%         |
| Average Monthly Subscription                         | \$19.95     |
| Reserve Hold Back                                    | 0%          |

Now the assumptions sheet is exactly that. You are making assumptions.

The assumption sheet here, are the assumptions I am making on a debt relief counseling service. The idea is that marketing will generate inbound phone calls. The agents taking the telephones will close three sales per agent day, with each agent working a six hour shift. The clients will enroll with an initial sign up application fee of \$199 and pay a \$19.95 monthly subscription fee thereafter. I am estimating the marketing cost of acquisition for each customer to be 30% of revenue. In other words, 30% of the enrollment fee is subject to marketing investment. Payroll per agent is \$20 an hour plus a commission of \$30 per sale. If an agent performs based on the assumptions which are averages an agent earns \$120 a day in payroll and an additional \$90 in commission which translates to \$210 a day. Most agents work six days a week. No there are going to be agents who will perform at a higher level or lower level. The anticipated Sumption is based on the law of averages. The average agent should earn \$1260 gross a week, generating \$3600 a week in gross revenue.

To many people marketing is an expense, WRONG!

Yes, marketing can be an expense if you are not getting any return on your marketing, or not converting leads to sales revenue. The purpose of marketing is for you to generate leads, in

turn those leads become sales which results in revenue, cash in. There are a lot of reasons why marketing does not work, or, leads do not convert, but I will be discussing the subjects in another book. Since you are want a return on your marketing spend, you should regard marketing as an investment, NOT an expense. Just like making a bad stock bet, you can make a horrible marketing decision.

When tough times hit, many businesses make the big mistake of cutting the marketing budget. As lead generation diminishes and sales revenue decline, when times get tough, instead of cutting marketing you should be increasing your marketing spend. I know sounds contrarian and the opposite of what most people do, it is.

Victoria Secrets, the world-renowned ladies" lingerie company owned by L brands recently announced the cancellation of their annual world famous fashion show event. For more than two decades the annual fashion show event, brought Victoria Secrets to fame. Beautiful models dancing along the runway wearing Victoria's Secret lingerie. Amid declining sales the company recently canceled the annual fashion show runway event. A huge mistake! What would happen if McDonald's decided to remove the golden arches? Anyway, I digress.

I know a few guys who own pool service and maintenance companies. Their biggest challenges is as they grow out their pool service and maintenance business, invariably employees go into business for themselves. Steal customers and establish their own routes.

What does it take to run a pool servicing business? I have no idea, but it cannot be much. Let's take a stab at it.

You need a truck. A long-handled pool skimmer, a long-handled brush, knowledge related to the service and maintenance of swimming pools and chemicals used. The equipment you need is inexpensive, easy to obtain and you gain the technical knowledge by working for someone else. You just go to your boss's customers and say; "hey instead of charging you \$140 a month I can come service your pool, you can pay me \$110 a month". Happens all the time. Not that hard is it? I have to confess to you, I know nothing about the pool business or what it takes to run a pool service and maintenance company.

Here are my assumptions and please understand that these assumptions are based on zero knowledge!

This is what an assumption sheet could look like. I would build this in Excel or Google docs, you choice. It will give you a pretty good idea whether the business model is a viable proposition.

### **Pool service and maintenance assumptions;**

Monthly fee for service \$110.00. Customers receive weekly pool service

**Number of customers I can service per day = 14**

**Servicing customers 6 days a week**

**x 14 customers per day = 88 customers per week**

**x \$110.00 service fee per customer month**

**= \$9,680.00 in service fees income per month**

Based on this scenario, gross revenue with 100% collected, is \$9,680 is per month.

**Now consider monthly expense;**

**Monthly truck payment \$700**

**Gasoline \$600**

**Vehicle insurance \$220**

**Vehicle taxes \$100 (Set aside)**

**Pool Chemical cost per customer \$30**

**Vehicle maintenance \$150 (Set aside)**

Reserved for vehicle repair because of higher wear and tear \$200 (Set aside)

Total monthly expenses \$2,000.

As of this writing, the IRS allowance for vehicle expenses is mileage based at \$0.55 per mile. I daresay this will more than cover your monthly vehicle expenses. However, I'm not a tax accountant or CPA, my recommendation is that you meet with a Tax Advisor.

Based on the assumptions page after monthly expenses and set asides (vehicle repair & maintenance) net income is \$7,680.

If you are a pool guy reading this, please reach out and tell me how wrong I am, thanks.

This does assume that everyone pays you. The assumption sheet will give you an idea on whether or not this type of business might be viable.

As I move forward with my assumptions sheet, I might make some tweaks. For example, a 10% adjustment for people who don't pay. One really important item to take into account is client attrition. There are going to be some clients who will cancel service. One thing a lot of businesspeople forget is that they still need to go out there and get customers. Regardless of the type of business that you are in, you should always be working toward obtaining new customers, new customers daily. New business generation should be a daily activity. Every day, as a pool guy, you need to spend some time canvassing the neighborhood for new business. You also have the option of hiring someone to canvas neighborhoods to gain new customers on your behalf. A Facebook friend of mine a tree cutter in Virginia, Howard Ewing, was going through a downcycle in his business. He was suffering significant financial hardship. I got on the phone with Howard had a short conversation and put together a quick door knock neighborhood canvassing program. Howard is a tree cutter, trimming and cutting down trees which pose a danger to homes, powerlines, or just might be plain dead. I quickly developed a canvas program including a script and pay plan. That reminds me, he still has not

paid me my fee! The canvasser's job is to walk around neighborhoods looking for trees which pose a danger. If the canvasser finds a tree which poses a danger on someone's property, he door knock, points out the dangerous tree and discusses the challenges that the property could face, then makes an appointment for Howard to visit with the homeowner to provide a quote and book the job. After implementing this plan, Howard's fortunes changed immediately. He was out there cutting trees all day long making money. It does not matter what you do, you need to market the business and gain clients to generate revenue. Since Howard Ewing is always cutting trees he is not marketing, and if he is marketing, he is not cutting trees. Up until that point the business had always been a one-man show. Word-of-mouth and referrals maintained the business. Increased competition from other tree cutters moving into the area undercutting his pricing forced him to change his business model or die. Howard's situation got so bad that there was a point where he could not even afford his wife's medical prescriptions. Just because your current business model is successful today, this does not mean that the same will apply for tomorrow. You should always be ready to change it up or to use the popular terminology, pivot. In Howard's case the solution was to hire a canvasser.

Whatever you do, you need to continue to build clientele. This is where marketing comes in. I find it rather ironic, that whenever businesspeople go through challenges, experiencing a downturn in revenue, the first area they reduce expenditure on is marketing.

History is replete with tales of companies on the verge of bankruptcy turning their businesses around through marketing. You can be the best donut maker, window washer, or pool guy in town, but if nobody knows about you, nobody knows about you.

I personally prefer guerrilla marketing. Guerrilla marketing is self-generated creative marketing that you can conduct and perform yourself with little or no expenditure, think outside the box.

For example, as you are going around on your pool cleaning route you can door knock, leave door hangers and business cards on the front doors of homes in the neighborhood.

## **Introduce your service**

Make an unbelievable offer to gain new customers.

## **Strong call to action**

Encourage existing customers to give you referrals. Every referral who signs up the customer receive one month's free service.

To build cash you can always offer some type of prepaid discount. Pay today for 5 months of pool service and get a sixth month free. Am I making sense?

When I was a kid growing up in England, every year this super old French guy, riding an antiquated Ironhorse bicycle would come by our home and sell strings of onions from France. This guy totally looked the part. Black slacks, black jacket, French beret, and strings of onions draped all over his bicycle. Whatever this guy did, must have been working because he came by year after year selling onions. What a great mouse trap. What is your mouse trap?

What is it that sets you apart?

My friend Bill Leahy told me a story about a Texas Oil man. Bill was raising capital in New York City. When Bill picked him up on the company jet in Texas to fly to New York, the Texas all man came on board wearing cowboy boots, a cowboy hat, and a bolero. This guy normally wore expensive Italian suits. Bill is astounded and exclaim; "what the heck?!", the Texas Oil Man's response; "Bill just giving them what they're expecting!". Like I said, what is your point of separation? What makes you different from everybody else? And don't tell me your smile.

The cool thing about the swimming pool business, if you are homeowner with a swimming pool you have to service and maintain the swimming pool. Most jurisdictions and HOA's will fine you for not maintaining your swimming pool properly. Some cities and counties even fly helicopters over residential neighborhoods to identify homeowners with green pools! As a homeowner with a pool, you can either service or maintain your swimming pool yourself, or, pay someone else to do the work. Guess which category I fit in .

We all know how to change our vehicle's motor oil, and I have performed my fair share of oil changes on my own vehicles. I cannot remember the last time I performed my own oil change. It is easier just to take my vehicle to the dealer or local servicer and pay them.

Today, we live in a society where everything is built around convenience, this is being demanded by consumers and represents a tremendous opportunity for all businesses. This is to your advantage! You can use your smart phone to order groceries. Are you too tired to cook? Easy, use one of the many food delivery services to deliver restaurant meals. All you do is pay a delivery fee and a tip to the delivery person.

## **"No Skill or Low Skill?"**

### **You can still be your own Boss!"**

Technology has enabled people with no skill or low skill to be self-employed, earning more money than they could earn working for someone else as an employee. At the very least, you now have the opportunity for a side hustle and earn extra cash. An acquaintance of mine, working full-time as a licensed insurance agent, has a side hustle working for one of the food delivery services. She leaves her office at 5 o'clock in the afternoon and drives around delivering food from restaurants until about 8 o'clock at night each day. With tips her earnings often exceed \$20 an hour. Earning more per hour, than her regular job.

We live in a society of convenience. Everything is at our fingertips, our smartphone. As a result, we can focus on our lives. Focus on our family. Focus on our hobbies.

Businesses today, are built around Society to help make life more convenient.

If you are in business today, everything needs to be about quality, value, and more importantly customer convenience. Grocery stores have always been there, good food has always been available through the food supply chain, technology has enabled platforms to be developed to promote convenience. Whether it's buying groceries, eating restaurant meals at

home, or buying a vehicle through a smartphone. Everything in life is based around convenience. Technology has created a new technology driven paradigm. In Europe especially. You do not need to own a BMW to drive one. Using an application on your smartphone you can pick one up pretty much anywhere convenient around town and rent it by the minute or the hour. These topics are really the subject of another book.

With the assumptions sheet you need to determine whether or not your business idea or thing that you want to do, can be financially viable.

The pool service and maintenance business, is very basic. I am not saying that you should get into the pool service and maintenance business. I am using the pool service and maintenance business as an example. This business is not as basic as my car washing business, a leather chamois, a bucket and car shampoo combined with door knocking, gets you instant cash. By the way, if you are door knocking do not forget to door knock with a smile.

According to the U.S. Bureau of Labor and Statistics in August of 2018 the average working wage in America was \$22.73 per hour. Now obviously this is every wage for everyone all across the country. There are variations based on industry and geographical. Still, the universe is broken down by numbers, and there is always the law of averages. If you are an average American working in an average job in the average American city, your average wage in 2018 is \$22.73 an hour.

If you work 40 hours a week, this represents \$909.20. Now the additional \$600 Federal PUA (pandemic unemployment assistance) money makes sense. I believe the average State unemployment benefit is just under \$400 a week. Multiply \$909.20 by 52 weeks, this comes out to \$47,278.40 per year, or \$3,939.87 per month.

You now have a choice! You can be the average American, working in the average city, earning the average wage, earning \$3,939.87 per month or, as I demonstrated in the pool service and maintenance scenario, earn \$7,680 per month. I have no idea if a pool guy can make that kind of money. I am making my best guesstimate on how the pool business might work. Remember that when you are working for someone else, you still have the truck payment, you still have the insurance payment, gas and the road tax and all that other stuff to pay from your after-tax wages.

When you are self-employed these are legitime business expenses. Personally on my taxes I would write off 80% of my vehicle expenses because I allocated 20% for personal use. Consult a bookkeeping service and tax accountant so that you can live a better life. Tax avoidance is legal, tax evasion will put you in jail. Being self-employed poses risk because it is up to you to do the work. It is up to you to build clientele and it is up to you to collect the money.

If you get sick and you cannot work there is no PTO (paid time off) or sick leave, or holiday pay. If you work smart and hard, you can be financially much better off than the average working American.

I was sure that after the pandemic lockdown the average American hourly wage would have dropped significantly! I am wrong, despite close to 40 million Americans being unemployed as of the writing of this book, many large employers have raised hourly wages and paying

pandemic bonuses.

Being laid off or becoming unemployed is a great time to make a change in your life. I just recently spoke to a friend of mine who is a very successful office manager working for one of the large casino chains. At the start of the pandemic she was laid off and being at loose ends with nothing to do, decides to take a road trip across the country to visit her mother living in Texas. This road trip lasted several weeks. She took her children with her, taking her time along the way visiting Alabama and New Orleans. Upon her return to Las Vegas she decides that she wants to relocate to another part of the country, change careers, and start a new life. Becoming unemployed causes many people to re-examine their lives. Geographical relocation, career change, back to school, higher education, retrain to move into an entirely different industry. These are just some of the things that people do. When a life-changing event occurs, it's a great time to change your life. Many people use this as an opportunity to make the transition. Are you ready to make a transition? Are you ready to live a better, happier life?

I cannot stress enough how important the assumption sheet is. If you have no idea of what your product or delivery service is going to cost, conduct research. Talk to competitors, go work for your competition, get a job with them. Work for low wages if you have to, remember that this is only temporary and hopefully you will learn. If you have cash laying around you could always get involved in some kind of franchise. Buying a franchise can be great. Franchises give you the benefit of experience, been there and done that already. You will also have the ability of talking to other franchise owners, learning from them and the mistakes, the highs and the lows, the good and the bad. I personally have known many individuals who in my mind are mediocre business owners but they make a lot of money being franchisees. The franchise will show you how to run your business. Instead of reinventing the wheel, buy a franchise. A good franchise will almost do the work for you. That is obviously not the point. Franchises are typically tried and proven business models, and you can gain the knowledge you need by talking to and befriending other franchise owners. What do you prefer to do; bake a cake from scratch or follow a recipe? You need to be careful, just because you are running a successful franchise it does not mean that you are suddenly a business genius. It just means that you are really good at following directions.

There is pretty much a franchise for almost every kind of business you can imagine. Should you decide to take the franchise path you need to make sure that you perform your due diligence. Just like everything else, there is good pizza, and there is bad pizza. There are good master franchisors and bad master franchisors.

As I work with business owners who are in trouble. I have discovered that the business is failing because of their inability to control these three key areas;

**Sales, marketing, revenue generation**

**Administration/Organizational systems and processes**

**Accounting bookkeeping**

As you work with your assumptions, you may want to think about bookkeeping and accounting service providers. This is important. There are bookkeeping services who will keep your accounting on QuickBooks in the cloud. As a result, you have access to your accounting and bookkeeping, from virtually anywhere at any time, provided that you have Internet access. You have the ability of tracking time, mileage, inventory, send invoices, and follow up on payments. You can also link your payment processor so that your clients can pay their invoices using a credit, debit card or checking account. The information is automatically updated in QuickBooks and the money is deposited directly into your checking account. If you utilize a bookkeeping service, there will be a small monthly service fee. Dependent upon the type of bookkeeping service you engage, they will also file your quarterly and monthly city, state, county and federal taxes. The great thing about the Internet is that just because you are located in a specific city or geographical area it does not mean that you cannot engage the services of a national company, or, someone who is across the other side of the nation or even the globe.

Please Do Not forget about licensing, and any regulatory codes that apply do you and your business, within the city, county, state, jurisdictions that you will be conducting your business in. Even if you are operating as a sole proprietor, many jurisdictions require that you file a DBA more commonly known as "doing business as". My best advice is that you seek out someone who you know is already in the business that you are contemplating getting into. Buy them lunch for a quick conversation, whatever you do, do not share with them what you are possibly contemplating. One never knows how someone might react. If you were to seek out the right expert advisor (not necessarily an attorney), you should be set.

To be clear, your assumptions page should be made up of four elements.

## **What you are going to charge for your product or service?**

## **What is it going to cost you to deliver the product or service?**

What is it going to cost you to acquire a customer? (Marketing which in turn is cost of customer acquisition)

## **The anticipated daily costs of operations**

I cannot emphasize enough how important element 3 is.

You can have the best product and service, you can have the cheapest most affordable price, but if nobody knows about you, your product or service, then it does not matter!

The world is replete with examples of companies which make big money because of great marketing, despite offering a crappy product.

## **How about the "my pillow" guy, or Casper mattresses?**

By the same token, there are thousands of companies who have horrible products, horrible service, yet extremely successful in generating sales revenue very quickly, because of fantastic marketing.

**“You don't have a business if you don't have customers.”**

**You need to always remember that**

**"Sales pays for Everything!"**

It does not matter what kind of business you have or do not have. If you do not have sales, you do not have a business. I am amazed at how many companies whenever they hit a rough patch, normally due to mismanagement, in an effort to reduce expenses; advertising and marketing is the first area to be cut. I have even seen business owners reduce sales commission because they believe that the sales people are just making too much money! This is crazy! The business is already suffering from poor revenue as a direct result of poor sales and marketing. Inefficient, ineffective, inadequate system processes and administration controls. Poor accounting? Pick one of four or maybe even all four!

Maybe not charging enough, maybe not enough customers, maybe not enough sales revenue to cover higher expenses with poor accounting and administrative controls, how do you know?

I do know one thing from experience; “Cash in from sales can pretty much fix any challenge.” It does not mean that these problems will go away, but it does mean that it will buy time while you figure out it out and hire people who are much smarter than you.

As I mentioned before, there are three ways to create cash flow;

**Sell something, generate revenue**

**Borrow money**

Sell equity which essentially is selling a part of your company.

I see many business owners take out MCA or merchant cash advances. This is exactly what the term implies; “someone is giving you money based on your future earnings”. A merchant cash advance is not a loans but an advance on future earnings and there is typically a very high price to pay. Most MCA (merchant cash advance) programs limit the loan amount to three times monthly gross revenues. It is not cheap, an advance \$20,000 with fees, you will be paying back at least \$36,000. Small amounts will be deducted from your checking account on a daily basis. Should you default, fees escalate and the contract that you enter into is rather draconian. At best, an MCA is a Band-Aid and ideally should never be used. Unless the business owner addresses the fundamental business issues, no amount of cash will save the business.

You can create virtually unlimited cash flow by borrowing money. Take a look at the recent spate of large retail chain bankruptcies. Many of these retailers had to file bankruptcy because they could not service their debt load. Borrowing money to keep afloat because their

business fundamentals were ultimately flawed. If the business fundamentals are flawed, the business will always run out of money and go out of business.

A few years ago, I was associated with a business owner who used his business as his own personal private piggy bank. The business owner, I will call him Joel for now, lived a very exorbitant lifestyle. In order to maintain his business, Joel would borrow money and sell multiple shares in investment real estate properties. Joel is the only guy I know who could turn 100% into 400%!

In order to be in business, you need to sell something to generate revenue. You need to generate real revenue at a profit. If you are not generating revenue at a profit you are dead.

On the assumption sheet example of a pool service and maintenance business I do not have a line item for the cost of customer acquisition, there should be one.

Customer acquisition is very important. It is through customer acquisition that you generate sales revenue. There is always a cost associated with acquiring customers, even if it is only your time door knocking the neighborhood. If you are unable to door knock what would it cost you to hire someone to conduct that activity in your stead?

Customer acquisition is not free. It does cost money to get new customers. Even if it is you going around knocking on doors trying to get new customers. This type of activity does have a cost associated with it. In the case of the pool servicing business it is your time and effort. It may not seem to cost money, but it does take away from your time to be able to service customers. I cannot tell you how many business owners I have worked with, who do not have a clue on what it really costs them to acquire a new customer. There is a cost associated with every activity in every business. It is critical that you understand this. What happens if you cannot knock on doors? You would have to pay someone to do that work. What would happen if you could not drive around servicing and maintaining pools? Does this mean you give your customers refunds, or would you hire somebody? You are a business owner, you need to know where your customers are coming from and how much it costs you to acquire a customer. Much the same way as if you are a pizza maker and you need to know the cost of cheese and flour for every pizza you bake.

I am sure that you have seen the online Advertising Agencies claiming that they will procure new customer leads. Typically, they require a big monthly consulting service fee plus the advertising spend. What I have discovered is the typically these businesses are really good at generating revenue for themselves. Generating customers for themselves, and that's about it. The business model is not based on generating leads or clients for their clients, but on generating consulting fees. Buyer beware.

I received a call recently from one such company. They were running a reverse discount. I thought that this was a unique concept. To get started a \$2000 fee is paid in advance, the monthly fee there-after would drop to \$750 a month for the following three months. I was skeptical, as a last resort, the salesperson offered a 90-day moneyback guarantee. The 90-day moneyback guarantee offer convinced me that the business is a scam. The business model is based on generating the advance \$2000 consulting fee only. Oh, by the way, so that you

know, moneyback guarantees are great, assuming you are doing business with a reputable company. Once you part with your cash, it may be difficult to get that cash back. Remember; "He who has the gold makes the rules" Wow!

It has been my personal experience, that the majority of these type of companies are not legitimate advertising agencies. They generate revenue for themselves. When you talk to someone who claims that they can generate customers for you, ask these three questions;

### **Show me examples of your work**

Give me three client references (do not be lazy, call the references)

Ask the company to provide timeline of expectations for the first 14 days of engagement.

My recommendation is that you talk to at least three marketing service providers. Keep really good notes and compare.

Many of these companies will give you unbelievable lip service. Remember ML of SQN Sports, the casual sportswear apparel company? She wasted so much money on many of these charlatans. I was astounded. Business owners become desperate. They are looking for the "silver bullet". The quick fix. Let me tell you there is no "silver bullet", there's no quick fix. Unfortunately, because of desperation, it is easy to fall prey to these terrible people. I have made this mistake myself. Not necessarily out of desperation but because I was looking for a better answer, a better mouse trap. Several years ago, I paid a California specialty print direct mail shop to produce some direct mail pieces, I paid \$14,000 in advance. When it came time to perform, the business owner informed me that the \$14,000 advance payment was gone and that he could not produce the direct mail pieces, he did not have the money to make payroll and pay for the materials. I sent a team of individuals from my company to take over his company, covered payroll, purchase the materials and with his employees produce the direct mail piece. It is easy for anyone to fall into that trap. In this particular instance this company could produce a very unique direct mail piece requiring specialized equipment and skilled labor. This was the only company on the West Coast that could fulfill this kind of work. I'm not sure why his particular business failed, and at the time I really didn't care. I could've said c'est la vie and try to find another vendor, but instead I chose to fix the situation. You cannot buy your way out of bad marketing or a bad business model.

You either have it or you do not, it is that simple.

Look at pandemic donuts. What an awesome name! Super-duper simple business model; make donuts, sell donuts in batches once a week. This is how their business model started. Now, they have expanded their daily offerings from once a week, to a donut of the day, which is an artisan donuts. How much simpler can you get?

**Have you ever heard of the K-I-S-S method? KISS is an acronym for; "keep it simple stupid".**

**In my experience the most elegant business solutions are exactly this, K-I-S-S.**

Utilize the KISS method. The minute that I heard about pandemic donuts I started researching their business model. I knew that this is a winner. Necessity is truly the mother of invention. You have two cafeteria workers laid off due to the pandemic lockdown and they need to come up with a solution to pay the rent. I even sent links about the company to other people who are in the restaurant business, and are laid off. I thought that maybe they could start a Las Vegas version, but no.

Most people are sheep, used to working for someone else, this is okay, because we need sheep. After all who is going to be the barista at Starbucks, the burger flipper, restaurant worker, or busboy? We cannot all be bosses, or can we?

In the next chapter we discuss the “when do you get paid”. When you get paid, determines your cash flow, and even if you are very profitable and your business is a great moneymaker, poor cash flow can create liquidity issues and drive you into bankruptcy. The opposite is true also. A terrible business model, losing money with great cash flow can look like a success but eventually will run out of cash and go out of business.

# Chapter 4

## When do you get paid?

The business of cash flow in America has changed significantly for the better over the past 40 years.

In the 1980's, people and businesses expected to be billed, invoiced for goods, products and services. The bill or invoice would not be paid for 30, 60 or even 90 days. When payment was received, the customer would pay with a bank check. This bank check, dependent upon which bank it was drawn upon could take up to three weeks to clear!

Crazy huh? In a nutshell, businesses provided the service or product today, and would not see the money in their bank account for maybe even 110 days! At that time, it was important to be able to finance accounts receivables. The business had to keep operating until the cash came in.

At the same time, as a business owner the same rules applied. Starting a business in the 1980's required little or no cash. With the exception of a few expenses, you could pay all your vendors in 30 or 60 days, or whatever time you can negotiate.

Prior the 2000's you could literally start a company with little or no money. You had at least 30 days and up to 90 days or more to pay.

When you did pay, it would be in the form of a bank check. This bank check could take at least a week to 10 days to clear your bank account. This is important because, this is cash flow. The timing of cash is extremely important to all businesses big and small, and it relates to the timing of cash coming in and the timing of cash going out.

In the world of finance, one-line item on a financial statement which receive a lot of scrutiny is current liquidity. How much cash can you come up with today. Liquid assets are assets which can be turned into cash within very short order. What is an asset? An asset can be anything of value. Assets can be real property, cash in the bank, stocks bonds, notes, vehicles, equipment, anything that has real value. Liquid assets are assets which can be liquidated, turned into cash fairly immediately, typically within a few days. Cash of course, stocks, bonds, certain kinds of mutual funds.

In the 1980's, I was in the advertising agency business, working with a fellow named David Esky. David Esky is the founder of Northwest Auto Sound. The very first location was in Lynnwood Washington, right on highway 99, just north of Seattle.

When I pitched David to win his advertising account, he wanted 120-day terms. In other words, he wanted to advertise now, and pay for the advertising in a hundred and twenty days. He claimed he was demanding the same terms from all vendors including his equipment suppliers. Being able to obtain 120 day terms was more important to him than even the advertising itself.

Can you imagine this? Selling vehicle audio systems, installing the equipment and not paying the manufacturer for 120 days! Collecting payment from the customers at the time of sale!

This is what I call Cash Flow!

David Esky's Northwest Auto Sound business model breaks down in the following manner;

Lease a Retail location, get first 90 days free or heavily discounted. T&I (Tenant Improvements) paid by the landlord, built into the lease payment.

## **Advertise today do not pay for 120 days**

### **Customers come in**

### **Sell customer, collect cash for the sale**

Product installation pay labor weekly or monthly, pay supplier for sold installed equipment in 120 days

### **Pay rent monthly**

Northwest Auto Sound grew from one location in the early 1980's to a multitude of locations throughout the Pacific Northwest. By the way I did not win the advertising account, he was too slimy for me.

David Esky's startup capitalization was minimal. He needed to rent commercial retail space. In negotiating for retail space at that time, you could get the first, two, three or even four months free, or at a significantly discounted rate. Expenditure for the Tenant Improvement is bundled into the lease. Maybe David Esky would have to pay a security deposit at lease signing.

Store fixtures and signage are typically provided by the equipment manufacturers.

## **"The world has changed since the 1980's "**

The world business economy has transitioned from net billing, to, pay as you go, and because of electronic payment systems, instant cash. The first ATM (automatic teller machine) appeared on the scene in 1967. A vending machine to vend cash. Within 10 years ATM machines were pretty much located at every bank branch. It gave the bank account holder the ability to obtain cash outside of normal banking business hours. ATM cards joined the communication networks of credit cards. Hence the MasterCard, Visa card symbol or logo. Payment networks utilized by debit and credit cards. With the advent of cellular data networks, Wi-Fi, and the Internet, ATMs now are ubiquitous, not only dispensing cash but allowing account holders to conduct virtually any type of banking activity including depositing checks and cash. With the exception of depositing or withdrawing cash, you can now conduct the same banking activity on your smart phone. The world economy is slowly moving towards a cashless society.

Checks today, apart from becoming virtually obsolete, clear much faster today than they did in the 1980's. In the 1980's the Federal Reserve would courier checks from the local Bank

branch to the district or Regional Federal Reserve Bank. It took days if not weeks for a check to “clear”. It was not until the 1990’s, that banks, as a result of stiffening competition, would make funds available the next business day on deposited check items. Prior to that, if you deposited a check from a third-party into your bank account, dependent upon the issuing bank the funds would not be available for up to 10 days! The check had to “clear” through the Federal Reserve’s clearinghouse.

There was a time when groups of banks would participate in their own clearinghouse arrangement.

In 2004 I believe, the Federal Reserve went to scanning checks. Instead of checks being picked up and delivered by courier they were now being electronically scanned. In the 1980’s when you wrote a check to a business, the item would be deposited into the check recipient’s bank account. That check would then be physically picked up by a courier service and delivered to the regional Federal Reserve Clearing House to “clear”. At that time if you banked with some crazy out-of-the-way Bank, it could conceivably take up to 3 weeks for the checks to clear and for those funds to become available to the recipient of that check. Then funds would be deducted from the check issuer’s bank account. In accounting two checking account balance were tracked. The bank balance based on all issued checks, and because of the lag time, the balance shown by the bank of cleared items. If you write \$1 million worth of checks over a period of time and if only \$600,000 cleared with the original \$1 million in the bank you would show a balance of \$400,000 because the outstanding checks had not yet cleared the account. When I was running my warranty company that difference could be upwards of \$700,000. This is commonly referred to as the float. This is why 30 years ago it was imperative to balance (reconciled) their checkbook. You always had more money available in your bank account, than you had on your check ledger, simply because it took time for items to clear. In the mid to late 1980’s Bank of America did something absolutely fantastic. With a deposited check item, instead of waiting for the item to clear, Bank of America made the funds available the next business banking day. As the recipient of a check, you benefited because you could work with those funds immediately. As the issuer of the check the funds would still take time to clear the account. This resulted in what is commonly referred to as a float. Check kiting, or writing a check in the hopes that money would be deposited in the account to cover it is considered illegal activity.

You are writing checks in excess of funds you have currently available, you are hoping and praying, that the funds will be in your account by the time the check is presented to your bank to clear.

In 1992 there was a national scandal with members of Congress and the House bank. Many congressmen were kiting checks. Of course, no congress member went to jail. If you or I were found guilty of check kiting, we would definitely be wearing chrome bracelets.

Today everything is instant cash. You are probably reading this and thinking what is a check? I know crazy, huh? If you were to poll most consumers and ask them if they have a checkbook for their checking account, the answer probably would be “no”. As goods and services are utilized, they are paid for immediately. As a business you are paid right now.

In Business School many MBA students are taught to use vendors, material and service providers as a credit facility or bank. This is in an effort to mitigate expenses against cash flow.

You can still negotiate payment terms and pricing structure as part of doing business. In today's instant cash, or, should I say electronic cash society, this is becoming less commonplace.

If you are in the automotive service repair business, buy some auto parts suppliers offer 30 day credit terms. XYZ Parts Company extends credit to your business. Perhaps \$12,000 worth of parts in advance, with payment due in 30 days or less. The automotive repair facility, repairs the vehicle, installing new parts. The repair, labor and the newly installed parts are paid for the time of vehicle pick up. The service repair facility does not pay for the parts until 30 days from the time that the part was delivered. The parts supply vendor in essence becomes the bank or, parts credit card. They are offering credit, helping they are clients' cash flow, in the hopes of becoming the primary parts supply vendor. The service repair facility still owes the parts supply company money for the parts, accounts payable. From a cash flow perspective this is really cool. The automotive repair shop performs the work today, sells the part today, and collect the money today. The parts are paid for in 30 days. I very often see badly run businesses losing money, business owners "eating" the money. They stay in business until the suppliers cuts them off for nonpayment. Good cash flow can hide a lot of business flaws, but not indefinitely. Eventually, the parts, those bills are going to have to be paid for. Ultimately, the negative business balance sheet catches up with cash flow. The company becomes insolvent. Unable to pay its bills even if it sells assets, and eventually is forced to file bankruptcy, or just close shop and move to another town and I've seen that happen too. The good news, for most businesses is that we live in an instant cash society. It is easier now than ever to ensure strong cash flow. Do the work now, provide the product or service now and get paid now. The danger is when businesses have the ability to be paid now and pay suppliers and vendors later. Running a real business, does require a certain amount of sophistication on the part of the business owner. Unless the business owner is a financial sophisticate, they definitely need the help of an ongoing bookkeeping accounting system to track profitability, COG (cost of goods sold), cash flow and account payable. Horrible business owners collect money today, lose money on the service or product they provide, but because of great cash flow continue to remain in business for a period of time. Selling goods and services, collecting payment today and paying suppliers tomorrow. This can be the perfect recipe for financial disaster, as a result of, business incompetency or outright greed.

I have seen a business owner take the family to Hawaii instead of paying outstanding bills to vendors. You can be a really horrible businessperson, lose money, but because of good cash flow stay in business. My preferred method in running businesses is on a cash basis. Sell goods and services, collect the cash today, and pay for those goods and services today. The profit realization is immediate, and it forces the business and the business owner to live within their means. Many business owners see the business as their own personal piggy bank, and as vehicle for putting family members on the company payroll. 20 years ago, my oldest stepson worked for me and I paid him an exorbitant salary. He used his salary to pay for his own university tuition and living expenses. And he fulfilled an function as a transaction

coordinator within my company. Did I pay more than he deserved of course? It was that or, paying for his university and living expenses with after-tax income.

A fellow I know, who owns a construction company, employed his wife, his stepson, his father, and his mother, even though the latter two individuals live out of state!

Let's say it costs \$1,000 a day to run a business. It takes 14 days for cash to come in. Not only are we talking about capitalization, the money to buy the items you need to do what you want to do, but now there is a requirement for operating capital. This is money needed to run the business until cash comes in.

In this scenario if it takes 14 days of operating the business before cash comes in, the business negative cash flow \$14,000. As a business operator you need to be able to operate the business until the total cash in exceeds the total cash out. The only way to figure out how much you need is to map it out using a linear timeline.

This example is a monthly three-month cash timeline for the subscription program

This particular cash flow sheet is part of a projected 12 month pro forma. Once the business is up and running the actual performance numbers are plugged in on a daily, or day by day cash flow sheet.

This allows me to understand what the performance of the business is.

As a business owner you go to work every day. You need to bring money in every day. You spend money every day. Since all of this activity revolves around daily production, the business activity needs to be measured daily.

We live in a world where literally everything is instant. You can work today delivering groceries and are paid your tips and service fees almost immediately, directly into your bank account. There is an immediate correlation between effort in and results out.

Getting cash today to pay today's bills is of paramount importance. When I see business owners borrow money to keep their businesses going, red flags abound. Are they borrowing money because they have a fundamentally flawed business? Are they borrowing money to boost advertising? Are they borrowing money because their clients have not paid them? Are they borrowing money to buy more inventory because of increased sales? Most businesses have poor business fundamentals and as a result run out of cash because of the business owners inability to manage the business properly. There is no shame in not knowing what to do. Doctors, lawyers, dentists, and other professionals spend years going to school, learning their profession yet very little time is spent on learning how to run the business. This has created a business opportunity for professional management companies. These management companies run the business side of doctors' and dentist clinics, law offices and a multitude of other professional service providers.

A former brother-in-law of mine Jim Power was an OB/GYN doctor. He owned a practice with other doctors initially run by the office manager. Apparently as Jim was about to retire the doctors discovered that the office manager had been embezzling funds and miss managing the clinic. The doctors hired a professional company to manage and run the clinic. My

brother-in-law, Jim was aghast simply because he had to postpone his retirement for a few more years. I am telling you this because there is no shame in seeking advice or even going back to school to learn how to run a business. As a business owner your first responsibility is to ensure that you have correct accounting and administrative controls in place. You need to have an intimate knowledge and understand of the financial metrics of your business. Or, you could be like the owner of SQN Sports, without a clue relying on friends and family money to bail out the business.

In any business, cash flow is of paramount importance. How you create the cash is up to you. Like I said;

### **you can borrow money**

### **you can create sales revenue**

you can sell equity.

Either way, you need to ensure that you have a financially viable business model. In order to determine this you need to have good accounting and administration controls in place. Just being a selling wizards, creating revenue in itself is not enough, but a good start You need to be able to measure the financial viability of your endeavor.

I am now going to give you two real life examples of two money makers. The first is profitable with terrible cash flow, as a result you have to resort to other mechanisms to create cash flow like borrowing money, the second has great cash flow, literally self-liquidating from day one, still profitable but more moving parts.

## **Example 1;**

### **Real estate investing house flipping;**

#### **Buy the house \$150,000**

#### **Pay for monthly insurance**

#### **Pay for the monthly utilities**

Pay for the renovation, which could be in excess of \$40,000

In this house flip example you are out of pocket around \$200,000. If you cannot borrow the money or have the money in hand it is a nonstarter.

The whole process takes about three months including the time that it takes, to renovate, market, and sell to close.

The house sells for \$248,000. Wow, spend \$200,000, earn \$48,000 gross profit. For the purposes of this example I am oversimplifying. This represents in excess of a 20% return on investment in less than four months!

That's pretty cool. As a small flipper if you did three deals a year you could make about \$120,000. Not bad huh? The requirement here is capital. \$150,000 to buy the house an additional \$50,000 for the renovation and holding costs. Selling the property for \$248,000 yields \$48,000 in gross profit. From a cash flow perspective this could be regarded as a terrible business, because of the upfront capital required which translates to a high barrier to entry. Even if you were to obtain flip financing, the cash requirement would be at least 45,000 or so dollars. \$200,000, before making a dime. What happens if the house sells for \$160,000?

House Flipping is an example of a business proposition with tremendous profit, requiring significant amount of upfront cash. House flipping is fraught with challenges and is very unforgiving. If you do not know what you are doing, you can get burned very easily. I see this happening here in Las Vegas time and time again.

## **Example 2;**

### **Platinum 22 fuel saving device, step by step;**

Purchase satellite radio time \$2,180 over four days, Wednesday through Saturday, 60 second radio commercials. Advertising Platinum 22 gas saving device. Getting radio listeners to call an 800 number to purchase.

Four telemarketing Sales Agents trained to take inbound calls and sell Platinum 22 at \$389 per unit

Wednesday (satellite radio start) through Saturday morning sold 27 units at \$389 each. Generated income through credit card processing \$10,503 cash income into the bank account by the following Monday morning.

Platinum 22 per unit cost including shipping \$129. Total fulfillment \$3,483

Sales agent payroll hourly wage plus commission \$2,200.

### **Key**

AMS advertising marketing sales which is lumped into COG

### **COG cost of good sold**

### **G&A general and administrative**

### **Satellite Radio (AMS) \$2,180**

### **Product fulfillment (COG) \$3,483**

### **Sales Agents (AMS) \$2,200**

### **Total cost of delivery & sales \$7,863**

## **Gross/Operating Profit \$2,640**

I generated \$10,503 in cash flow. I already had the call center space set up from another project. I paid for the radio commercial time in advance \$2,180. The radio campaign started on Wednesday and ended on Saturday.

**The formula is easy;**

**Radio advertising generates telephone calls**

**Calls turn into sales**

**Sales equals Cash In**

**Product fulfillment**

## **Are you beginning to understand this?**

Your goal is to maximize your cash flow and at the same time ensure that you are operating a profitable business. I personally keep a daily P&L (profit and loss) on a spreadsheet. With real time account access there's no reason not to. Tracking Daily you are able to see and anticipates trends, either up or down and take appropriate action. There is no reason not to know what is going on with your business, or to be taken by surprise. All of the best successful entrepreneurs I know are totally in touch with their metrics and numbers, You need to be too.

This second example is a business model with a much lower barrier to entry. For the purposes of this book the example that I am giving you is an actual business that I built and ran for a few years. Over the course of 2010 through 2013 the price of gasoline was becoming a major issue for the American consumer. In some areas of the country the price of gasoline reached as high as five dollars a gallon. Many people changed their driving habits. Only utilizing their vehicles when it was absolutely necessary. I came across a fuel saving device that was developed by an inventor out of Boston Massachusetts. The inventor manufacturing the device, utilized syndicated national radio talk show hosts to advertise, generating leads, operating a small call center taking inbound radio calls. The company sold the product to the general public for \$149 per unit. The fuel saving device was called the Platinum 22. I'm not going to discuss the efficacy of the product at this time. The purpose here is to map out the business and cash flow model as an example. The manufacturer of the product claimed that laboratory testing has shown an up to 22% improvement in fuel efficiency. This is achieved as a result of introducing minute quantities of Platinum into the combustion process of the vehicles' internal combustion engine. Platinum is a well-known catalyst when introduced as an ingredient in the process of combustion. When introduced to the vehicle's internal combustion engine, platinum causes fuel to burn more efficiently thereby increase gas mileage by up to 22%.

At a time when fuel prices were approaching five dollars a gallon this seemed like the perfect product to offer to consumers. For me there was one small issue. The selling price point was

too low. The margins were not high enough to support advertising and marketing combined with a commission-based sales process. I did find pockets of individuals around the United States who thought that they would get rich quick and had purchased mass quantities of Platinum 22 devices directly from the manufacturer. My cost to purchase a unit was \$129 plus shipping.

I decided to sell each unit for \$389 plus shipping. Most Americans have more than one vehicle in their household, we offered a discount on the purchase of a second unit.

This is a real-life example.

When it comes to selling any kind of product or service, I have a very simple rule that I live by. Take the actual cost of delivering the product or service and multiplied by three. So if the product or service costs you one dollar you have to sell it for three dollars plus, plus, plus, this is the absolute minimum and you should never try to make the numbers fit just because you want to do it. There are very few businesses that can operate on small margins, but they do such tremendous volume like the grocery business for example that you can make it work. Generally speaking keeping it simple; if it cost you one dollar you need to sell it for at least three dollars or more! The pandemic donut people got it right, make a donut for 12 cents and sell it for \$2.50!

This number represents the revenue generated for each sale.

For every dollar you collect the minimum breakdown should be as follows;

### **33% product cost**

### **35% advertising, marketing and sales**

### **32% gross profit**

This for me is a general rule of thumb and may not necessarily work in all situations and all verticals given the price mechanism and competitive forces.

If you are selling a product/service that is similar to your competitors, then you obviously need to be priced competitively. If your competitors are selling a product for One dollar you cannot very well ask for Two dollars, or can you?

This is the subject matter for another book and really comes down to a point differentiation. If you go to the grocery store or you can buy a loaf of bread for the little as \$1.99, yet there are loaves of bread selling for as much as \$7.89! Why?

For now, let us just keep on track. In revenue generation there are three numbers that you need to be cognizant of;

33% product/service cost. If your cost of delivering the product or service is far greater than anyone else's then you are going to need to read my next book entitled "The Point of Differentiation." My advice to you here, is to be honest with yourself do not try and make the numbers fit because if you do you will be doomed for failure. Be honest and calculate out your actual cost of delivering the product or service.

35% advertising, marketing and sales. If you do not market and advertise, consumers will not know about your product or service. At least 35% of your gross revenue needs to be dedicated to advertising marketing and sales which breaks down in the following subset;

### **8% advertising marketing**

27% sales/commissions for sales agents. There are very few services and products that sell themselves. Human intervention invariably plays a role and if you think otherwise you need to think about doing something else. Although, a lot of business today is based on automated bot and virtual platforms. No human customer service, no human sales, the business model is based on the churn principle. Generate \$10, lose six dollars, you are still four dollars ahead. It has been my experience that many business owners are myopic. They try to be cheap with what they pay salespeople. This is completely wrong. If you want good salespeople you need to pay them and pay them well. Without Sales you have nothing. Running a sales team is an art and science in of itself. I am not going to discuss sales and selling here, will leave that for another book. I see companies struggle all the time because they do not value salespeople or understand how to implement a productive sales process. Inadequate pay, inadequate leadership, inadequate training, inadequate motivation. I am sure that you can see why the subject matter deserves its own book. Really good sales people only understand one thing; pay tied to performance.

32% gross profit. I see a lot of regular people confused by the terminology of gross profit and net profit, often using these terms interchangeably. I am going to take a few minutes to explain the difference so that you truly understand. Let me start backwards;

Net profit is the money that is left over after all expenses. You will notice that a lot of companies will describe their net income/net profit in the form of EBTDA. This is an acronym; earnings before interest taxes depreciation and amortization. For the purposes of this book we are just going to stick to net profit. Net profit in simple terms; money that is left over after all expenses.

Gross profit, is at times referred to as operating profit. Money left over after cost of goods sold, sales, marketing, advertising, and commission. Essentially the revenue left over after the deduction of the costs associated with delivering and selling the product or service. General and administrative expenses (G&A), such as office space, office equipment, licenses and subscriptions, administration payroll and other expenses are deducted from gross profit in turn yielding net profit. For the purposes of this book I am going to keep it very simple the delivery of any product or service breaks down into two components.

Cost to manufacture/deliver the product.

Costs associated to selling the product or service, which include advertising marketing and selling commissions.

### **i & ii, combined represent, Cost of Goods sold (COG)**

Gross Revenue is the total income generated. Deduct from gross revenue the cost to manufacture and deliver the product or service, including all of the costs associated with

selling, marketing and advertising. The number you are left with is operating or gross profit.

From gross profit you pay for your immediate overhead and administrative expenses commonly referred to general and administrative expenses or G&A. After all expenses are taken into consideration you are left with net profit. Many business owners underestimate other costs associated with delivering the product or service. Let me break it down to something that you may be able to relate to. Use lawn mowing service as an example. To get into the lawn mowing business what do you need?

### **Lawnmower (Capital Asset)**

### **Gasoline for the lawnmower (COG)**

### **Flyers and door knockers (AMS)**

### **Individual\* to mow the lawn (COG)**

### **Individual to sign up customers (AMS)**

### **Bookkeeping service and QuickBooks subscription (G&A)**

Payroll for someone to push the lawnmower or mow lawns (COG)

### **Key**

AMS advertising marketing sales which is lumped into COG

### **COG cost of goods sold**

### **G&A general and administrative**

\*In this case the individual you pay to mow the lawn is only paid when they mow a lawn. Therefore, this individuals pay or compensation would be associated with delivering the product or service and as a result that expens would be associated with COG

From gross profit, I have to pay for office space, administration, utilities, insurance and other general and administration expenses. What is left is net profit.

It is important to take action, but unless you measure everything related to your actions you have no idea what is really going on. I see a lot of business owners who fail not because they action, but because they took action but did not measure.

When you are running your own business, knowing "when" you get paid is very important. At the same time, you have to ensure that you are running a financially viable business enterprise. Are you really making money? When you measure everything in your business, it is rather much like having a compass or GPS. You are in strange territory, and by measuring every aspect of your business you have more of an idea of where you are. More importantly, where are you, where were coming from, where you are presently and where are you are headed to. You generate revenue, net profit is what you have left after paying for everything. This is the money that allows you to eat and live your life. There are certain what I call

“universal business principles” (UPB) that apply to all businesses. Each industry has its own metrics. Just Google or talk to someone who is already doing what you want to do.

Most viable companies experience a 17% to 22% net profit against gross revenue. If you see a business or if you are running a business that is not dropping at least 17% of gross revenue to net profit, there is a challenge in operations. The business is paying too much money for something. Generally speaking, gross profit or what is commonly referred to as operating profit should be around 38% of Revenue. 62% of revenue is made up of advertising, marketing, sales, (AMS) and what it cost to deliver the product or service (COG).

Operating gross profit allows you to pay general and administrative expenses (G&A); office rents, leases, administration payroll, professional services, subscriptions, utilities, insurance office supplies etc., what is commonly referred to as fixed expenses. The pandemic, forcing people to work remotely from home has I believe hastened a paradigm shift toward the virtual work space. Will there be a glut of commercial office space? Or, with social distancing businesses will no longer be able to cram as many people in with cubicle city as they did in the past? Only time will tell.

If you are in brick and mortar retail, you may have heard that retail is largely based on location, location, location. A high visibility, high traffic location delivers customers, and generally means higher rents. A high visibility location does offset advertising investment. In order to occupy a great location, businesses pay more of a premium for rent. With a great location prospective customers can find the business more easily, and if the business is located on the high traffic street with 70,000 cars passing by it every day, the business can spend less money on Advertising.

A friend and client of mine, Randy Silver owned a chain of retail golfing equipment stores; Pro Golf Discount. Five high visibility locations throughout the Pacific Northwest. Randy's stores occupied prime retail locations. Randy's philosophy was simple. Although the name Pro Golf Discount might imply that customers could buy golf equipment and golfing accessories for less money (discount), this was not the case. Randy's prices were actually slightly higher than his competitors. The extra margin through higher pricing, Randy reinvested into advertising and marketing to bury his competitors who were mainly made up of small mom and pop stores.

Most Industry verticals have standardized industry benchmarks. You should research these and familiarize yourself with them. Just because of these benchmarks exist, it does not mean that you cannot innovate. Southwest Airlines is just such an innovator. The company forced an entire industry to become more efficient. As a result, air travel became more affordable and consumers benefited. Southwest's innovation revolutionized an entire industry. The solution is quite elegant and simple. An aircraft only makes money when it is flying. The less time an aircraft spends on the ground, means that it is spending more time in the air earning revenue. Southwest airlines figured out how to cut down the amount of time the aircraft is on the ground as passengers de-embarked and embarked the aircraft. By drastically reducing ground time the same aircraft spent more time in the air flying, earning revenue. This led to greater efficiency, greater revenue and lower costs. This in turn, meant more flights and

cheaper air travel.

As you move through your business you should be measuring every aspect of the business, comparing your results with industry standards, and at all times try to exceed them. Remember; "you only know what you know" and in order to "grow and earn you need to learn".

'This is why in the first chapter of this book I emphasized that you have to be prepared to learn new stuff.

Most people when they get into being an entrepreneur try to figure it out for themselves.

When they look for help from an outside third party like me, it is already too late. Instead of waiting until you hit a roadblock and are in trouble, reach out for help at the very beginning, as you embark upon your journey. Do not wait until it is too late. Make sure that you align yourself with a mentor or an advisor. Someone who can give you guidance as you move forward. There's nothing wrong in asking for help, but there is something wrong when you ask for help when it is too late. I am sure that you are familiar with the saying;

**"an ounce of prevention is worth a pound of cure"**

### **As you think about getting into the business world;**

Talk to as many successful businesspeople as you possibly can.

Read books.

Try and find a mentor or guide.

Spend time thinking and learning.

Do not move into the business world without making a plan and working the plan.

Years ago, I met an individual who owned an automotive repair shop it was called "Made in Japan".

Through the 1980's, Honda, Subaru, Nissan, and so on Japanese vehicles, collectively known as imports, were manufactured in Japan. This automotive repair facility specialized in servicing and repairing what was commonly referred to at that time as "imports". The owner was running what looked to be a successful automotive repair shop. I met with the owner to discuss advertising and marketing. As we are talking and reviewing his past advertising and marketing activity, he made a comment that Direct Mail does not work. Upon questioning him further about his direct mail activity, he said that he sent out some Direct Mail pieces and it only generated \$1,700 worth of business from about four customers. I asked him how many Direct Mail pieces he had mailed. 200. I started laughing and asked how much he spent. He told me about \$100. A 2% response rate, \$100 investment in marketing generated \$1,700 in Revenue. Spend \$1 and generate \$17? It really is about perspective and your knowledge base.

In order to earn you need to learn and you only know what you don't know. I know that you think that these are just catch phrases. They are basic truths.

Many people seem to think that a business starts from nowhere, almost as if by my magic it springs up and bears fruit.

Just because you are a good automotive repair technician it does not mean that you know how to build a warranty company, or even run an auto repair shop. You might have some kind of idea because you work in that industry, but until you conduct research and talk to somebody who has been there and done that, you don't know anything.

I personally am very fortunate because of the two decades I spent in the advertising business. In order to be effective for my clients I had to learn every aspect of their enterprise. This gave me a valuable insight into broad range of industries, from restaurant chains, luxury car dealerships, to national airlines and banking.

Over the past 20 years, I meet many business owners and entrepreneurs, who spend no time learning how to run their business. They might be really good at construction, renovating houses, or being a lawyer or dentist, but they know nothing about the disciplines that go along with running a business. Clueless. Just because you are great contractor, or a great chef, it does not necessarily mean that you should open your own construction company or restaurant. Running a business may sound simple, and it really it is, with the right knowledge. The rules never change but you need to know what the rules are. UBP what are they? How about accounting basics? How about taxes? How about payroll, job descriptions, operation manual, training, performance metrics, effective delegation? How about leadership? Salesmanship and customer service?

A few years ago, I had the great fortune of addressing a room full of real estate agents. These young real estate agents had a few things in common. They were all young I believe the average age was around 24. Many of them had been licensed agents for less than a year. What really stuck out to me, was that none of these agents and when I say none, I mean not one, had enrolled into or had even read any type of sales training book! How about time management? In order to take the Nevada real estate license exam, the requirement is 90 hours of mandatory real estate education from a State accredited real estate school. Just because you have a real estate license and are sponsored by a real estate broker, this does not mean that you are automatically ready to start representing homebuyers and home sellers and negotiating real estate deals. I took the 90 hours of mandated real estate education a few years ago and there is nothing, and I mean nothing about customer service, selling, negotiating, or even valuing real property or the real estate transaction process.

I was amazed at the lack of effort by any of these individuals to learn their craft.

If you are going to interact with the general public and you are going to sell them something; at least read a book!

Watch a video, there are all kinds of FREE resources that you can rely upon and learn from. It is just a function of effort.

**A universal truth;****“effort in, equals results out”**

If I am a farmer and I do not plow the field, I do not seed the field, I do not water the field, I do not pull the weeds; will I have a crop come harvest time?

Of course not!

Everybody knows this! But then why do you try and start a business without farming yourself? YOU ARE THE FARM!

If you are a farmer and you do not farm you are not going to have a farm for very long.

If you are wanting to become an entrepreneur in whatever endeavor, you choose you need to learn the basics of being an entrepreneur. You might be an awesome printer running a print shop, what do you know about accounting or financials or marketing for that matter? The message I am trying to get across to you is that having a skill set in itself is not enough. You can make donuts, very tasty donuts and market them and have a nice website, make money pretty quickly with cash coming in. If you do not know how to run your business and how to manage the cash, your business life will be very short.

## In Summary

Do what you love to do. Don't be afraid to learn new stuff or ask Professionals for help

**What is it you need, to do what you want to do, and what is it going to cost?**

**What are your business assumptions, how and how much are you getting paid?**

When do you get paid? Make sure it makes sense from a cash flow perspective

I cannot emphasize enough that you need to gain as much experience within the space that you want to work in. This might mean working for the competition. Buying a lot of lunches so that you can pick the other person's brain. I am not a lunch guy; I know a lot of people who are. When you are together eating lunch what is it you are going to talk about?

Read voraciously, become a knowledge sponge.

Figure out what are the major quadrants of the business and research related subject matter. Learn everything you possibly can, be the expert.

In the early 1980's I was working as a radio talk show host. I believe I was 22 years old. I had the opportunity of meeting the founder of Domino's Pizza. Up until that point in time, you could order pizza for delivery from Pizza Hut. Took about three hours, and was delivered in a big truck that literally had an oven with a stove pipe in the bed of the truck. Dominoes revolutionized the food industry by promising 30-minute pizza delivery or it was free. Domino's Pizza actually went further than just 30 minutes free delivery. The founder Tom Monaghan talked about the ingredients, that every pizza was uniform and standardized in terms of toppings and look. Tom was touring the Pacific Northwest as he was opening Domino's pizza franchise in the Seattle area. I thought he was crazy. He claimed he can taste the pizza dough and tell you exactly what kind of yeast was used and the yeast flour ratio, even when it came to toppings just by tasting the salami he could tell you where it came from. Now, this is someone who really knew his stuff.

Be the farmer and farm yourself. Only by farming yourself, will you enjoy the fruits and harvest of your labor.

## About the Author

Born in Denver Colorado of Persian descent John Common was raised in Europe, attended school in Germany and United Kingdom.

In the United States working primarily in the advertising, marketing and sales business with a multitude of businesses, from, restaurant chains, to car dealer franchises. John Common founded the world's largest consumer direct extended warranty company in 1995. John Common grew the company to more than \$400 million a year within the first three years.

Over the past two decades John Common has built several multimillion-dollar businesses, large sales organizations, with multiple locations on three continents. A job creator employing thousands of individuals. Growing companies from scratch with little or no capital, to several tens of millions of dollars a year in sales.

Currently living in Las Vegas, John Common is involved in all aspects of residential single-family and commercial multifamily real estate investments, from financing to acquisition and sales.