

Rich20Something

Notes for Stephen Key's "One Simple Idea"

- What is licensing?
 - Renting your idea to a company
 - Allows you to bring your idea to market very quickly
 - You're doing the company a service by showing them how to make more money
 - The company takes all the risk and does all the heavy lifting (they're working for you, not the other way around)
 - New way of working as an entrepreneur
 - The old way was starting a business to raise money
 - The theme of licensing: everyone is working for you
- What is open innovation?
 - Companies open their doors to outside freelancers with new ideas
 - Why?
 - Cheaper to pay someone from the outside than to hire a new employee
 - No salary, health insurance, and lowers R&D costs
 - Companies will only pay if they like the idea
 - In order to be competitive, most companies are open to new ideas
 - Most company websites list the types of they are looking for
- How to come up with a good idea
 - Don't think outside the box — think next to it!
 - Small improvements on existing products are easy to implement
 - No risk, easy to market quickly
 - Huge ideas take time, money, education
 - Not all ideas win
 - It's a numbers game
 - If your idea flops, don't worry. Move on to the next one!
 - Characteristics of a winning idea
 - The idea has a little bit of a "wow" (has to be clever/a little bit of magic)
 - Solves a common problem
 - Large market

- Common production methods
 - If you can't think of an idea, contact a company
 - Ask what types of new ideas they're looking for and what types of problems they are facing
- **What if you lack creativity for designing a new idea**
 - Become a project manager and represent a group of creative, design school students.
 - Contact a company to find out what they need and relay that information back to your designers.
 - Designers do the work and you connect that idea to the company as a licensing expert.
- **3 ways to generate great wealth**
 - Find a job that doesn't require your hands
 - Find a job that doesn't require your presence
 - Make sure job has a "multiplying effect."
 - When you license and have companies working for you, it's the ultimate multiplying effect.
 - Increases your chance of success.
- **How to protect your ideas from being stolen**
 - Keep an Inventor's Journal
 - As easy as a simple composition book.
 - Make sure you can't tear the pages out.
 - Write your ideas in ink.
 - Easiest and cheapest method.
 - File a Provisional Patent Application (PPA)
 - Can file it yourself for \$110.
 - Allows you to put "patent pending" on your idea for one year.
 - Allows you to test the market.
 - Levels the playing field so that you don't have to worry your idea will be stolen.
 - Follow up all calls to the company with an email
 - Leaves a paper trail
 - Don't worry! Companies are very fair.
 - It's bad business to steal an idea.
 - They know you can communicate with 10 million people via the Internet if they try to scam you (a PR nightmare!).
 - Companies should be more afraid of you, than you are of them.
- **Taking the risk away**
 - Create a sell sheet
 - In 5 seconds, you should be able to communicate what your product is from this brief advertisement.

- Emotionally, be able to summarize your idea into a one line sentence.
 - Why should anyone care about your idea?
 - Show a picture of your product.
 - Include your contact information.
 - Understand if your product can be manufactured and at what price point.
 - Contact a trade association for a list of
 - contract manufacturers.
 - Every industry has a trade association, an "umbrella company" for the entire industry.
 - Contact the contract manufacturer and ask for someone in sales.
 - Ask a quote for your product to be manufactured and sold.
 - Don't quit your day job!
 - This can be done in your spare time
 - If you're passionate about your invention, it won't feel like work at all.
- **Negotiating royalty rates**
 - 5% average, anywhere from 3% to 10%
 - Understand the business.
 - Ask how many stores their products are currently sold in.
 - Create a matrix knowing how many stores they have, estimate 1 product being sold per week at each store, then calculate the royalty rate they are offering you.
 - Remember, royalty rate comes off the wholesale price
 - Never negotiate on the phone.
 - Take your time and do your research.
 - Find someone with a little more experience who can help you.
 - Call them back when you are comfortable.
 - If you can walk away from a deal, you'll get the best deal in the world.
 - You can afford to do this by talking to multiple companies.
 - If a company likes your idea, they will chase you

I grabbed these notes from a mind map I originally found on pacificawealth.com

Did you find these notes helpful? Feel free to share them with a friend. Get more great ideas for living a better life and building a business you care about at [Rich20Something](http://Rich20Something.com).

