



The Millionaire Maker's Guide to Creating a Cash Machine for Life

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THE BIG IDEA

The Millionaire Maker's Guide to Creating a Cash Machine for Life by Loral Langemeier

- Entrepreneurship surrounds us every day. New businesses and ventures are the pulse of wealth around the world. The fact of the matter is that just about every product or service we use nowadays is a symbol of bravery. Somebody had to have the courage and faith needed to create that product and build that business.
- Entrepreneurship is the single biggest source of wealth in this country. However, the sad fact is that too many wealth building programs bypass this step. This book is all about building and sustaining a viable business – a Cash Machine – to help you create and support your wealth, and about giving oneself the confidence and courage to do so.

Why You Need This Book

The Millionaire Maker's Guide to Creating a Cash Machine for Life by Loral Langemeier

- This book teaches you how to earn more money by building a Cash Machine – a legitimate, legally structured business venture that uses your skill sets, is modeled after a similar successful business, is developed in weeks (sometimes days), takes advantage of teamwork, and generates immediate cash. The book provides you with a step-by-step action plan to start up your Cash Machine, get it running, and grow your business further.

The Cash Machine: Create New Money as You Learn to Earn

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Whether you build, fix or buy your Cash Machine, you are going to focus on a business that is immediately going to generate revenue. You can organize your Cash Machine in three ways:

Build it. Starting from scratch is not the easiest way to begin a business, but the Cash Machine makes it much simpler. You can either *use the skills you have or partner with someone who is also starting from scratch* to leverage your skills with your ideas – or do both at the same time.

Fix it. If you have your own business already, but it's not making enough money or is too difficult to run, then you need to make your Cash Machine more effective. If your business does not make any money, it's just a hobby and not a business, and hobbies will not make you wealthy.

Buy it. You may have lazy assets – those that are just lying around doing nothing, like CDs or money market accounts for instance – that can be sold to generate cash for your Cash machine. Or you could join another entrepreneur or group of investors who are buying another company and offer your skills or experience as *sweat equity*.

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The Cash Machine action plan, therefore, is as follows:

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

As soon as the business is up and running and revenue starts flowing in, the Cash Machine owner will be ready to move on to learning and understanding new skills, the entrepreneurial skill set.

- Management – a business takes vision and vision takes leadership.
- Marketing – begins at the idea stage and should be carried all the way through every step of the business cycle.
- Sales – if marketing gets your customers to the door, sales will make them want to take their coats off and stay a while.
- Operations – systems such as accounting, customer databases, marketing, tech support and sales.
- Finance – the quantitative side of every business

Skill Set: Digging Into Your Toolbox

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It's absolutely necessary to begin with your skill set, not just with your business idea. Starting a business is tough enough without handicapping yourself and expanding into an area that is not supported by your skill set. Most entrepreneurs fail because they choose to pursue entrepreneurship with new skills instead of skills they already have.

If you're not sure what your skills are, you can use the following exercise to discover them:

- List your responsibilities at your job or company, and/or the things you do everyday to manage your life if you don't have a job.
- List the specific tasks associated with these responsibilities.
- List what other tasks you do at your job or to manage your life because either you like to or feel compelled to do them, even though strictly speaking they are not your responsibility.
- List the industries and markets in which you have experience.
- List the tasks you do at home.
- List the activities you find yourself doing in your spare time.
- List the activities you would choose to do in your spare time.
- List the tasks that others often ask you to help them with.
- List the tasks you're good at and might take for granted.

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Skills you will need to learn or strengthen, or hire until you do:

- **Organization.** You need to create the systems that will help you manage your company.
- **Energy management.** This is more realistic than plain time management; time isn't the real issue – how we use our energy in that time is.
- **Driving the outcome.** Always try to push your agenda in every business meeting and accomplish what you want it to.
- **Quantitative analysis.** Numbers are a part of business, enough said.
- **Qualitative analysis.** Seeing the subjective factors surrounding the objective ones is the skill that makes or breaks a business.
- **Communication.** Businesses are built on relationships, and these work best when there is clear communication.
- **Team building.** You'll need other people on board – consultants, colleagues, support players, utility players.
- **Intuition.** Reacquiring this innate knack is a real skill. When your intuition is working at its best, you can almost anticipate what's going to happen.

Idea Generation: Brainstorming the Business

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Whether you are building, fixing or buying a Cash Machine, you will need to generate or solidify the idea of the business. This idea will come from your Skill Set.

Some points:

- If you want to buy a Cash Machine, be selective. Go for ongoing business ventures that are already making money or at least breaking even. You want a good solid business that is doing fine. (The point of buying one in the first place is to leapfrog the get-on-your-feet stage.)
- At every point in the brainstorming process you want to make sure you stick to your personal values.
- You need to have a vision for your future to stay on track to reach your goals – something to help you overcome the tedium of the day-to-day running of the company.

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There are several factors you might want to consider while thinking of your business:

The market opportunity. Consider what's missing in your town or community. Note, however, that these will be good business ideas only if they fit into your skill set.

Trends. You might be able to build, fix or buy a Cash Machine that grabs on to the coattails of an already established, excellent idea.

Whispers. You might be able to hear hints or rumblings of something coming up that you can take advantage of.

Parallel worlds. Many times, things are happening elsewhere that aren't yet happening where you stay; you might be able to draw inspiration from that.

Spend time to search as many sources as you possibly can, because you never know. Sources for ideas:

- Traditional and new media – newspapers, magazines, television, the Internet, etc.

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- Pop culture – seeing what's popular with the masses, what they're desiring or aspiring to, can be an excellent source of new ideas.
- Trade and research reports – industry- and business-specific newspapers, magazines, newsletters and websites are terrific and underutilized sources of information.
- Business broker listings and papers – if you're going to buy your Cash Machine, scour the business-for-sale segments of your local classifieds and the broker listings as well.
- Display ads, commercials, the Yellow Pages – look at how other companies position their product, see what audience they are targeting. Even the listings in the Yellow Pages may help clue you in to what is out there and what is missing.
- Field trips -- head out to see what's out there.

Lastly here are three rules for deciding the form that your Cash Machine should take:

- Keep it simple, with a clear and obvious sequence to revenue generation.
- Be careful: if your idea is too original, chances of acceptance are low.
- If you can see a big gap between what's available and what's in demand, then you can be well on your way to creating a viable Cash Machine.

Modeling: Finding a Form to Follow

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Once you have your business idea, you should model a similar business. A look around should help you find such similar ventures. It would even be best for you to meet the owners in person and see how they work, or even shadow them for a day. (If you cannot find a good model for your idea, you can divide your idea into different segments and model each after an easy-to-find business.)

Here are 21 questions to help you learn all you need to know about your model business:

- What is the product or service that is being sold?
- To whom is it being sold?
- What was the opportunity when the business was created or acquired?
- Was there an opening that was taken advantage of?
- Who were the other players in the market at the time?
- What were the industry trends back then?
- What are some industry trends now?
- What was (and what is now) distinct or unique about the product or service?

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- How was (and how is currently) the opening positioned differently from its competitors?
- Are there any current gaps between supply and demand?
- How was the product or service initially marketed?
- How is it currently being marketed?
- What were some of the specific challenges that were faced immediately? That were faced eventually? That were being faced currently?
- Who is indispensable on the team?
- Are people hired or offered equity?
- What can I expect to charge for services similar to the model's?
- What items represent some of the biggest expenses?
- Are there any unseen costs?
- What is the strategy going forward?
- Is the model's owner planning to exit the business at any time? What is the exit strategy?
- Are there any other successful companies that can be looked at?

The Plan: Mapping the Best Route

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A business plan is a document that maps out the business concept and its strategies. The exercise helps get the entrepreneur going: writing the plan down helps him or her organize his or her thoughts and clarifies strategies and tactics.

Here are the components of a good business plan:

The Concept. Once your skill set has been determined and your idea for your business discovered, you are ready to define it as a concept. This is a one-sentence statement that answers the question: *What is the experience I want my customers or client to have?*

The Opportunity. Clarify the exact demand that your business will fulfill and how you are positioned to uniquely address that need.

The Market Situation. Describe the general state of the market, opportunities and threats; look at the other players in the marketplace and what they've done and are doing now; determine any trends or currents the market may be heading to.

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The Strategy. This is the actual plan of action that will take the business from concept to reality.

The Team and Operations. Do this to understand who it is you are looking for, who you want on your team – and why.

The Financials. Businesses are run by numbers – enough said.

Future Pacing. Future benchmarks should always be considered; this should include a list of projected multiple revenue streams and the products or services that will generate these.

Building a Team: Finding Players for Each Position

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- The best entrepreneurs are great leaders, and great leaders know how to come up with great teams. Leaders know enough to understand that they do not need to do everything themselves.
- In order to determine the kind of team you need for your Cash Machine, you can have a look at the team of the model business you selected. The organizational and personnel structures of most businesses are very similar and work on the same group of best practices and benchmarks.

Steps to build your team:

- The first members of the team should be mentors – successful entrepreneurs, business leaders who are worthy of respect and admiration.
- Next should be the immediate players, your support staff unless you can handle this yourself – an accountant, a lawyer, an entities specialist, a bookkeeper, and a database manager (and maybe other industry-specific players such as a copywriter or graphics designer).

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- Next you will have to decide how to pay your staff. You can hire them outright and pay them cash, offer them equity or ownership in the company, pay them both cash and equity, or give a bonus based on specific criteria.
- Later on, if need be, you can set up an organization more in line with that of a traditional business – including marketing, management, sales, operations and finance/accounting divisions – that can be in-house or outsourced. You may also need to get investors and/or lenders to help you get capital.
- Lastly there is “life support” – time you spend taking care of your home or errands is time away from your business; you may need to get someone or some people to take care of these “little” chores for you.

Marketing and Sales: Engaging and Enrolling the Customer

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- In order to develop the marketing plan, your team needs to know how to define the business: what you do, how you do it, and for whom and why. This will help you discover your message and relate to your target market.
- To quickly get your customers in the door, you can try putting up ads in the newspapers (nice quality ads or classified ads), on the net, on the radio; by distributing notifications via email or posters; by holding parties, get-togethers, seminars or other events; or having third parties endorse you.
- “Guerrilla marketing” is an excellent way to start, but there is no substitute for long-term marketing and sales strategies. Such plans are what your business is all about. They are about targeting people who have a need that you can address and getting them to respond to you.

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- First build your marketing strategy. Determine the 4Ps – product, price, place and promotion. Make sure your strategy creates the demand, drives intent to purchase and directs it to *you* and not a competitor!
- Next, get from strategy to tactics. Your strategy is only as good as the tactics you'll use to implement it.
- You may also need to hire people who can complement you, who can do what you cannot, who can help you create and deliver your message. Hire your weaknesses.
- The other half of the marketing team is sales. The marketing team engages the customer; the sales team enrolls him or her by sealing the relationship. The best salespeople facilitate a decision that the customer will feel good about making and ensure that what the customer perceives he or she is getting matches what he or she actually gets. They are enthusiastic, positive and not pushy.

Operations and Finance: Systems and Structure

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Operations is the machinery that makes everything go. It refers to the inner workings, the actual infrastructure, the systems, and the structure of the business, and covers everything you need to happen to execute your concept. The flow of operations can make or break a business.

Here are some facets of operations:

- Location and equipment need to be considered at the start and should be easily obtainable when you are creating or buying a Cash Machine.
- Operational flow and patterns also need focusing on because they deal with sequencing, or doing the right thing at the right time.
- Plans to fix the team and organization must be set at the start, because it is very difficult to play catch-up as the company grows.
- The information technology systems must also be put in place early on as they are a cornerstone of your infrastructure and are thus worth the time or money it will take to set them up.
- Entity structuring is also necessary as the legal structures –

Operations and Finance: Systems and Structure

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- Finance is vital to business success, as has been mentioned earlier throughout this book, so it is important that your income statement, balance sheet and cash flow statement are taken care of.
- Make sure that your personal finances and business finances are kept in separate books.
- Work on a Revenue Model. Pick the target revenue you want to achieve and calculate the volume of the product or service necessary to achieve that target. You will also need to run a breakeven analysis, which tells you when you will stop losing money and begin to make money.
- Also, you will need to manage your debt. Distinguish between good debt (borrowed money at a low interest rate, used to build the Cash Machine and/or create more assets) and bad debt (high-interest borrowing used for one-time and/or perishable expenses, like credit card debt).

Accelerating the Machine: Expansion and Exit Strategies

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As growth occurs, you will be adding more money to your company, spend less time on the details of the business, and begin to evaluate the future of the company.

One focus is on increasing sales, and this can be done in the following ways:

- Increase the number of new customers or clients.
- Increase the number of repeat customers.
- Increase multiple transactions. Selling offshoots or “flanker products” which can be sold alongside the mainstay products is a good way to increase sales.
- Team market through joint ventures. Find a good compatible partner with whom you can work.
- Expand channels of distribution (if you have not yet managed to expand to the internet, for instance, do so) to expand your potential market.
- Increase marketing dollars to build marketing strategies. While word of mouth and referrals are excellent for building a starting base, you cannot rely on them forever.
- Increase infrastructure. The organization, sales machine and workforce all need to be in place so that increased demand can be supported.
- Seed development and support execution. Put resources into R&D to keep those good ideas coming!

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Other ways to increase sales and profitability will require revisiting the action plan and entrepreneurial skill set.

- You will discover your strengths and weaknesses regarding your skills – what you need to focus on – that may not have been evident at the beginning.
- As time goes on you may have to modify your business idea to accommodate new realizations or developments. You may even need to spin off other ideas to create additional revenue streams.
- You may also need to look around for new business models if the older one you used becomes insufficient.
- Your revenue model may also need reworking if you wish to add a new product or service or otherwise adjust your lineup.
- Your Cash Machine plan in itself may need reworking as well if and when new opportunities are discovered.
- You will most probably need to expand your team; you might need to add strategic partners or hire more professionals for instance.
- And it goes without saying that your marketing and sales plans will most probably need reworking as well.

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Lastly, when you make an investment you should always have an exit strategy.

Options:

- Don't exit if your Cash Machine is doing great.
- Sell the company. If this is what you want to do (and it is your goal at the beginning) make sure you retain as much cash as you possibly can after the sale. Also, your potential buyers are strategic partners, competitors, suppliers, so court those relationships early on.
- Go public. Initial public offerings (IPOs) have good and bad sides, however, based on exposure. Although more cash is created for your private shareholders, the value of the stock itself will then fluctuate with the market's perception of the company.

The Kids' Cash Machine: The Next Generation of Millionaires

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- Teach your children true entrepreneurship by teaching them how to build their own Cash Machines.
- A Cash Machine, to recap, is simple to start and sustain; based on skills that get you to an idea modeled after an established, successful business, with revenue models to hit specific projections, built on a plan, with a team, and well-marketed as well. Any kid can and should do this.
- But you should stress that they shouldn't do this solely to make money – they should try to help people as well.

ABOUT BUSINESSSUMMARIES

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