THE NEW RULES OF INVENTING

7 GAME-CHANGING RULES FOR CREATING HOT PRODUCT IDEAS

and licensing them for millions...

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If you've ever tried to sell or license a product you've invented, then you know how difficult it is. In fact, it's nearly impossible.

Consider this alarming fact: according to the United States Patent Office, over 456,000 patents are issued for new products every year in the U.S. But the USPTO also reports that of those patented products, fewer than 2% ever make it to market. Or, stated another way, these new products have a *failure rate of 98%.*

Is it any wonder then that inventors find it so difficult and frustrating to attempt to bring their product to market? Not to mention the huge waste of time and money that results from this.

At the same time, large corporations in the United States and practically every other country in the world are literally begging for new products. In fact, one industry alone pays out $14.3 billion in royalties every year – and they aggressively seek out more and more products to bring to market.

I'll share the specific details of this industry and many others that are aggressively seeking out new products in a few minutes. You'll be very pleasantly surprised, even shocked, to see how much opportunity there is to sell or license your product.

So here's the critical question: if so many industries are actually begging for new products to bring to market, why is the success rate of new products created by inventors just a paltry 2%?

The answer, unfortunately, is that the process being taught for inventing and selling or licensing new products is unalterably broken. Yet the so-called "experts" keep teaching this process despite the fact that the success rate of just 2% has remained the same for decades.

The three P's of the conventional inventing process

Pick up any book or course on inventing and you'll find the same formula. It has three steps, each starting with a P:

- Patent

- Prototype

- Pray

So let's take a quick look at how each of these three P's are applied when using the conventional inventing process.

P1 – Patent (above all else, protect your idea)

Visit any inventors group in person or online and you'll find one topic that dominates all others – protecting your idea with a patent. That's because the conventional inventing process puts more emphasis on protecting your idea than on any other aspect of inventing.

This is truly unfortunate for two reasons. First of all, patenting an idea is a complete waste of time for many ideas. To prove this to yourself, just visit your local Home Depot, toy store, pet store or any other type of store that suits your fancy.

Randomly inspect about 10 products you find there. You'll quickly discover that no more than half these products are patented. And in many cases, as few as 30% of the products in an industry have been patented.

Take toys for example. The standard shelf life for any toy is just 12 to 24 months. Now, when you consider that it takes an average of *four years* for a patent to issue, it makes no sense at all to invest a substantial amount of time and $15,000 or more patenting a new toy idea.

In addition, many products aren't unique enough to be awarded a patent. But that doesn't matter one bit to the buying public. If a product solves a nagging problem or makes something easier or more enjoyable, people will buy it.

Put it this way – when is the last time you went into your favorite store and thought, "Today I'm going to buy something that's patented"? The answer is *never.*

When you go to Home Depot, you buy a wrench to remove that rusted bolt from your plumbing. As long as it solves the problem, you don't care in the least whether or not that wrench is patented.

When you go to Toys-R-Us looking for a toy helicopter your son or daughter can buzz around the yard, you want a sturdy toy that will continue to fly and comes in cool colors. Is it patented or not? Who cares!

P2 – Prototype (create a fully functional model of your product)

The next step that experts who teach the conventional approach to inventing insist you must take is to create a fully functioning prototype. The closer it is to what the production version will be, the better.

This is possibly the *worst advice* any inventor could ever be given. Why? Because there is absolutely no need for a fully functional prototype, so it's a complete waste of time and money. There are two reasons why this is true.

First – it's important to understand that a prototype is a "one off" model, made using temporary molds. These molds don't even begin to approximate the quality of a production mold, yet they are quite expensive to make, especially considering that they will only be used once, then tossed in the trash.

More importantly, because a prototype mold differs so greatly from a production mold, a substantial number of the features of your prototype will be modified dramatically if it ever gets to the production stage. So every penny you invested in your prototype – anywhere from $5,000 to $75,000 and up depending on its complexity – is flushed down the drain.

Second – creating an elaborate, fully functioning prototype is rarely necessary. Most new product concepts are based on familiar products, so a high-quality sketch, animation, or video are nearly always enough to clearly convey your product idea. And because these options usually cost from $150 to $500, they are far easier on your bank account.

P3– Pray (hope against all odds that your product will make it to market)

The final piece of the puzzle in the conventional approach to inventing is to pray that you can either sell or license your product to a company. While I hesitate to sound too negative, this is the unfortunate truth about the conventional inventing process.

You see, the key ingredient that's missing from the conventional process is determining whether or not anyone – meaning real customers – will actually want to buy your product. Remember that horrendous statistic that only 2% of all patented products ever see the light of day? THIS is exactly why.

Time and time again, inventors come up with a product idea, get rave reviews from their friends and family who love it but know nothing about the actual market, and proceed to invest substantial time and money in a patent and prototype. But without any verification from real customers that anyone will buy it, their hopes and dreams quickly die on the vine.

Sadly, this is the case with 98% of all inventions. And no amount of prayer or positive thinking can alter these predictable results when you follow the conventional inventing process.

So is there a solution to this devastating problem?

With what I've just shown you – and particularly because this is the exact process the "experts" teach you to use to bring your product to market – you must be wondering if there's a better way, right?

Well, fortunately, there is a better way. A *much better* way that is not only easier and far less expensive, but it also increases your chances of getting your product on store shelves exponentially.

The solution is an improved process that is driven entirely by the buying habits of the actual customers for your product. By developing products based on what actual customers are already buying, you instantly make a giant leap past all the problems normally associated with the conventional inventing process. To fully understand how this works, let me share an extremely valuable lesson from our past.

A time when shovels were worth more than gold

Let's take a trip back to January 24, 1848. On that day, a carpenter working at John Sutter's mill in northern California made a discovery that changed the course of American history.

His discovery? Just two gold nuggets.

But within 12 months, more than 100,000 people flooded into the area, nearly doubling the population overnight. And every one of them was hoping to strike it rich panning for gold.

Most of the miners arrived with almost no supplies whatsoever. But once they were there, they needed food, shelter and mining tools and supplies. However, because they were in a remote region with no other options, the companies that supplied the miners charged handsomely for their goods.

A single egg cost the equivalent of $25 in today's money. Coffee sold for more than $100 per pound. A mining pan cost $180, a bucket cost $80. And a shovel went for a whopping $1,100.

Because of these high costs and the difficulty to actually find the gold hidden beneath the dirt, only a few miners struck it rich. On average, about half the miners made a modest profit. But the bulk of them went broke.

So who were the real winners? The fact is that most fortunes were made by the merchants who supplied the miners. When a shovel sold for $1,100, but the price paid for an ounce of gold that could take days or weeks to unearth was just $16, it isn't difficult to see why the real gold was in selling shovels.

The Golden Shovel Principle is alive and well today

The Golden Shovel Principle also applies to a simple inventing process anyone can use to make 6 to 7 figures every year. Plus, when you use this process, most or all of it is done using other people's money, resources and labor.

The process I'm talking about is *product licensing.* Instead of taking on all the risk that's required to start a business based on a new product idea, you focus on creating and licensing *shovel type products* to businesses that are already successful and want to grow larger or keep a step ahead of their competition.

You see, companies with products that are currently selling well are always looking for ways to improve those products because even minor improvements can produce substantially more sales. And that's what *shovel type product ideas* really are – rather than completely new product ideas, they are ideas for <u>improvements to existing products</u> that are already selling well.

Here's why this is your most direct route to making serious money from your product ideas. Any time you take a product that's already selling well and improve it, because it already has a track record of successful sales, the likelihood of the improved version selling well is extremely high. But when you invent totally new products that are completely unfamiliar and have no previous track record of success, your risk of failing increases enormously.

So just like the gold miners, the ideas you create for improving existing products are the tools and supplies that businesses always need in order to keep their profits growing. They are your golden shovels.

Plus, when you develop product improvements, your costs are minimal and you have little at risk other than a small amount of your time. At most you have very limited costs, usually just $200 to $500, to fully develop the ideas for the product improvements that you'll license to already successful businesses. And all of the resources needed to sell your improved version of a product to their customers and operate the business are provided by the businesses you license your ideas to – NOT by you.

Also, because you aren't focusing all your time and energy into a single, all-or-nothing business like you would if you chose to manufacture and sell your own product, you can spread

your efforts over many product licensing deals at once and greatly increase your odds for success.

I've personally made millions doing this and in the rest of this report, I'm going to show you exactly how easy it is for you to do this too.

Why would businesses want to license product ideas from you in the first place?

Do businesses really license ideas for products from independent product developers like you and me, even when they don't know you? Absolutely! And the pace of this is increasing every day.

Here's why. With the explosion of new technologies, the dropping cost of labor, and the ability for companies to sell their products in any country over the Internet, there is more and more demand for new products every day. Which means that more businesses than ever before are actively seeking out new products to bring to market. They have to – if not, they could easily be swallowed by their competition.

So these same companies regularly turn to outside inventors and product developers for new product ideas. They recognize that there simply isn't enough time in the day to stay ahead of the pack on their own. Not to mention that maintaining a full time Research & Development department is expensive.

For these reasons, hundreds of thousands of companies eagerly accept product submissions from outside inventors and developers. In fact, most large corporations now have key employees, or an entire division, devoted to product acquisition.

Here's a peek at just some of the "shovel products" large corporations are actively seeking out

The demand for licensable products far outstrips the supply. Yet few people are aware of this even though major corporations publicize their need for new products on a regular basis. Here are a few examples to show you just how huge this demand is:

- According to a recent article in the Wall Street Journal, the technology sector is so strongly in need of outside product help that it awards over $2 billion in prizes to individuals every year.

The WSJ article described technology companies as practically begging to give this money away. In fact, they'd actually like to give out even more in prizes, but there are many more awards being offered that go unclaimed.

- In the toy industry, a full 30% of all toys are created by outside inventors. Since this is a massive industry with over $25 billion in annual sales, this means that independent inventors collect roughly $320 million in royalties every year!

  Here again, all toy companies are seeking out new ideas. Every major toy company in the world has an Inventors Relations department devoted exclusively to finding new ideas they can license from independent toy inventors.

- Licensed products that use the images of celebrities, cartoon, movie or comic book characters, athletes and entertainers pay product developers like us $13.4 billion (yes, that's billion!) in royalties every year.

  This is a massive market because companies of licensable properties (think Star Wars, Frozen, all major league sports teams, and nearly every major entertainer) know that the more products they can slap their licensed characters on, the more money they make.

Now, that's just three industries. There are billions more paid out in royalties just like this in dozens of other industries. Yet few people are aware of this.

So with all this money being paid out every year and no end in sight to the demand for new products, you'd think this would be good news for anyone with a great idea, right?

Well, it would be if it weren't for one disastrous problem. The conventional method of inventing products that I showed you in the beginning of this material.

There are hundreds of books, courses, and web sites on inventing and licensing products. But the problem is, the conventional wisdom they're dealing out is backwards. It may have worked years ago, but it hardly ever works in the fast-moving market conditions you and I encounter today.

These resources are often written by patent attorneys, design engineers offering prototype services, or invention submission agencies that make their money helping you file a patent and get a prototype made. So what do these experts focus on? Why, patenting and building prototypes of course.

But as you've already seen, contrary to the conventional advice, in most cases those things are useless. If not, the failure rate for new products wouldn't be so shockingly high.

Fortunately, the solution is very simple

So let's dig a bit deeper and examine *why* the conventional wisdom is flawed beyond repair. It can all be attributed to the backgrounds of the so-called experts who write and publish this ineffective advice.

As patent attorneys, engineers and invention submission agencies, the only topics that most of these folks understand is the technical side of patenting and prototyping. But as I emphasized earlier, they understand little or nothing about customer buying behavior and marketing. And that lack of understanding of *why people really buy* any product or service is what dooms so many product ideas right from the start.

Now, when I first started developing products, I read as many books and subscribed to as many ezines as I could find on inventing. But because I came from a background of having been a professional copywriter and marketing consultant, I quickly recognized that the majority of the material being taught was not only useless, it was actually terribly damaging.

So I set out to develop my own product ideas based on what people *actually buy*, NOT on what could be patented or prototyped. And because of this, my track record is far superior to the 2% success rate of all other new products.

Because I *only* develop products for markets where there is a high demand, and I can provide *thorough proof ahead of time* to my licensees that customers will eagerly buy these products, my success rate is around 70%.

Over my 30 years of marketing and developing products to license, I've created a short set of nearly bulletproof rules that will give you the ability to match my track record, even if you have no previous inventing experience. After all, I only have a high-school education and I didn't have a lick of experience when I first started inventing products for a broad range of markets.

By following these simple rules, you'll be able to create as many hot new product ideas as you'll ever need and license them to major corporations for substantial royalties.

In total, there are 7 rules that will land you squarely in the 2% of successful product developers. And 3 traps to avoid if you don't want to see your product meet an early demise.

Let's take a look at each of them now.

Rule #1: Ideas are worthless, proven concepts are worth millions

Actually, this should be called **Rules 1 through 100.** It's so critical to your success, that it's 100 times more important than any of the other rules. So be sure to read this rule at least twice.

Most product developers believe the myth of "the better mousetrap". By the way, I prefer the term product developer to inventor because it shows that you're serious, not some wild eyed misfit living in their parents' basement.

The gist of the better mousetrap myth is that you can jot down an idea on a napkin, protect it with a patent, build a prototype to show how it works and companies will fall all over each other competing to pay you millions for your idea.

Fat chance!

You see, an idea on its own is just that – an idea. And it doesn't matter if you cloak it with an expensive patent and a fancy prototype. If no one actually wants to buy it, your idea is worth of only one thing – a direct trip to the trash can.

But that all changes when you can prove that your idea has a large market of real customers eager to buy your product. Think of it this way. If you're the Acquisitions Manager for a large corporation, what would you be more interested in:

- A lukewarm idea with a bulletproof patent and an expensive, custom designed prototype

—OR—

- A great idea with a cheap rendering that illustrates exactly how it works <u>plus</u> thorough proof that thousands, or even millions of customers will gladly pay for it

The choice is clearly the second option. But because 98% of all product developers create their products the first way, they're building failure into their efforts every step of the way.

So how do you go about creating products that you know in advance will find a huge, eager market of paying customers?

There are many ways to do this. But one of the simplest is to *improve existing products* rather than inventing something entirely new.

Here's an example of how this works. When I created my toy skateboard that had the logo of Tony Hawk and six other high-profile skateboard brands, I did *not* invent a new toy. What I invented was an attachment for an existing toy that was already being sold that would make that toy more fun for kids to play with.

Next, by buying a couple of other existing toys and a few additional supplies, I chopped those up to get the parts I needed and patched them together using a hot glue gun to make an inexpensive "works like" model. My total cost to create this model was just $21. But that's all I needed to prove that my improvement for the toy skateboard could be built.

So when I contacted the toy companies that made this type of toy skateboard, I didn't have to prove there was a market for it. They already knew the market existed, because they were selling $20 million worth of these toys every year.

When I met with one of these companies and showed them my cheapo model and proof from the owners or purchasing agents for toy stores stating that they would buy my improved version once it was ready, I was 90% of the way to securing a licensing deal. But just to make sure, my licensee's Vice President of Marketing picked up the phone and called their buyer from Target on the spot.

That's because Target is the second largest seller of toys in the United States. The toy company VP described my improvement of their toy skateboard to the buyer from Target and asked her if they would stock it.

The buyer's answer was an emphatic, "Yes!" And because of those forms of proof, I walked out of the meeting with an agreement to license my product.

But here's the best part…

Anyone can do this.

I didn't have any experience inventing products prior to this and I was completely unknown to this toy company, or any other company for that matter. But this fundamental rule of only inventing improvements for products with a large, existing market enabled me to seal a great licensing deal my first time out the gate. And it's continued to work extremely well over and over again.

Rule #2: Don't be too eager to give up your day job

It's no secret that many product developers struggle to make ends meet. That's because inventing is often a feast or famine process. This is certainly true when you're first starting out.

Here's why. First, you have to overcome the conventional wisdom to even make it into the 2% of products that actually get on store shelves or are made available online. But once you're fortunate enough to do that, the real waiting begins.

There's no guarantee as to when a company that licenses your product will actually manufacture it. It's highly likely that they already have a number of other products in the pipeline – and yours will almost always go to the end of the line. And you never know when some emergency will come up that will delay the schedule even longer.

Even if your product gets the green light immediately, it will still be at least 12 months before it is actually manufactured. Designs need to be made and approved, molds need to be fabricated and tested, government approval may be needed for safety reasons, and the actual manufacturing must be bid out, usually to multiple vendors in foreign countries.

The next challenge is that shelf space is a precious commodity and very difficult to get. So your licensee may need to wait a year or more before the stores that move a lot of product have room on their shelves.

For all these reasons, you can expect to wait a minimum of 18 to 24 months before you ever begin to see your first royalty payments on a physical product.

However, when you finally receive your royalties, the amounts can be substantial. For just one of my own products, the royalties have amounted to more than $1.4 million. So it was well worth the wait!

To fill in these long gaps in income, I strongly recommend that all product developers also have some other form of income until you have a number of products generating royalties with no gaps in your income from month to month.

While I always have a number of product ideas in various stages of development, I also have an active marketing and training company that creates a reliable, stream of steady income. That's partially to cover any gaps between royalty payments, but also because I enjoy teaching marketing and licensing.

While I know of product developers whose income comes solely from their royalties (often 6 to 7-figures every year), many successful product developers still have a second form of income as well. That may be part time or it may be full time. But because there's little

predictability in the timing of your royalties from different products, you can't always rely on having a consistent, unbroken stream of income.

Don't get me wrong, once you have a number of products licensed out, you may join the ranks of those product developers who are fortunate enough live quite comfortably on their royalty income alone. But until you reach that level, in order to create financial stability I strongly advise you not to give up your day job and to have a second source of income as well.

Rule #3: The unlimited power (and value) of the slight edge

Most product developers think that in order to be successful, they need to invent the next iPhone or some other breakthrough product the world has never seen before. Nothing could be further from the truth.

In fact, "disruptive" products, as these new blockbusters are known as, are by far the most difficult to invent and make money with. You see, they require multiple versions throughout the testing process, thousands of hours of testing, and huge investments to even get to the functional prototype stage. And all of the time and money required to do that is at risk if you fail, which the vast majority of breakthrough type products do.

On the other hand, when you can add something slightly new or different to an existing product that improves its quality, your odds of getting a great licensing deal increase enormously.

For example, if you're frustrated because the handles on your picnic cooler have to be lifted out of the way to open the cooler and you come up with an idea for a handle that eliminates this problem, you haven't invented a new cooler. You've simply created a slight edge that will give one cooler manufacturer a substantial advantage over all their competitors. And that advantage easily translates into millions of dollars worth of additional sales for your licensee – and substantial royalties for you.

The expertise it takes to do this is not monumental. The cooler that has been improved with your handle is not some new, breakthrough product that's never been seen before. It's created by simply adding a feature that makes something easier, more convenient, or more pleasurable to use that many people will benefit from.

It is just a slight edge that makes an existing product seem new. But what is new is the additional stream of sales and profits it produces for your licensee. And the substantial royalties it creates for you.

Rule #4: The counter-intuitive reason why huge corporations are eager to work with small product developers

While it may sound a bit hard to believe at first, the majority of large corporations eagerly seek out contributions from small, outside product developers. And the same goes for smaller to medium sized businesses as well.

In the case of large corporations, you might think they have a monopoly on good product ideas for their industry. But that simply isn't so.

Regardless of the size of any Research and Development department at any corporation, they can never keep up with all the changes in culture, technology and their market's tastes. That's why you see the sharks on Shark Tank competing so fiercely with each other when some small-fry inventor demonstrates a great product.

Smart companies know that great product ideas can come from anywhere, not just from their own R&D department. As a consequence, almost every major corporation has an inventor's relations manager or new product acquisition manager. And it's easy to find their product submission form or process in a prominent place on their web site.

Another reason why businesses have an open door policy toward independent product developers is that they recognize the speed in which emerging trends pop up. It's usually entrepreneurs who first identify leading edge trends in culture, technology, entertainment and more. So smart companies are wise to pay attention to product developers who have their finger on the pulse of these constantly emerging trends.

Finally, no one company or person can envision all the potential ideas for any given product. If you've ever watched one of those television shows featuring competing chefs using the same ingredients, then you already know what I mean.

Give 10 chefs the same ingredients and you're liable to see them create 10 completely different dishes. Each chef has their own vision for how the ingredients can best be used. And each different dish is usually a culinary delight.

The same goes for product ideas. Each independent product developer (that's you and me) has their own vision of what makes a great product. And it's this broad range of dazzling ideas that keeps the market fresh – and creates an audience of thousands upon thousands of companies who will license your product ideas.

Rule #5: Business hates change, inventing loves change

If you ask business owners what their ideal market conditions would be, most would answer having products that never change but keep selling at high levels with just a minimal amount of marketing.

You see, business hates change. In fact, business fears change. Because in the rapidly changing market conditions we live in today, every industry is subject to being replaced or possibly disappearing completely by new innovations.

Think the polaroid camera. Completely replaced by digital cameras that give you a higher quality photo without the cost and mess.

Think the typewriter. It's now a relic of the past, found only in museums, because Word processing has made it irrelevant.

Even Word processors have been made obsolete by other Word processors. WordPerfect once dominated the market, commanding over 85% of the market share. Not anymore.

Microsoft Word completely took over the word processor market and now commands a 90% share of the entire market. Could Microsoft Word be replaced by an innovative new method of word processing – or possibly a cloud-based word processor? You can practically count on it.

Think the taxi industry. Currently being challenged on a massive scale by ride services like Uber and Lyft, it could find itself being completely replaced in the near future by self-driving cars.

And similar changes are going on with tens of thousands of products every day. Business hates this change. It creates chaos and disrupts cash flow. It can even bankrupt companies whose products become obsolete when replaced by more innovative alternatives.

But inventing LOVES change.

That's because every time a market or product changes, it opens up even more opportunities for inventors. Especially when products or markets are first introduced there are always flaws or gaps that can be improved upon, resulting in a new and better version of that product.

So if you're an inventor, all of the change that's continually going on around us is very good indeed. Instead of thinking of the word "change", I recommend replacing it with "opportunity". When you begin to see things from this standpoint, the potential for new product ideas is practically unlimited.

Rule #6: Patents and prototypes are ideas killers

The conventional wisdom on product development emphasizes protecting your idea early, first and foremost. The second step is to build a fully functional prototype, as close to the finished product as possible.

The rationale for these foolish steps is that you must protect your product from being stolen by unscrupulous companies and that you must be able to prove all operational aspects of your idea. However, the logic on both accounts is patently false (pardon my pun, I just couldn't resist).

Here's why. Both these activities are extremely time-consuming and each normally costs in the tens of thousands of dollars. More importantly, they delay focusing your attention on the only thing that really matters – proving with complete certainty that there is a large market of customers eager to buy your product.

I've seen inventors waste 2, 3, 5 years or more constantly refining their product, then re-patenting it and updating their prototypes. This all comes at a great cost, both financially and in opportunity time (the time you could be devoting to more beneficial tasks).

Devoting anything beyond a few hours and a hundred dollars or so to obtain a provisional patent is wasteful and unnecessary. And even most provisional patents are a waste of time and money. One of the great benefits of improving existing products rather than inventing new products is that you can check to see if the existing product is already patented.

If it is, you can go ahead and file a provisional patent, secure in the knowledge that the company that eventually licenses your product will pay to update its own patent. If the product is not patented (which is the case with many toys and novelty items that have a short shelf life), then there's no need to waste any time or money on patenting your improvement.

As for prototypes, every penny you invest in a complex prototype is money flushed down the drain. Because the production version of your product will *never* truly look like your prototype.

Production tooling is very different than the temporary tooling used to make prototypes, regardless of how complex that prototype may be. So manufacturing a product at a reasonable cost will always be done using processes that are different from those used to build your prototype.

More importantly, a fully functional prototype is completely unnecessary. All you need to do is create a simple "works like" prototype – or even a detailed sketch or short video for simple concepts. Then, use that "works like" model to prove there's a large market of paying customers and you'll be miles ahead of the game without risking your life savings.

Rule #7: Licensing runs circles around manufacturing your product

If you're looking to put your entire life savings at risk, work insanely long hours, feel so stressed out that your hair turns gray prematurely, and *possibly (but not likely)* grab the pot of gold at the end of the rainbow, then you should go into business manufacturing and selling your own product.

However, if you want to eliminate risk, fully leverage all your efforts and grab that same pot of gold while living a relaxed, exciting lifestyle, then you should choose licensing your products over manufacturing them.

Still not convinced? Then let me explain how this Rule is built on solid business principles you can take to the bank.

To start with, manufacturing any product, even a very simple one, is extremely costly. There the cost of design, engineering, building an initial model and testing, finalizing the model and investing in heavy duty molds, legal and regulatory costs, and more.

Once you've manufactured the product, you're only one inch of the way on a mile long journey. Because now you have to master all the skills of actually running a business – or hire the people who have those skills.

Some of the operational areas you must have in place include research and development, advertising and marketing, sales staff and sales training, accounting and payroll, packing and shipping, customer service, legal and regulatory compliance, and more. And all of these add up to just one thing – the outlay of a tremendous amount of money to cover all this overhead *before* you've ever made a single sale.

However, when you license your product to a solid company, you achieve two very important goals. First, you *remove all the risk* involved in manufacturing a product and building a company around it.

That risk is fully assumed by your licensee. Your risk is limited to a couple hundred dollars or so to create a "works like" model and whatever amount of time it takes to prove there is a market for your product.

Second, you gain the powerful benefit of *leverage.* Leverage means exponentially increasing the power of something, by applying focus in an area of great return. In this case, that area of great return is eliminating all the cost and stress of building and running a company by licensing your product to a successful company rather than trying to navigate the extremely difficult task of *building* a successful company.

This frees you up to do more of what you're best at – creating even more product ideas to license out. And never having to worry about how you'll pay your rent, your staff or any of the other expenses of manufacturing your product and running the business.

3 traps to avoid at all costs

In addition to the 7 rules that will accelerate your success, there are 3 common traps that can derail your product development efforts quickly. The worst part is that each trap looks like something that would be helpful.

But they're not. So let's take a look at these traps and see exactly why they're so damaging and the steps you can take to avoid the harm they cause.

Trap #1: Steer clear of inventors groups

What could be wrong with joining an inventors group? They exist to help inventors understand the inventing process, find other like-minded people to hang out with, and provide needed feedback on inventions.

BUT, the problem is that every inventors group I've ever attended or spoken to focuses on two things. You guessed it – patents and prototypes. And most of the inventors in these groups are wary to the point of being paranoid about even sharing any details of their product for fear that everyone else in the group will steal their idea.

To make matters worse, it isn't uncommon to find that no one in a given inventors group has ever successfully sold or licensed a product. So it's a matter of the blind leading the blind, with the net result being that the vast majority of members are doomed to be part of the 98% of inventors whose products never see the light of day.

In my experience, very little progress is ever made by joining an inventors group. If you're tempted to join one, find out at the first meeting how many members have actually invented successful, profitable products. If it's just two or three out of the entire membership, then you aren't getting valuable feedback, you're only getting uninformed opinions.

Trap #2: Using a patent attorney instead of a business attorney

Many first time inventors believe that when it comes time to negotiate a licensing agreement, their patent attorney has the training and experience to do this properly. That's a big mistake if you want to get the best terms possible for your deal.

Patent attorneys are trained to know all the details of protecting your ideas through patents, trademarks and copyright. But when it comes to striking the best deal possible, they simply aren't qualified.

A licensing agreement is a business contract, so what you really need for this is a business attorney who has experience in negotiating contracts and getting the most favorable terms for their clients.

Remember that your licensing agreement could be in force for many years and possibly even decades. So an agreement that isn't as favorable as possible could mean missing out on a lot of money over all those years. You can avoid being the victim of this by using a good business attorney to negotiate or review your licensing agreement, not a patent attorney.

Trap #3: Believing "everyone needs this"

Ever come up with a blockbuster idea and thought, "EVERYONE needs this. This is going to be the goose that lays the golden egg!"

I have. And let me tell you, it's one of the most dangerous thoughts a product developer can have.

For example, you might think that *everyone* needs something that improves internet speed. But you'd be wrong. Because only 40% of the civilized world even has Internet access!

What's more, some of those people who do have internet access don't use the Internet frequently, while others practically live online. So your real market is *only* that group of people who are surgically connected to their mobile device or keyboard. Everyone else would only have marginal interest in your product.

Remember, since the most direct route to getting your product licensed is proving there is a large market eager to buy that product, you'd better know *exactly* who makes up that market. Otherwise, it's impossible to obtain the proof you need and your product that "everyone needs" will just be another idea that never made it past the starting gate.

Conclusion

As you've seen through the practical examples used in this report, the conventional approach to inventing product ideas and licensing them is hopelessly broken. Spending tens of thousands of dollars on protecting an idea and building a fully functional prototype is a complete waste of time and money. Instead, you should devote your efforts to gathering definitive proof that your product has a large market of eager buyers.

What's worse is that inventors groups and inventing services focus almost exclusively on the old, conventional approach. So the majority of the experts an inventor or product developer can turn to actually contribute to the problem that results in fewer than 2% of patented products ever reaching the market.

However, it doesn't have to be that way anymore. Using the information in this report, you now have your own version of a Golden Shovel – the understanding that's needed to identify which product ideas are truly worth investing your time and money in because you've proven there's a large market of eager buyers and the immense leverage licensing gives you over investing large sums of money in manufacturing and selling your product.

I hope you've enjoyed and benefitted from this information. And I look forward to seeing *your* big idea on store shelves soon!

About Bob Serling

Bob Serling is a 30-year marketing and licensing veteran and the founder of Profit Alchemy, Inc. His innovative take on licensing both products and intellectual property has helped thousands of businesses and entrepreneurs produce exceptional results.

Bob has been the monthly marketing columnist for Success Magazine… invented a skateboard toy featuring Tony Hawk's branding that was sold in toy stores and department stores all over the world… co-created and marketed advanced assessment software currently being used by many Fortune 500 companies… created a one-and-a-half page prospecting letter for a client that landed an agreement for a $25 million project by being sent to just one prospect… and much more.

He's perhaps best known for having pioneered the process of **Reverse Inventing** which shifts the focus of the inventing process from patents and prototypes to the more practical approach of proving that customers are eager to buy your product above all else.

To find out how to use **Reverse Inventing** to license your product ideas to large corporations and collect 6 to 7-figure royalties, click here:

http://www.ProfitAlchemy.com/ri-course