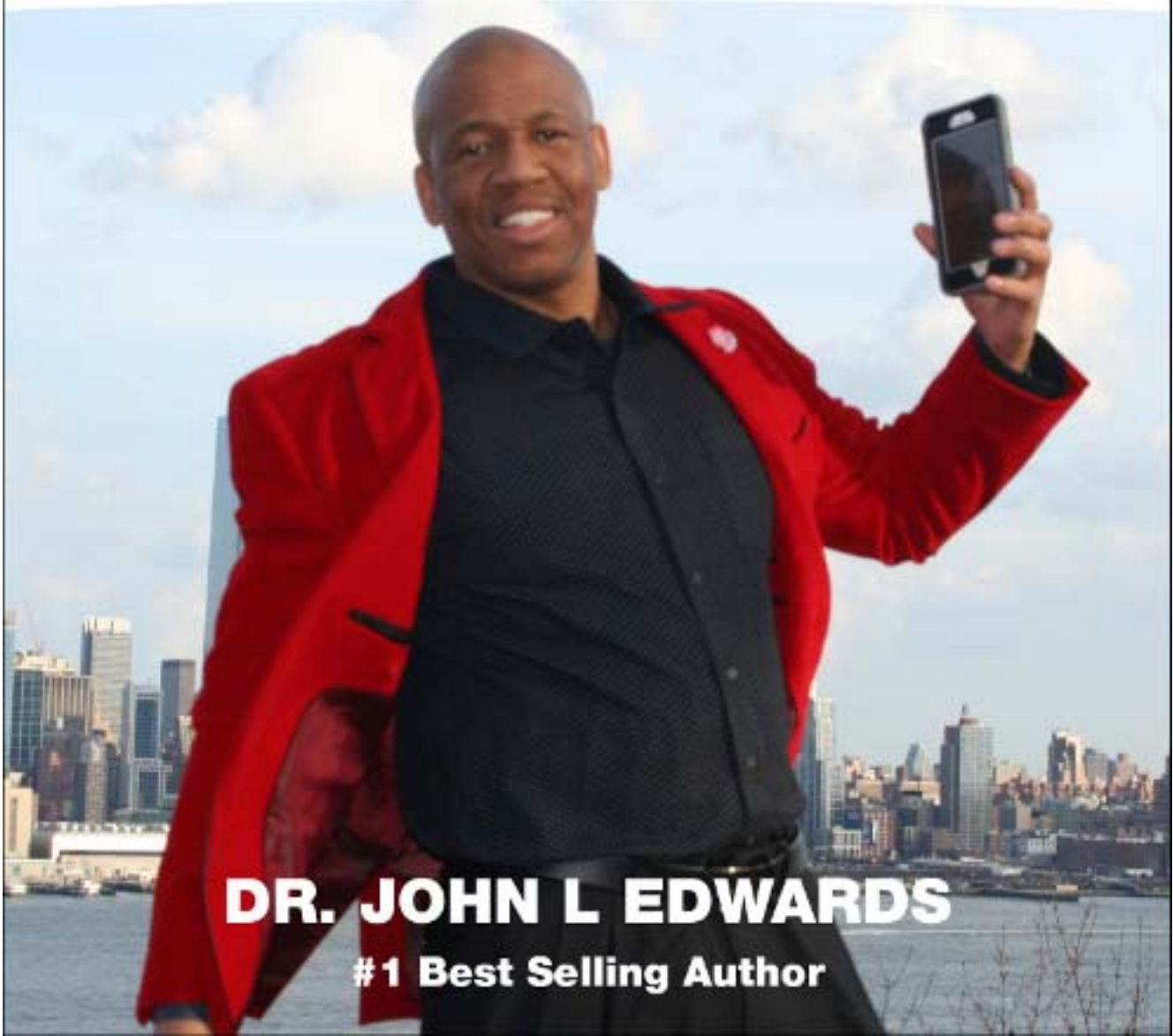


PROVE YOUR CONCEPT

**Transform small ideas into
massive fortunes**



DR. JOHN L EDWARDS

#1 Best Selling Author

Cover photo by Eylon Bascom

Preface

Everybody talks a good game but few people say they want to change their life and actually take action. You have taken the first step by reading this eBook, which can inspire you to build a successful company if you become immersed in the knowledge and take further action. You should not only read this book but take a look at the resources on the website <https://www.proveyourconcept.com/> and make it your mission to prove to yourself that there is tremendous value to be unleashed from within you.

Prove Your Concept is not about getting rich overnight. It is about you assuming urgency and building the momentum needed to bring your small idea to the world and adding significant value to society. There's a lot of value here for you, even if you already have a company or attempted a proof of concept in the past.

If you are curious about the secret to other people's success in business, relationships, and life in general, immerse yourself into the online and human professional resources that accompany this eBook and you will discover some secrets to success. With professional help and mentorship you can acquire decades of wisdom and experience in months, weeks, or days to help you experience hyper growth. You owe yourself this opportunity to realize your true potential, and this knowledge may become the catalyst that propels you to the next stage of fulfillment in your life.

Don't just put this book on a shelf like so many people tend to do. Read it, share it with your family and friends, and take a step forward on your journey to massive wealth and value creation. Follow through by attending courses, become more curious about success, and invest in your future and you will reap the rewards.

Prove your concept and let that gift within you take you to the next level, so you can make a greater and more valuable impact on your family, on society, and, most importantly, on yourself.

Table of Contents

Preface	1
CHAPTER 1	4
Money in Today’s Economy	4
Top “Hacks” for Creating Massive Wealth on Demand.....	5
Technology and Entrepreneurship	6
Control Your Demon	7
CHAPTER 2	9
Step 1: Idea and Concept	9
Develop Idea	9
Designing Impact:.....	10
How to Analyse a Product Idea Quickly.....	13
Business Plan	14
Prototype	14
Vision Team.....	15
Friends and Family (F&F) Funding.....	15
How to Find a Good Mentor for Your Career Consultation.....	15
CHAPTER 3	16
Step 2: Legal and Planning	16
Test Market	16
Legal/IP Work.....	17
Money Management and Taxes	17
Interim Exec.....	19
Advisory Team.....	19
Seed Capital	20
CHAPTER 4	21
Step 3: Organizing and Funding	21
Exec-1 Team	21
Capital-1 Team.....	21
Development Team	21
SEED CAPITAL	22
Evaluation Sequence for Raising Capital	23
Measuring Your Return on Investment (ROI).....	23

Exit Strategy.....	24
Round-1 Raise.....	24
Pre-Seed Funding.....	25
Seed Funding	25
Series A Funding.....	25
Series B Funding.....	25
Series C Funding.....	25
CHAPTER 5.....	27
Step 4: Operations and Marketing.....	27
Finalize Concept – Mechanize, Systematize	27
Operations Plan / Employment – Training, Exec-2 Team, Board of Directors, Operations Team	27
Marketing.....	31
Upselling.....	33
5 Landing Page Strategies That’ll Double Your Sales	33
Digital Marketing Over-simplified	34
Digital Marketing – Google	34
Digital Marketing – Instagram.....	34
Digital Marketing – YouTube.....	36
<i>Share ability</i>	36
<i>Conversation</i>	36
<i>Consistency</i>	36
<i>Sustainability</i>	36
<i>Accessibility</i>	36
CHAPTER 6.....	37
Step 5: Innovation & Exit	37
Expand/Sell.....	37
Valuate the Company.....	38
Valuate the Company.....	38
Exit/Growth Team	39
Pay Shareholders.....	40

CHAPTER 1

Money in Today's Economy

Have you watched entrepreneurs present their companies or ideas on shows like *Shark Tank*, *The Vault*, *StartUp*, *The Next Unicorn*, or *Blue Collar Backers* and wondered: How do they do that? *Prove Your Concept* will help to explain. If you've been inspired to create a product or achieve a specific goal in life but you don't know where to start, how to fund it, and how to hyper-grow your business, you will find our five-step system very useful. If you've always wondered how to create a corporation or take a company public, I show you how to do so using a five-step system in this eBook. *Prove Your Concept* is a challenge to you to show that you can successfully implement your plan for your life or business. Learn the process used by thousands of entrepreneurs to design concepts, create a minimum viable product, and attain goals in a way that adds significant value to you, your community, and your family.

Popular tag lines in cyberspace today include "Make a fortune without opening your mouth or leaving home" or "High school dropout makes \$50K per month." Thanks to the thriving new telecommuting and digital economy, a lot of this stuff is true! I know because I did a 90-day challenge and ended up creating a \$300K income in 15 days!

Why does it matter? The way our economies are organized means wealth is increasingly and often unfairly concentrated among a privileged few while millions of people are barely subsisting. Women are dying for lack of decent maternity care, and children are being denied an education that could be their route out of poverty. No one should be condemned to an earlier grave or a life of illiteracy simply because they were born poor. It doesn't have to be this way – there is enough wealth in the world to provide everyone with a fair chance in life.

The Americas, driven by a resurgent Brazil and the U.S., are the only two regions that have more billionaires than they did a year ago. There are now a record 607 in the U.S. That includes 14 of the world's 20 richest. Jeff Bezos is again No. 1 in the world, followed by Bill Gates at No. 2 (*Forbes*, 2019). I'm not asking you to compete with folks at the top; I'm just reminding you that great opportunities are waiting for your embrace.

Even with strong headwinds, resourceful and relentless entrepreneurs found new ways to get rich: 195 newcomers joined the billionaire ranks. The richest newcomer is Colin Huang, the founder of Chinese discount web retailer Pinduoduo, which went public in the U.S. in July 2018. The IPO price was \$19 and it raised \$1.6 billion U.S., making it one of the largest IPOs of 2018. These successful icons share one common achievement: they transformed one small idea into massive fortune.

Other notable new entrants include Spotify's Daniel Ek and Martin Lorentzon, Juul Labs' James Monsees and Adam Bowen, Kind Bar's Daniel Lubetzky, and cosmetics wunderkind Kylie Jenner, who is the world's youngest billionaire at age 21.

There are 2,153 **billionaires** on the 2019 list. Why aren't you on the list? The total combined net worth of this year's billionaires is \$8.7 trillion. How much do you have in your bank account? Where have you been during the last decade since the financial crisis, when the number of billionaires nearly doubled? Imagine, between 2017 and 2018 a new billionaire was created every two days. If you were not one of them, will you be counted in the next decade? You should at least make the cut for millionaire as the the U.S. has 4.3 million **millionaires**, and they are widely dispersed through the country.

The future outlook is rosier. Global wealth is expected to rise by 43% over the next decade, reaching \$291 trillion by 2028. If current trends play out as expected, Vietnam could likely top this list a decade from now with a staggering 200% growth. Let's all move to Vietnam! This is the wealth revolution, preceded by the technology revolution, and the industrial revolution.

After reading this eBook you should have a good picture of how to transform small ideas into fortunes. If you don't have a viable concept, I will show you how to find one later in this eBook.

Richest Cities in the World in Last Decade

		City	Country	# of Millionaires
Asia	#1	Tokyo	Japan	279,800
Asia	#2	Hong Kong	Hong Kong	227,900
Europe	#1	London	UK	357,200
Europe	#2	Frankfurt	Germany	128,300
Latin America	#1	Mexico City	Mexico	86,700
Latin America	#2	São Paulo	Brazil	64,500
North America	#1	New York City	USA	339,200
North America	#2	Bay Area	USA	180,300

Top “Hacks” for Creating Massive Wealth on Demand

- Marketing: Sell into the marketplace like your life depends on it. This includes digital marketing – drop shipping, affiliate marketing, e-commerce stores, freelancing, etc.
- Real estate: Great leverage, little or no money down, and your risk is minimized.
- Stock market: Your income (and your losses) are infinite! If you open a margin account, the broker will match your money with a margin loan. Deposit \$100K and you can trade \$200K.
- Currency trading: Leverage is much higher than stocks (potential losses likewise).

All investments involve significant risks, so ensure you find a great mentor and learn systematically how to minimize risk and avoid close calls, or you can lose it all. One of my first entrepreneurial endeavors was hosting life skills camps for young adults on a remote island. Two American students arrived late without medical clearance. We allowed them to stay because they looked healthy and they were already on the island anyway. Three days later the Colorado college student called me at 2 a.m. and told me he was not feeling well. Then he uttered the chilling words, “I think my lungs have collapsed.” When I asked him how serious it was he responded calmly, “I could die.” We had a nurse on staff 24 hours and a doctor on call who intervened immediately and helped to resolve the dilemma. Thankfully we flew this college student home safely. Would you have admitted them without medical clearance? Would you have diligently planned emergency evacuation procedures from the remote island? I mention this because failing to dot the i’s and cross the t’s can get us into serious financial troubles and lawsuits. Entrepreneurs beware!

These two rules below are simple but very difficult to enforce. Never forget them!

Rule #1: Don’t lose money

Rule #2: Don’t forget rule number 1

Technology and Entrepreneurship

If you are not tech savvy, start learning today. You can learn a lot from videos, blogs, and research articles on the internet. What you don’t know you can hire someone (a freelancer) to do it for you. Web-savvy entrepreneurs are always a step ahead of everyone else. Web-savvy people always know the latest tech trends and they can get work done faster, especially relating to productivity tools, automation, emails, blogs, and social media sites. Software and hardware issues, including cybersecurity, can become real challenging even in simple ways. For example, I have a tough time keeping track of security access protocol for dozens of different social media platforms, websites, and productivity tools.

As an entrepreneur you will set up and moderate conference calls with conference calling services, some of which are free. It is important to understand the popular jargon like CMS or UI (content management system, user interface) and acceptable standards in technology. Outsourcing or delegating these tasks is the solution. You can get an IT guy to help you so you can focus on your core. Finding talented workers and putting them to work is the key to absolute success. Sites like Upwork, FIVERR, and Freelancer.com are useful.

Technology is a critical catalyst for successful entrepreneurship and can speed up these critical functions:

1. Recognize and evaluate your opportunity: Define your value proposition by taking your idea and identifying a high-potential commercial opportunity.
2. Analyze current market trends: Research how to recognize the current market trends, and analyze them effectively.
3. Identify and source funding opportunities: Discover various commercial grant funding opportunities.
4. Formulate your business model/pitch: Create and test your business model before submitting to your chosen grant funding prospects.
5. Design tools and strategies: Equip yourself with various tools and strategies to ensure a competitive advantage in the marketplace.

Warning. Do not be intimidated by technology as you embark on this journey. I realize that I routinely experience significant downtime (a few hours per day to entire weeks sometimes) because of technology glitches or because I got locked up in Facebook or Google jail. Entrepreneurs and large companies may experience severe service disruptions with media giants, mainly due to violations of terms of service. You may lose temporary or permanent access to your accounts, and this is often referred to as “getting locked up.” Diversify your asset placements to minimize risk and back up your assets. So that if you permanently lose account access you won’t experience total client loss and economic devastation. It is very important to find ways to own your customer data and store it on your own secured servers. If it resides with other companies like Amazon, Facebook, or Instagram, it’s not really yours.

I’m having difficulty accessing my desktop or certain websites. I don’t understand why I have to use a VPN (Virtual Private Network) to access my bank account! However, as I can access YouTube, I can find a video that will explain a useful solution. One of my new problems is I cannot access airline companies or vital resources because I am getting blocked or locked out. Your first assignment is to go research what a VPN is so that when you get locked out you will know what to do.

Control Your Demon

For most people their biggest hurdles to success are:

1. Uncertainty
2. Lack of persistence (grit)

Your success may be dependent on your ability to control your demons – the things that hinder you in life like drugs, sex, engaging in criminal activity, or poor mental health. Get professional help, and for severe or life-threatening emergencies call 911 (in USA).

To control these demons, the first important step to take is to realize that you indeed have bad habits; after all, believe it or not, you cannot cast away the habits until you realize on your own that you have them. Habits are generally a function of our environment or the reflex action that is innate, but they did not simply turn up. We often practice, nurture, and cherish them. We self-program these bad habits until they become automatic function.

There are various other vices such as compulsive shopping, gambling, etc., that generally take a toll on the life of a person. You must make a firm resolution to avoid or control these demons in order to assure a more successful future.

You don't have to be a perfect giant to give your dream a try. One of the things that hold back entrepreneurs is the fear and shame of failing. If you fail, get up and try again. Look at Lehman Brothers and AIG – they were the biggest and the best just before their failure. They were too big and too sophisticated to fail, but they failed in a big way that was devastating to our economy! Learn from the mistakes these companies made and manage your risk carefully to minimize your chances of failure.

Look at Apple, they almost went into bankruptcy before they were floored up with a few hundred million dollars by Microsoft. Now Apple is almost twice the market size of Microsoft. Start working on your idea today! Build your momentum! Momentum breeds momentum! Momentum breeds confidence! Study people in your industry and keep an eye on your competitor. Later we will talk about “blue ocean strategies,” “disruptive innovations,” and “hacks for successful digital marketing.”

CHAPTER 2

Step 1: Idea and Concept

1. Develop idea (conceptualize)
2. Business plan (one-page plan, budget, P.M. research, marketing plan)
3. Prototype
4. Vision Team
5. F&F Funding

Develop Idea

The 5x5 innovative product (concept) development process consists of five systematic stages each with five sub-components. You should find a framework, formula, or blueprint to guide each stage and always ensure alignment with your vision.

Here are the five systematic stages of product (concept) development to take your idea through to the final stages, from inception to execution.

1. **Define Your Concept:** Identify the individuals or teams you will need to collaborate with to bring your idea to fruition. Brainstorm and create a comprehensive outline, making sure to incorporate your definition of a successful outcome, as well as a detailed timeline of task execution.
 - a. Idea generation using a holistic approach: Innovation requires a broad, big-picture, mountaintop view to inform your strategic plan implementation.
 - b. Idea screening as you a move along a non-linear process.
 - c. Concept development and testing. Product development is not a journey between two closest points and is often compared to the timely developmental stages of a newborn through adulthood.
2. **Development Phase:** Define the user requirements and establish a detailed project scope. Project scope involves determining and documenting specific project goals, deliverables, tasks, costs, and deadlines. It is a key catalyst for successful capital-intensive projects or high-risk projects. I would use it even if I were operating a lemonade stand. Be sure to assign responsibilities for each team member, decision-making systems, and set-up methods to complete tasks, including rubrics or standards of measurement for quality. In the context of this book scope applies specifically to your method for creating your product. Your scope will feed into your broader business plan.

Ensure that all parties involved are updated continuously as the process unfolds. Adhere to your success outcomes to avoid losing focus of your vision.

- a. Marketing strategy development
 - b. Business plan driven by business analysis aligned to smart goals for financial and operational components aligned with your vision
3. **Engineering Phase:** Implement your idea and put it through rigorous usability tests. Follow your design and implementation plan to ensure that all parties are collectively propelling the project to a successful outcome.
- a. Product development. Disruptive innovation requires continuous adjustments to stay aligned to your vision and ahead of the game.
4. **Execution Phase:** Consider the pros and cons and put your concept into action to test both these scenarios. This phase's success will rely heavily on utilizing extremely detailed test cases.
- a. Market testing (automation and iteration).
5. **Evaluate Your Product:** Critically examine the results together with the whole team, making sure every member is actively involved. Compare your final product with your initial expectations and evaluate the discrepancies.
- a. Commercialization.

At each stage, you determine whether the idea should be further developed or dropped. You always want to minimize the chances of advancing a poor idea to the market and having it rejected.

Designing Impact:

You must think strategically about the impact of your design as a measure of the value you deliver, from idea to proof of concept. Below are key considerations:

Adding value to your community:

Acquire the necessary design skills or expertise that will help you contribute value to community-based or mainstream projects.

Collaborating with a team:

Learn and establish essential teamwork skills within a community environment.

Social design in partnership with your community:

Enhance your community by mastering skills that will support your social design within a partnership.

Social impact to bring about change:

Extend value creation by engaging in philanthropic projects to bring about lasting change in a community.

What is your value proposition? The more value you create, chances are the wealthier you may become. *Now* is the best time in history to become massively wealthy and achieve peak health by pursuing your passion.

Most people have an interest in real estate, which has long been one of the primary ways that some of America's wealthiest families have built their fortunes. Although much of the U.S. real estate industry today is dominated by large private equity funds and REITs, there are still many companies run by a single individual or family. Many opportunities currently exist in opportunity zones (do some research).

You do not have to engage in real estate, the stock market, currency trading, drop shipping, digital marketing, or affiliate marketing. You can germinate your own idea from seed to fruition. Whatever you do please take a long-term strategic approach – not a casino approach because get-rich-quick and successful business don't like each other.

Here are sources of inspiration for value positions, ideas, or business concepts:

Go to Amazon, eBay, Apple, Walmart, AliExpress, and all the sites with large volumes of customer reviews. Read the reviews for products in high-demand sectors and you will get great ideas about how to redesign existing products or create new designs to meet consumer demands. Notice I did not say look at products you like, because it's not about what *you* like; it's about the consumers and their needs.

Start by doing keyword searches for:

- Easy Business to Start
- Small Business Ideas
- Business for Sale
- Work from Home
- How to Start a Business Without Money?
- How Much Money Do You Need to Start Business?
- What Are the Advantages of Owning a Business?
- How Can I Get Funding to Start a Business?
- How do I Decide What Business to Start?

Thriving Sectors: Industries to look to for inspiration and application of future ideas:

1. Technology (including artificial intelligence and augmented analytics and autonomous devices)
2. Money Evasion (including bitcoin and peer-to-peer platforms)
3. The Wealth Landscape (telecommuting /digital marketing)
4. The Green Revolution (housing development, health, and nutrition industries)
5. The Trade Paradox (Don't make it your mission to steal trademarks and knock off products – make it our mission to add value to the world. Imagine if Steve Jobs just settled for copying IBM; there might not have been an iPad or iPhone and Steve would have missed the opportunity to transform the entire earth.)

Use Keyword Optimization to Identify What People Are Searching for

Google presently processes a trillion pursuits (searches) per year around the world and is a popular resource for keyword optimization data. Here's a list of ten tools you can use for search optimization:

1. Buzzsumo
2. SEMRush
3. Answer The Public
4. Bloomberry
5. Google Trends
6. Facebook
7. Twitter
8. YouTube
9. Pinterest
10. Digg

Be careful about spending thousands of dollars on courses that promise quick wealth. Search diligently through online reviews before you sign up with companies, some of which offer lifetime access to their platforms but go bankrupt a few years later. Bear in mind there are great companies and education franchises out there with membership dues ranging from zero to over \$100K and more. Pick your choice; everything's not nice (or just burns a hole in your pocket)! I tried many of them in my younger days, and I feel that a great mentor and 99-cent books would have been more productive. Problem is, even though I studied the information in these courses, I had challenges implementing the strategies as I failed to secure a good mentor or stay focused and diligent.

There are many other things I want to share with you but I can't do it in this eBook, so I hope to see you at a seminar. Or you can get more information on my website <https://www.proveyourconcept.com/> or <https://www.pyotta.com/> Here are some of the things you need to know about:

- Make money in good and bad economies (up and down markets)
- Why saving for retirement doesn't create financial freedom

- Why most retirees don't have enough money
- If stocks are at all-time highs, why are 401(k)s so small?

How to Analyse a Product Idea Quickly

Use a system of proof checkers to determine if it is worth it before you ever spend a dime on product development, so you don't waste money. Criteria No. 1 is always: Does your concept solve aching problems and satisfy people's needs?

Proof Checkers

Your concept (product, service) should be technical, philosophical, and designed for impact. You can do an exploratory study to analyze market response to your concept. When I made my first nutritional supplement, I sold it outside the Barclays Center in Brooklyn, New York and The Prudential Stadium in Newark, New Jersey, and got tremendous market feedback from a wide demographic audience. Your initial research may be just asking questions about market perception, and then later you can do a market study of your prototype.

In your study, it is beneficial to analyze at least two sets of data that allow you to assess value creation in your market. One set of data may be comparing your product to the market leader's products. Construct your questionnaire and study method so the resulting data will help you create a more realistic model/concept that better aligns with market perception and need. Colors, shapes, sensory attributes, cost, shelf life or durability, product applications, and utility are some key variables that inform consumer decisions.

Develop proof checkers to measure the validity of your concept (product or service). It's best to use the top industry metrics even at the outset. For example, in real estate the key metrics include cash flow, occupancy, net operating income, and cost per customer acquisition. Your proof checker can be sophisticated to include a tier of proof steps (basic to advanced) with successive steps not included in the previous levels. As you advance to higher-level proofs, data and interpretation must be more precise than lower-level proofs, and may take more time to construct and check.

According to Kim and Mauborgne (2005), no matter how many awards your product wins, if it does not make buyers live dramatically simpler, more convenient, more productive, less risky, or more fun and fashionable, it will not attract the masses. Your concept (product, service) should unlock exceptional utility (Uber). Your concept should have a compelling ability to create irresistible marketplace buzz (Airbnb). You must be able to create a price point that earns you a healthy profit margin (Apple).

Top-tier proof checkers aim to identify the best product concept by using user feedback on specification values and design solutions for key design stages. Here's my sequence of top-tier proof checking when I created nutritional shakes:

- a. Socialize concept: friends and family validation and funding

- b. Laboratory formulation (hired a lab that cost \$10K to \$20K per flavor)
- c. Market sampling (flavors, size, sensory attributes, color, and price point)
- d. Factory testing for product performance in an industrial production environment
- e. Laboratory studies for shelf life stability and microbial testing
- f. Market studies

Remember to identify the best specifications (matrix) for proof checking starting from concept design so as to produce better design outcomes. Please use a wide base of resources such as company financial statements, industry journals and reports, or Google metrics to evaluate your concept (product/service). The end game is always to identify the best solutions that address user needs – solve a burning problem.

Business Plan

You can start with a one-page plan including a basic budget and research in your local community, and later develop a more comprehensive business plan that must include a very thorough marketing plan.

I strongly recommend using data from successful companies in the same industry as your product to establish your baseline data and performance metrics. For example, if you are in technology, you can find data, including case studies, that inform you about the growth processes of four technology companies (i.e., Apple, Microsoft, Oracle, and Google), then investigate, analyze, and compare data. Start by examining the backgrounds of the founders, development of the initial product, and beginning of operations to the point when each of them became a living enterprise. Use your findings to build a model that guides the growth process of your company to a living enterprise and to develop an exit strategy.

In completing your business plan, your best option is to review several business plans for similar companies and see how they constructed their narrative. The financial segment contains income, expenses, cash flows, and strategic financial projections. If you are not finance savvy, please seek help from a qualified professional. Or you may use accounting freelancers on websites such as freelancer.com or upwork.com for a much lower cost. Free templates and sample plans are also available at the SBA website: www.sba.gov/tools/business-plan/1

Prototype

Prototype is often used interchangeably with minimum viable product (MVP). A minimum viable product has just enough core features to effectively deploy the product. You can use your MVP to test a small market niche, obtain product feedback, and also to socialize your product with potential investors, including friends and family, or potential long-term equity or debt investors. In practice, a prototype is often regarded as a precise replication of the final product, often built on a much smaller scale. Whether you call it MVP or prototype, this preliminary model often inspires forms or continuous adaption of the product to better suit market needs.

Vision Team

The core goal for building a vision team is to surround yourself with experts who can help make your dreams come true. Your vision team is an extremely powerful tool that can help you realize your dreams more quickly. See page 9 of my eBook *Your Ticket to A Dream* for details on how to create an effective vision team.

Friends and Family (F&F) Funding

During the startup stages of your business, you can legally solicit friends and family to finance your business. Be sure to take a businesslike approach when doing this in order to minimize risk. Enforce a written agreement. Your friends and family may not be sophisticated investors and you should take time to explain the risks involved. Be sure to spell out the terms of your agreement, including any daily involvement in the operations of the building.

Your presentation to friends and family needs to be professional, and it's your first opportunity to practice pitching your business as you would to more serious investors such as venture capitalists. Please go to page 22 of my book *Your Ticket to A Dream* to learn about list building, and find sample scripts to use when making appointments and meeting with friends and family to solicit their investment. Your friends and family will be looking at how you present yourself. They will form a perception about your commitment to the business, and they will be curious about whether or not you're doing your business full-time, or part-time, and who your business partners are. For the record, most accredited investors are not interested in sole proprietorships. They prefer two or three talented partners operating a scalable business with high profit margins, centered on a product that solves big problems.

How to Find a Good Mentor for Your Career Consultation

Hiring a mentor for your business is really a down-to-earth idea. The consultation that you get from a professional mentor can really help you to develop your ideas to the fullest. Here are a few tips that will help you in finding the right mentor:

1. Focus on a few special characteristics of a mentor. A good mentor typically has great communication skills, outstanding professional achievements, etc.
2. Give attention to his/her particular know-how, professional insight, or experiences that will help your business.
3. Check the availability of the mentor to ensure whether he/she will be available when needed to assist you.
4. Ensure the person has a positive and constructive attitude.
5. Look for an avid listener so that it is easy for you to communicate and receive positive feedback.

After you have taken the steps mentioned above, make sure to organize a short person-to-person meeting with the mentor to share your interests with him/her. Feel free to tell the person that you expect sound consultation and feedback from him/her. This way, you can easily choose the right mentor who fits your goals and the stated standards.

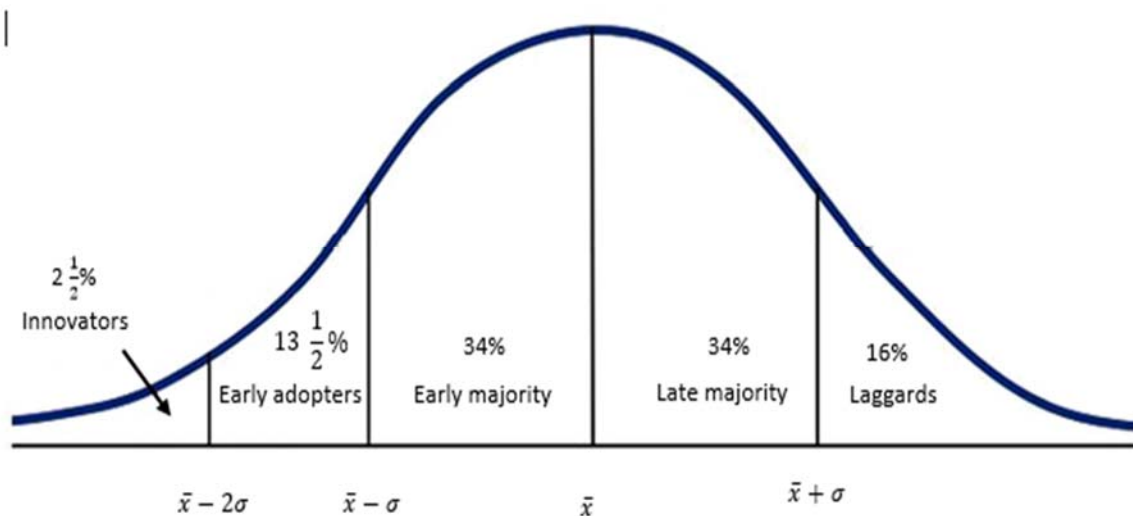
CHAPTER 3

Step 2: Legal and Planning

1. Test Market
2. Legal/IP Work
3. Interim Exec
4. Advisory Team
5. Seed Capital

Test Market

Test market data is useful to inform budgetary decisions and strategic planning, whether you sampled a wide random distribution or a focussed sample in a small controlled population. The larger your test market, the more likely you can generalize your results to the bigger marketplace. This is an opportunity for you to test multiple elements of your business – your product, your marketing models, and your financial models. The diagram below shows theoretical distribution of consumers at each stage of your product growth. Plan accordingly.



Legal/IP Work

In this chapter we will focus on corporate structure and taxation. In the next chapter we will focus on (legal) documentation for raising capital.

Money Management and Taxes

Some useful concepts for you to know and be able to apply are leverage, diversification (*do not* put all your eggs in one basket), and arbitrage (buy low, sell high). They not only apply to money but to operations and marketing strategies. For example, if all your marketing efforts are concentrated on Facebook and you get locked in FB jail, that can hurt your profits and growth.

Leverage is a fancy word for “debt,” and a way to make exponential gains in relatively short timeframes. Millionaires/billionaires use a lot of leverage, including shareholder equity, to achieve hyper growth of the company. “Financial leverage” means using other people’s money to maximize gains for yourself. Leverage is one of the most powerful financial tools available. The best common examples are in currency trading (300:1), stocks (2:1) on margin accounts, and real estate (no money down; infinite return on your investment).

Company Structure Comparison

An LLC is the perfect vehicle for many businesses including real estate investments and can be used alongside other corporate structures including S- or C-corporations. Many investors use multiple structures concurrently to attain different tax or operational objectives. Where you register your company may also affect tax, legal, and other outcomes. Delaware and Nevada are popular places to incorporate. As an example, below are a few benefits of registering your corporation in Nevada:

- **Tax-Free State**
Freedom from state income tax, which is required in most other states, including corporate income tax and personal income tax.
- **Asset Protection Over Other States**
Nevada affords a “veil” that protects your personal assets from frivolous lawsuits.
- **No Minimal Capital Requirements**
Start up with very little cash.
- **One-Person Requirement**
You can be the president, secretary, treasurer, and sole director.
- **You Don’t Need to Live in Nevada**

Ensure you are in compliance with all federal, state, and local guidelines that impact your product or business. These may include guidelines from the Environmental Protection Agency (EPA), Occupational Safety and Health Administration (OSHA), or Food and Drug Administration (FDA). Useful resource: *Ernst & Young Business Plan Guide* (2007); *The Book on Business Planning*, Berry, T. (2005).

Main Types of Corporate Entities

Types & Characteristics	S-Corporation	C-Corporation	LLC-Limited Liability Company
Ownership Rules	Up to 100 shareholders with single class of stock	Unlimited number of shareholders & classes of stock (best option if eventual goal is to go public) Board determines dividend payout	Unlimited number of members with single class of stock; suitable for partnerships, real estate deals, etc.; extension of membership by agreement of existing members
Ownership Requirements	Limited to permanent residents and citizens <i>only</i>	No restrictions	No restrictions
Personal Liability of Owners	N/A	N/A	N/A
Tax Treatment	File IRS Form 2553 to obtain status as an S-Corp: profits/losses passed through to shareholders (no double taxation)	Income taxes at corporate level; shareholders taxed on dividends (double taxation)	No direct taxes for LLC; profits/losses pass through to the members (similar to S-Corp)
Key Foundation Documents	Articles of Incorporation; Bylaws; Board Resolutions; Stock Certificates & Ledger; S-Corp election; EIN documents	Articles of Incorporation; Bylaws; Board Resolutions; Stock Certificates & Ledger; EID documents	Articles of Organization; Resolutions; Membership Certificates; EIN documents
Capital Contributions	Investments by shareholders (single stock class)	Investments by shareholders (common or preferred) Sophisticated investors prefer preferred stocks over common stocks; ideal if going public and great for resale	Financial or “in kind” contributions by members in exchange for participation in LLC profits/losses

Interim Exec

Interim management is the temporary provision of management resources during transition, crisis, growth, or when a permanent role may be unnecessary or impossible to find on short notice. Some early startups may have difficulty attracting the talent with the skills and expertise needed to move a company forward. Typically, talented experts will ask for money that you may not have. One solution is to outsource on an as-needed basis, including outsourcing for interim CEO and interim CFO. Interim executives may come with a high price tag and their functions may include:

- Development and evaluation of strategic options
- Transition assistance with ownership and leadership changes
- Human Resources strategy and execution including recruitment of A-team players
- Designing and managing risk mitigation solutions
- Systems and processes evaluation, improvement, consolidation, and/or automation

The regulations that guide fundraising can be found at the SEC website. They serve to protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation. If you are raising funds for your business you must get legal advice relating to state or federal requirements, the limits on funds that can be raised, public advertising, and methods of solicitation. Go to: www.sec.gov/ You can learn about ways to raise capital and going public at www.sec.gov/smallbusiness

Here are other key regulatory standards you should read about at the SEC's or other websites:

- Regulation A: exemptions from registration for public offerings
- Regulation D: advantageous to private companies or entrepreneurs, less costly than a public offering
- Job's Act: exemptions within the JOBS Act enable crowdfunding

You will also need to learn what defines an accredited investor as many types of investment are restricted to accredited investors. The regulations for accredited investors may vary within jurisdictions. In most jurisdictions an accredited investor must have an annual income exceeding \$200,000, or \$300,000 for joint income, for the last two years with expectation of earning the same or higher income in the current year. S/he should have a net worth exceeding \$1 million, either individually or jointly with his spouse. The SEC also sets out other conditions.

Since I am not a lawyer, I cannot provide you legal advice here, and I have resorted to referring you to authority sources such as the SEC's website. You should retain a lawyer to advise you further.

Advisory Team

Your advisory team is not always your vision team as they require expertise in legal and industry standard operations. They should have experience working with startup companies, especially in fundraising. They should ideally have the expertise needed to educate the board or company executives. Your advisory team should include a lawyer, accounting and finance professionals,

and marketing and human resources experts. Look for experienced business visionaries from other ventures who understand the nuts and bolts of startups.

Seed Capital

Seed capital is the underlying cash (resources) needed to start a business and is often solicited from founders' individual resources or from friends and family. During startup, you must look critically at the types of investors you bring on board as well as how you manage your equity in the business. Two main concerns at this point are that you don't want to get diluted out of the business later on (your ownership is diluted as you bring more investors on board) and you don't want to engage in contracts that may hurt you, your business, or your investors later on. You need legal counsel, preferably a lawyer who has work experience relating to SEC regulations.

Sources of funding will include:

- I. Friends and Family
- II. Angel Investors (\$10K to \$100K)
- III. Angel Groups (\$50K to \$500K)
- IV. AngelList Syndicates (\$50K to \$300K)
- V. Micro VCs (individual writing \$100K+ or a firm writing \$10MM to \$50MM under management)
- VI. VC (venture capitalist; \$250K to \$2M; often seeks seed and Series A for 15% to 20% ownership after Series A)
- VII. Mega VC (best used for Series A and B)

CHAPTER 4

Step 3: Organizing and Funding

- I. Exec-1 Team
- II. Capital-1 Team
- III. Development Team
- IV. Exit Strategy

Exec-1 Team

Your executive team is also referred to as your senior management, executive management, upper management, or management team. It is the highest level of management of an organization that conducts the day-to-day tasks of management.

Capital-1 Team

The capital team provides fiscal resources to support your vision, mission, and daily operations by engaging institutional investors and other sources of funding. They are your dealmakers, promoters (disciples), and business ambassadors, and they may inform product research and development so that your company can be favored by investors.

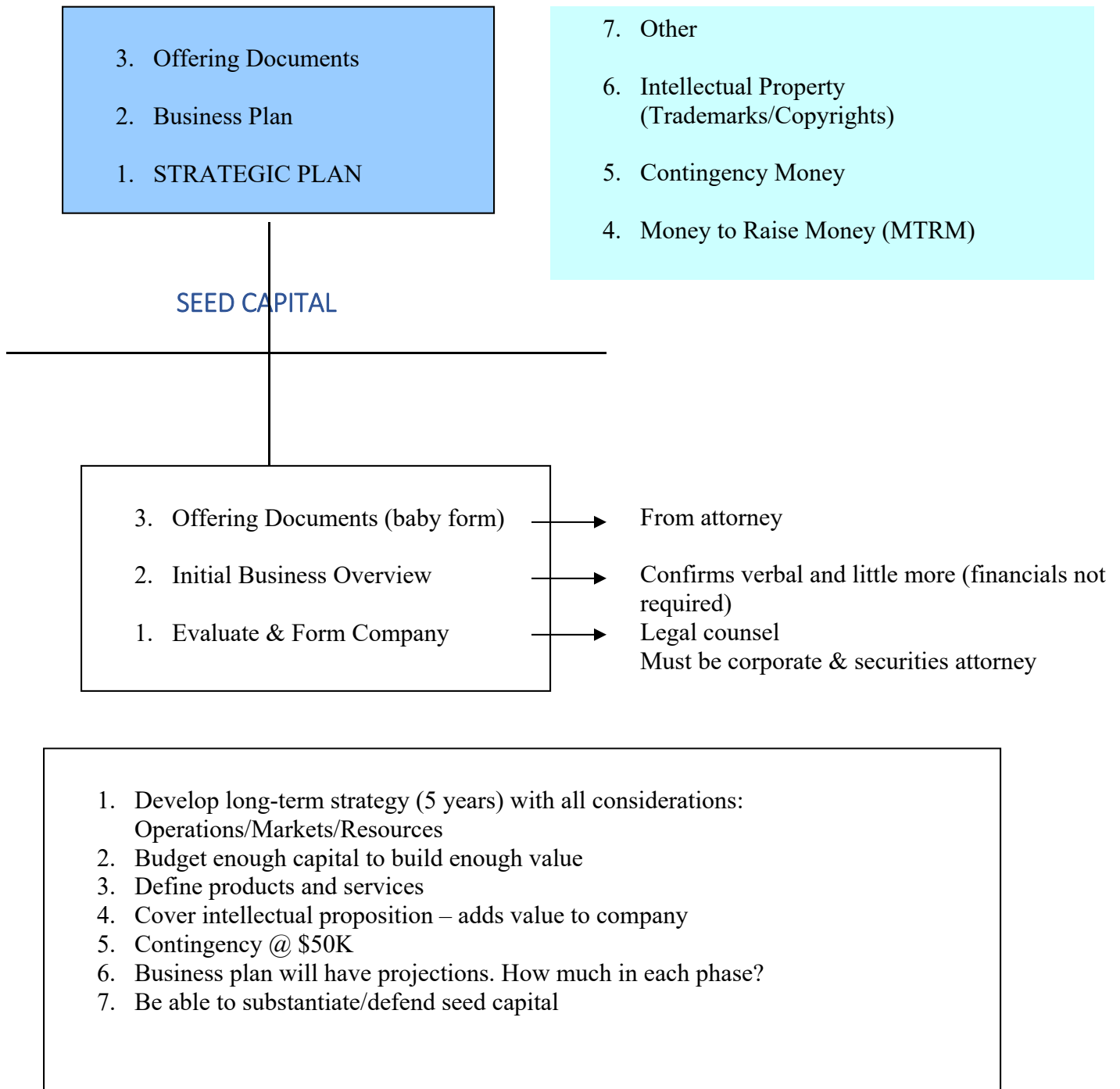
Development Team

The growth and development of a company is often compared to the growth and development of a baby into adulthood. At different stages of your company growth, it will require different management skills. It is unlikely that a single team or individual will have the skills that every stage requires, and this may put owners or partners at risk of being ousted.

Because of the specialized skills required, prepare to appoint different teams or individuals to execute these functions so that your company can experience optimal growth. It is very important for you to appoint a **high-performance** advisory team (or business strategist) and a team to focus on raising capital in addition to your legal team. The assumption is that you will continue your executive role wearing several hats but primarily developing the product and keeping the vision on track.

The charts below are a guide for investment solicitation. Your business overview should be 7-10 pages. Digital presentations must be accompanied by paper documents. To secure seed capital, a business plan or financial projections are useful but not always required. What is required? Data on market, target market, viable ways to market, and your team. At this stage investors are primarily concerned about the vision, problem solution, risk/reward, corporate structure (especially founders and legal structures), and ongoing strategic fundraising.

Chart: Framework for funding



Evaluation Sequence for Raising Capital

1. Evaluate budget requirements and corporate structure
2. Structure offering
3. Complete business overview based on questionnaire
4. Who do you know to help you raise the money? List all relationships over 10 years
5. Learn how to interview investors

Note Well: In many cases involving use of equity financing, it helps to start with a large sum of money, sweat equity, or asset valuation, so that you don't get diluted out of ownership when large chunks of money flow into the business.

Return on Investment (ROI)

I have observed and participated in businesses that looked like enviable enterprises due to visibly high cash flows, only to realize that profitability was very low. For example, I operated a food franchise at a venue with a captive audience of over 50,000 (daily traffic) but could not break even due to high cost of rent and competition from neighbouring businesses. To make matters worse, food is a low margin product – you can only make so much profit. I did much better in my sneaker store because I bought sneakers for \$20 (16 in a box) and sold them back for over \$100 per pair. The main difficulty I had was figuring what to do with sizes 6 and 13, which came in every box. I stay away from businesses that are low margin, are labor intensive, or require too many product variations. Clothing and shoes, for example, require a lot of sizes and colours for shoppers to select one item, and holding inventory is an expensive thing to do. Avoid concepts that do not present favourable leverage and attractive risk profiles.

Measuring Your Return on Investment (ROI)

Your return on investment (ROI), also called your rate of return, is a popular indicator that helps you determine your best investment option and measure profitability. It is best to annualize your numbers so you have a standard basis for comparison. Investment options and career pathways are not always as rewarding as they look on the surface, and ROI is always a necessary part of your due diligence when making strategic investment or career decisions. Below is a simple way to calculate ROI. It can get very complex!

$$\text{ROI} = [\text{Gain from investment} / \text{Cost of investment}] \times 100$$

How do you determine a good ROI? You can use the current interest rates on savings accounts, bonds, and CDs as benchmarks for setting your desired ROI. These instruments provide fixed (guaranteed) returns on your asset. As you go higher above these benchmark values, you may no longer be guaranteed a return on investment but instead assume an increasingly riskier investor profile. Many accredited investors are happy with around 25% ROI. Personally, once ROI goes

above 50%, I begin to get nervous and do a lot of due diligence. As you become more experienced, you will find your comfort zone and assume your own risk profile.

Everyone should understand how to calculate commonly used financial ratios such as ROI and debt-to-income ratio. You should get in the habit of keeping accurate personal and business financial records. My simple strategy to do this is to make all purchases with my business credit or debit card to keep records of all transactions. Most banks allow you to download these recorded transactions and perform various financial analyses.

Exit Strategy

Your exit strategy is your strategic plan to sell your ownership in your company to investors or another company. If the business is successful you can make a substantial profit. If the business is not successful, an exit strategy helps to limit losses. Popular types of exit strategies include initial public offerings (IPO), strategic acquisitions, and management buyouts (MBO). It is important to develop the vision for your exit strategy early in your business because this may inform how you raise capital as well as how you structure your business as an ongoing concern.

Let's look at a few companies that transformed a small idea into a massive fortune:

- Apple, AAPL (Revenue in 2018: \$265.6 billion). Apple produces a stunning 62.8% of its income from the iPhone.
- Amazon, AMZN (Revenue in 2018: \$232.9 billion). Amazon takes full advantage of its online stores (52.8% of sales).
- Microsoft, MSFT (Revenue in 2018: \$110.4 billion). Microsoft has the most enhanced income of any of the tech goliaths and has one of the biggest market capitalizations (\$901 billion) of the Big Five.
- Alphabet, GOOG (Revenue in 2018: \$136.8 billion). In spite of having a more extensive umbrella name, advertisement income (by means of Google, YouTube, Google Maps, Google Ads, and so on) still drives 85% of income for the organization.

Round-1 Raise

We discussed seed capital in part 2 and here I will introduce all stages of the fundraising cycle. During fundraising you will need to convince investors to invest thousands or millions of dollars into your company with minimal risk and attractive projected rates of return. Investors usually expect a financial stake in the startup as well as influence on the company's operations, often as directors. I strongly recommend that you read about the ousting of founders of Apple Inc. (AAPL) and Uber Technologies, Inc. (UBER).

There are a few points that you need to keep in mind while raising funds. Firstly, seek advisers (not investors). Secondly, talk to founders who have done it before to get help choosing the right type of investor for your business. Ignore the naysayers, but watch out for the “yes” men.

Pre-Seed Funding

Pre-seed funding is the earliest stage of funding often used for developing a prototype or proof-of-concept and many people don't include it in the cycle of equity funding. The money to fund a pre-seed stage typically comes from the founders, friends and family, maybe an angel investor, or an incubator.

Seed Funding

Seed funding is the very first money you raise including Series A. It is used to take a startup from idea to product development or market research. Seed funding may be raised from friends and family, angel investors, incubators, and venture capital firms that focus on early-stage startups. Angel investors are perhaps the most common type of investor at this stage. This is the end point for many startups. If they can't gain traction before the money runs out (also known as running out of runway), then they'll fold. Seed funding is usually between \$500,000 and \$2 million. The typical valuation for a company raising a seed round is between \$3 million and \$6 million.

Series A Funding

Once a startup makes it through the seed stage and they have some kind of traction they are ready to raise a Series A round to help lift them to the next level. In a phenomenon known as “Series A crunch,” even startups that are successful with their seed round often have trouble securing a Series A round. Historical data shows that less than 50 percent of seed-funded companies will raise another round.

Series B Funding

Series B funding usually comes from venture capital firms, often the same investors who led the previous round. Because each round comes with a new valuation for the startup, previous investors often choose to reinvest in order to ensure that their piece of the pie is still significant.

Series C Funding

Companies that make it to the Series C stage of funding are doing very well and are ready to expand to new markets, acquire other businesses, or develop new products. They may also be looking to increase their valuation before going for an Initial Public Offering (IPO) or an acquisition. Series C is often the last round that a company raises, although some do go on to raise Series D and even Series E rounds – or beyond.

How to Fund Your Startup

SERIES	AMOUNT RAISED (Approx.)	SOURCES	FUNCTION Approx. pre-round valuation
Pre-Seed		Founders, friends and family, angel investor, incubators	Developing a prototype or proof-of-concept
Seed	\$500 K - \$2 M	Founders, friends and family, angel investor, incubators, venture capitalists	Pre-round valuation: \$3 M - \$6 M Idea to product development or market research
Series A	\$2 M - \$15 M	Venture capital firms, angel investors, equity crowdfunding	Pre-round valuation: \$10 M - \$15 M Increase revenue
Series B	\$7 M - \$50 M		Pre-round valuation: > \$30 M - \$60 M Product/market expansion. Build teams to expand operations.
Series C		Venture capital firms that invest in late-stage startups, private equity firms, banks, hedge funds	Pre-round valuation: > \$100 M Scale to international markets or focus on diversifying their product for multiple platforms
Series D / E		Venture capital firms	Positive: Increase their value before going public. Negative: Down round – raise money at lower valuation than previous round

CHAPTER 5

Step 4: Operations and Marketing

- I. Finalize Concept
 - a. Mechanize, Systematize
- II. Operations Plan
- III. Employment
 - a. Training, Exec-2 Team, Board of Directors, Operations Team
- IV. Marketing
 - a. Innovation

Finalize Concept – Mechanize, Systematize

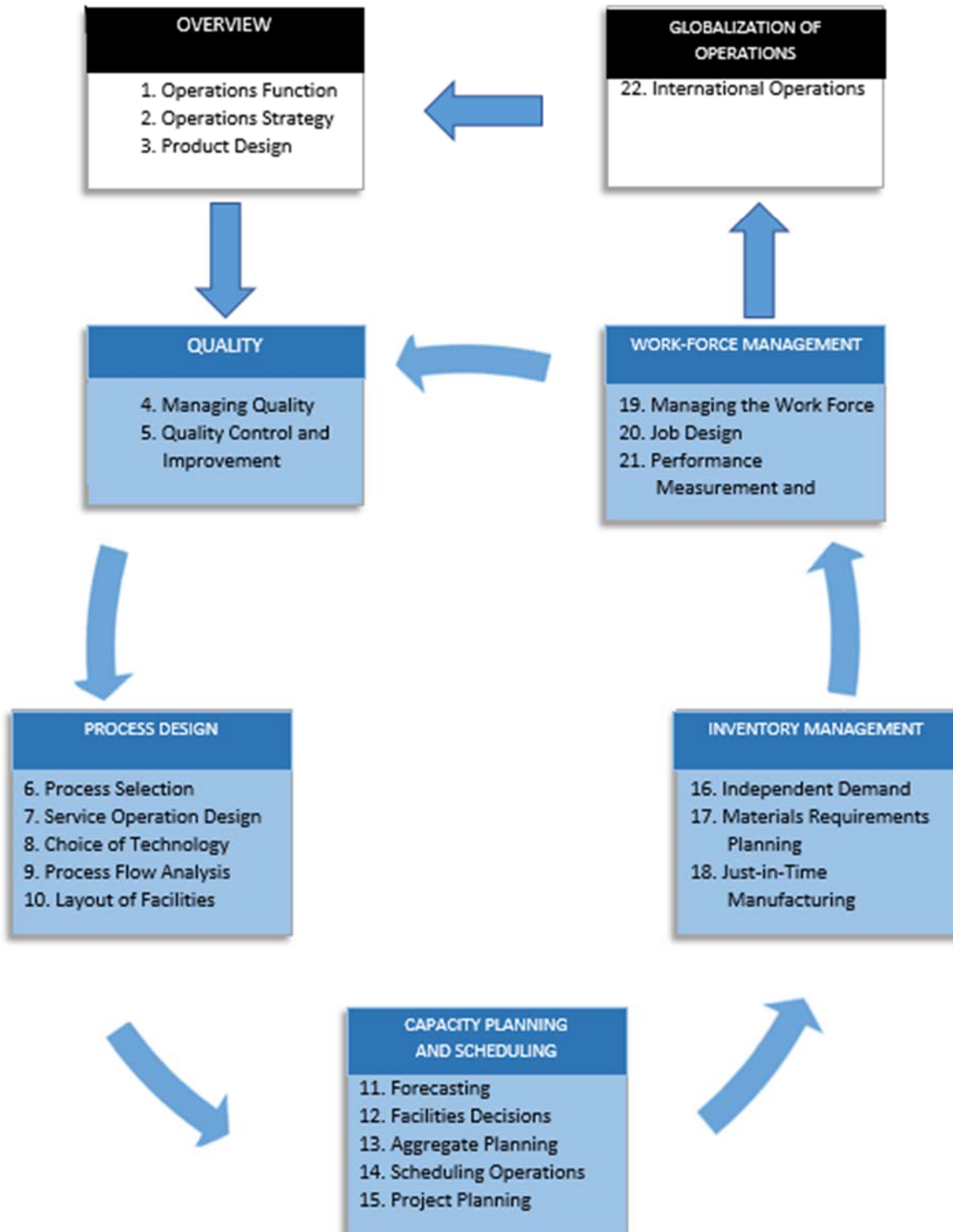
At this stage your product and operations have been tested and proven and you can now do iterations including mass production for all market segments. This is where my fear constantly creeps in due to past bad experience. Despite nondisclosure contracts and all the legal trimmings for protection of intellectual property, I repeatedly find my products for sale online, before I get my samples back from Asian factories. In one case, the very manufacturer had my products for sale on his website before he even sent me my samples. You need legal advice and logistics strategies to get around intellectual theft.

Mechanizing and systemizing has as much to do with logistics, financial processing, and human resource management as it has to do with creating an innovative product. You must be able to source your raw materials, produce your product at low cost with high margins, in close proximity to your markets, and assure the integrity of both raw materials and final products at every stage. The single rule of thumb here is get it right on the smallest scale possible before you expand your operations. Better yet, solicit orders for your product before you produce it on a large scale by shopping around the samples or prototypes. It is very expensive to hold inventory, and sales forecasts don't always live up to (optimistic) expectations.

Operations Plan / Employment – Training, Exec-2 Team, Board of Directors, Operations Team

Operations can be very product specific, so I won't spend much time on it. I will spend a lot of time on the next section about marketing – the bread and butter. For startup companies, overseeing, developing, and scaling your business can be challenging and sometimes overwhelming. Do not lose sight of your organizational values and vision while building your foundation. Pick the right players for your high-performance team, manage your team expectations, and keep records of everything. Manage your cash flow wisely and maintain high-quality standards for your products and customer service.

Chart: Key Operations Components



The key components of your operations management include function, systems, and decision processes for:

1. Division of labor
2. Standardization of parts, processes
3. Scientific study of work and processes (includes product R&D)
4. Human relations (includes policy and regulations)
5. Decision models
6. Technology

Employment – Training

Invest time, money, and resources to train your employees so they can be efficient at performing their daily tasks and contribute to a positive, nurturing, and mutually supportive work environment. Many organizations are expanding their training programs to place significantly more emphasis on non-technical, job-related skills including:

- Safety
- Americans with Disabilities Act
- Conducting effective workplace investigations
- Discipline – documentation and due process
- Employee handbooks and supervision handbooks
- Affirmative action (diversity, harassment, and awareness) Training

Queuing Problems

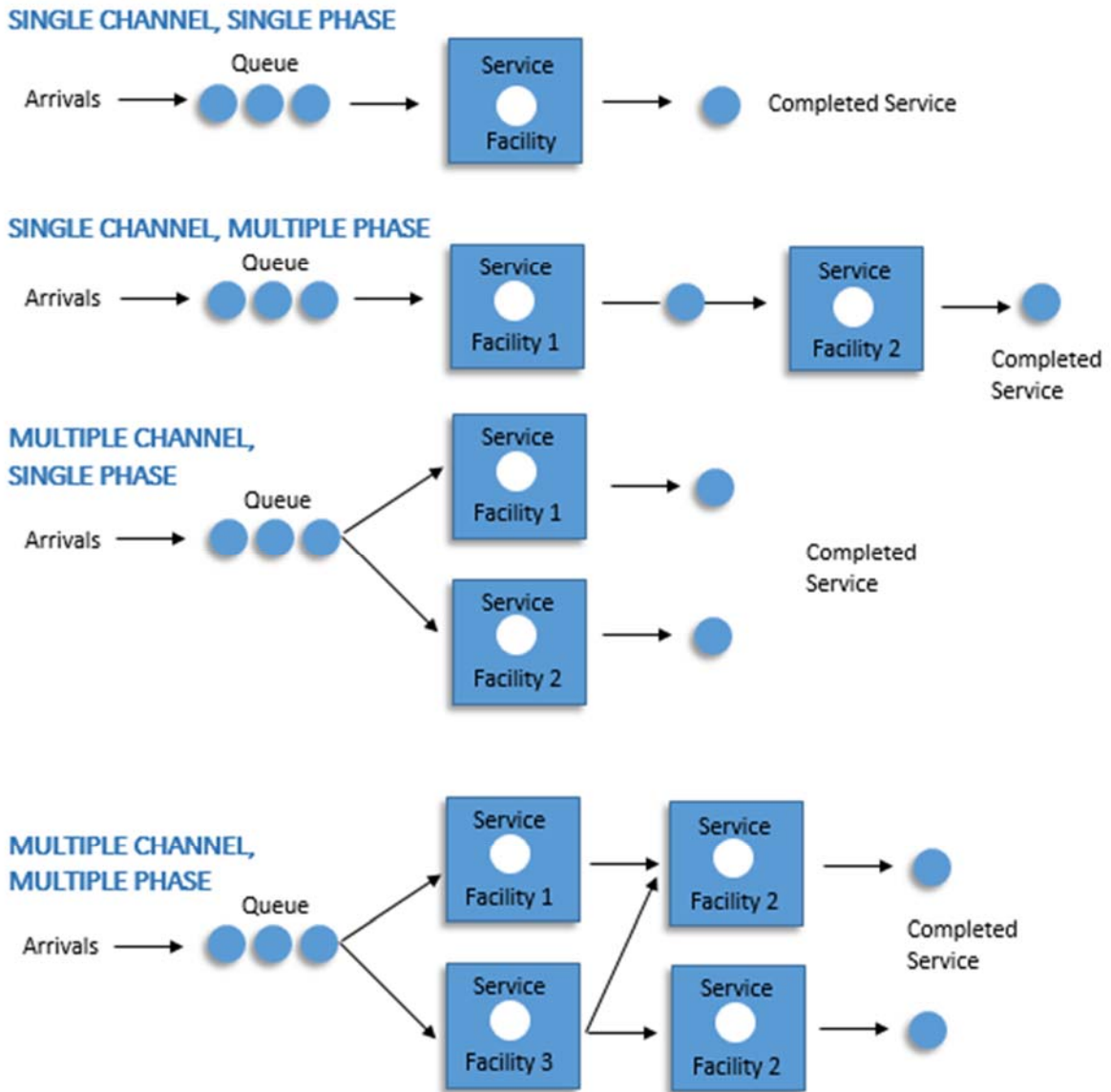
I'll briefly mention queuing problems here since the concept may have applications in queues, production, and other processes where time and perfect logistics is of the essence. Let's say you have a convenience store or other service-oriented business. How do you minimize wait time for all customers, regardless of their individual needs? Queuing problems may be solved by either analytic formulas or simulation methods. You can use the analytical models to obtain approximation or to make low cost analysis – such as how many cashiers you will need during peak time if customer wait time needs to be under five minutes.

You should use the simulation method to solve queuing problems that are more complex and require more precise solutions. Have you ever wondered how they coordinate departures and landings at busy airports and planes in the skies? I wonder too!

I first used queuing theory in the design of the cafeteria and Food Services operations for a University with over 12,000 students. I used queuing theory to help optimize operations, from food preparation through distribution to waiting times in cafeteria lines. Students have varying food and beverage preferences and narrow service time windows during which to eat as they dash from one class to the next. The campus is spread over several acres, and in order to deliver high-quality food and customer service we constructed several kiosks throughout the campus. You can use elements of queuing theory as well as one of many logistics software programs that

are available commercially to help you run these complex operations efficiently during peak traffic times and slow times.

Chart: Queuing Systems

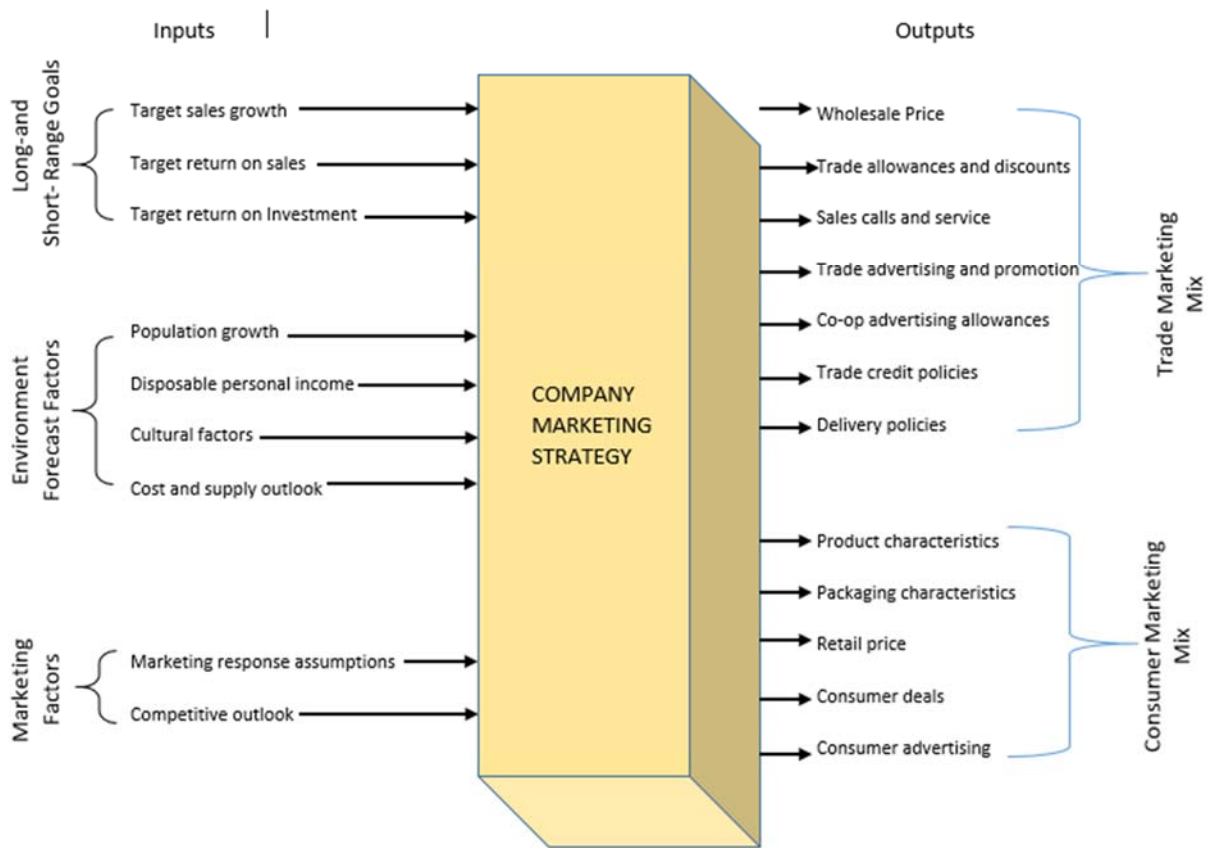


Marketing

Marketing allows you to sell products or services to other companies or organizations (B2B) that resell them, use them in their products or services, or use them to support their works or sell products to individual consumers (B2C). Let's understand marketing jargon. Marketing communication mix, also called the promotion mix, consists of four major tools:

1. Advertising
2. Sales promotion (your oxygen)
3. Public relations
4. Personal selling

Chart: Marketing Systems



Successful salespeople and marketers must have a strong grasp of copywriting as well as social media penetration skills. You cannot master all social media channels at once especially if you are a beginner, so decide on an optimal promotion mix that best suits your products.

Your marketing section of the business plan is, in my view, the most important part and maybe secondary only to the financial statements. Your marketing plan must sell your business as an attractive investment opportunity. Historically, marketing has been one of the most challenging and critical aspects of a company’s success. Your plan must also be meaningful to a wide variety of stakeholders including your target market, management teams, board members, venture capitalists, and bankers. Remember, your marketing plan must be supported by your budget.

Your success will depend on your ability to adapt and respond to a continuously changing marketplace. Consider separating marketing management tasks into a micro environment – your markets, suppliers, market intermediaries, customers, competitors, and the public. The macro environment will consist of six major forces – demographic, economic, natural, technological, political, and cultural. These classifications can also guide your budget.

The consumer adoption process involves creating consumer awareness or stimulating interest, evaluation by consumer, consumer trial to approve his or her estimate of its value, and finally the consumer deciding to adopt or make full and regular use of the innovation.

Pricing

Pricing can be challenging when you’re doing it for the first time. You have to determine where to position the product on quality and price. For example, are you offering a high-quality product at a high price, average-quality product at an average price, or low-quality product at a low price? You will also need to factor how the price will impact other objectives such as profits, sales revenue, and market share. Below is a chart that describes the factors affecting price sensitivity.

Chart: Price – Quality Matrix

		Price		
		High	Medium	Low
Product Quality	High	1. Premium strategy	2. High-value strategy	3. Superb-value strategy
	Medium	4. Overcharging strategy	5. Medium-value strategy	6. Good-value strategy
	Low	7. Rip-off strategy	8. False economy strategy	9. Economy strategy

Poor marketing is one of the biggest marketing mistakes made by startups. Marketing is organic and relationship driven, so you must plan to hire an expert marketer (digital marketing) who understands B2B and B2C models. You should also review case studies of successful companies

or viral marketers and do what they do methodically. The keywords here are “grassroots,” “organic,” and “creative.”

Beware of SEO touting marketers. I often advertise with the banner “I am not looking for SEO.” I still get my mailbox flooded with people touting SEO services. I guess it’s a great veil to hide behind since most entrepreneurs don’t understand SEO and back linking, so it’s easy for someone to rip you off by doing essentially nothing for \$1,000 per month. Establish tangible goals for your marketers and technicians, including returns on your marketing investment, site visits, revenue, number of followers, or number of customer acquisitions.

You should also create specific work orders for contractors or marketing personnel. I always ask contractors/freelancers to send me a proposal when they ask for relatively high wages. For example, a “digital marketing expert” asked me to pay him \$500 monthly to market a product but could not provide me a marketing plan tailored to my product, beyond the generic list of things that SEO/digital marketers are supposed to do. That’s fake and not very productive.

Trial and error is a big part of the digital marketing landscape and useful for risk mitigation. I like the Facebook model for testing assets using ad sets, where you test many variations of an ad and then scale the most successful ads proportionately with sales. An ad set is a group of ads that share the same daily or lifetime budget, schedule, bid type, bid info, and targeting data. Ad sets can be tweaked to measure relative effectiveness using analytics data. Demographics targeting on Facebook is unparalleled, so use this and similar venues to target your ideal customers.

Upselling

As soon you close a transaction/purchase, present your buyer with opportunities for an upsell on a product that costs more. Since the person has already invested some small amount, they are likely to invest more to improve their chances of a better outcome or higher level of satisfaction. Emphasize the benefits of your products over attributes to improve the rate of conversion during upselling. Help your customer focus on the benefits rather than what they have already spent, and always speak in terms of value, not cost.

5 Landing Page Strategies That’ll Double Your Sales

1. **Engage your visitors first**, by providing them value. Don’t just ask people to put in their contact information.
2. **Use an exit pop-up** including gifs to increase email collection and get people to buy.
3. **Add a checkout bump to upsell.** Offering a great deal such as a steep discount may get you about 15 percent more revenue.
4. **Ad set trials** can have a huge impact on conversions and help you identify scalable copy or ad set. You don’t want to risk losing money on marketing campaigns that do not lead to high conversions, greater profits, or customer acquisition.

5. **Scroll stoppers** are critical to success. Create advertising content that acts as “scroll stoppers” – captivating headlines or engaging first few seconds of your video ads. Get people’s attention and attract them into your sales funnel. **Evoke emotions** such as excitement or fear.

Digital Marketing Over-simplified

Digital marketing is any form of marketing products or services that involves electronic devices. Digital marketing matters because people are spending more time on social media and less with old-school printing. Entrepreneurs should have a working knowledge of at least the following digital marketing concepts and practices:

- Search Engine Optimization (SEO)
- Content Marketing
- Social Media Marketing
- Pay Per Click (PPC)
- Affiliate Marketing
- Native Advertising
- Marketing Automation (including evergreen funnels)
- Email Marketing
- Online PR
- Inbound Marketing

Digital Marketing – Google

There are resources on my website at <https://www.proveyourconcept.com/> to help you set up your first Google Ads campaign. Once you decide on the type of campaign such as video or Google Ads, you will choose a set of criteria such as location, language, budget per day, audience, and delivery method. You set your start and end dates for the campaign and then monitor the results using Google analytics.

Digital Marketing – Instagram

It is easy to create an effective Instagram marketing strategy. With 700 million month-to-month dynamic clients, there’s no denying Instagram’s capacity and reach. Make visuals that furnish your gathering of people with intriguing data or feature your image in another, special way.

Decide Your Instagram Audience

1. Determine your market niche by demographics including age, location, sexual orientation, income, interests, inspirations, and torment focuses.
2. Screen famous and intriguing hashtags that identify with your business. See who's utilizing and connecting with these hashtags and look at their profiles.
3. Investigate your rival's supporters.
4. Do a focused investigation to perceive what different (successful) advertisers in your field are posting. Evaluate their Instagram profiles. Scan for terms identifying with your business or industry to discover comparable records and keywords.

Create an Editorial Calendar

Some brands post around six pictures per week on Instagram. Keep track of your posts and associated analytical data in a logbook (electronic). You will also use this to plan your inscriptions, hashtags, and posts ahead of time. Instagram users are active at all times of the day. However, there are a handful of optimal times to post on Instagram. For peak engagement, the best times to post are Mondays and Thursdays at any time except between 3 and 4 p.m. Many users tend to engage with more content during off-work hours on weekdays.

Use Different Size Hashtag

Do not just use the most popular hashtags. Instead, add niche hashtags that have under 500k posts so it's easier for your post to be found when people search that tag. Remember, the larger the tag, the more popular it is. But popular doesn't always mean effective. Use a combination hashtag including: very small hashtags (under 50k), small (50k to 100k), medium (100k to 500k), and large (over 500k). If you use the different-sized hashtag, your post will be easy to find.

Don't Use the Same Hashtag

Change your hashtags every time you post. Mix it with another hashtag. Don't use the same hashtag as your previous post because it will make Instagram think you're spamming. The more variety in hashtags you use per post, the better.

Community Engagement

Follow some hashtags that are related with your niche so it can be easier for you to engage with the community. If you engage on other people's posts that are relatable with your theme, it will increase your followers and it will give opportunity for people to find you. Nurture a strong and appealing brand on Instagram. Link Instagram to your Facebook page and hide posts you've been tagged in. You can change your name for SEO purposes and be sure to write **captions that convert**.

Leveraging Other Social Media Influencers

Find influencers on Instagram that already have many followers and whose content is aligned with your topic. Send them a direct message on your phone and send them a message like "How much does it cost for a promotional purse?" Choose the best influencer and pay them.

Instagram-Sponsored Post

Another option to promote your business is official advertisement. For Instagram advertising, go to **www.business.instagram.com/advertising** and click the advertise option that you like. Here are the choices: Photo ads, Video ads, Carousel ads, Stories, Collection ads.

The first step that you must do is go to **www.facebook.com** and click the down arrow in the top right of the Facebook page. After that, a dropdown menu will pop up and then click Create Ads. This step will take you into your Facebook ads account.

Digital Marketing – YouTube

Below are a few tips to consider when creating YouTube marketing content. Always assume that your audience is very sophisticated – meaning they know good quality and they can discern what’s fake and what’s genuine. You must also bear in mind that you are competing for view time with large corporations and not just the kid next door. The good news is, YouTube has removed many of the traditional barriers to the advertising market space and created a more level playing field for everyone to access the market with their products and stories. For example, prior to social media, only large media houses and established journalists could push out content into the marketplace and engage thousands or millions of viewers. Nowadays, anyone can do it if you execute well on the following criteria for success:

Share ability – Make videos that are amazing, new, fresh, exciting, useful, trendy, entertaining, or gags.

Conversation – Talk to your audience live to bond with fans and build loyalty. Inspire viewers by making compelling videos on your hobbies or area of expertise like sports or music.

Consistency – Create strong, recurring elements on a regular schedule. Set targets for releasing a certain amount of videos per week. Consistency also includes consistent branding, tags, voices, etc.

Sustainability – Make continuous videos within the same niche. You can also use a good mix of trending topics and evergreen topics.

Accessibility – Make videos fully understandable for new viewers by using montages, links, and annotations to videos. Collaborate with other YouTubers as a guest in your video and let them promote your videos in your channel.

CHAPTER 6

Step 5: Innovation & Exit

- I. Expand/Sell
- II. Valuate the Company
- III. Exit/Growth Team
- IV. Pay Shareholders

Expand/Sell

Within five to ten years on average you may need to implement your exit strategy for two main reasons:

1. **Reward investors a nice return on their investment.** Equity investors do not typically see returns on their investments until they cash out, or the company is sold. Five to ten years is a relatively long time to risk capital and wait for a return on investment. Treat your investors well by providing them a great return on their investment within a reasonable time frame.
2. **Entrepreneurs can start another company.** Many entrepreneurs prefer the early stages of business where they can thrive on the adrenalin and sense of freedom that comes with creating something from nothing.

You must run your startup and focus efforts on things that make it more appealing and compelling to buyers (acquisition/merger) or public shareholders (IPO). Regardless of your exit strategy, focus on optimizing value. The exit process typically takes a year or more, so plan accordingly.

Exit strategies include:

1. **Sale of your business entity.** Being bought by a larger company, individual, or entity.
2. **Merger & Acquisition (M&A).** This normally means merging with a similar company, a larger company, or entity.
3. **Initial Public Offering (IPO).** About 15 percent of companies currently use this exit strategy.
4. **Make it your cash cow.** After you pay off investors, you retain ownership.
5. **Liquidation and close.** Liquidate voluntarily or through bankruptcy.

Value the Company

Value the Company

Before you start raising capital or prepare to sell your company as part of your exit strategy, you must place a value on your company. This requires examination of the organization's administration, its capital structure, its future income prospects, or the market estimation of its advantages. Much of your value may reside in your brand, and I want you to think of valuation in terms of the sum of your company's intrinsic and extrinsic value. Intrinsic value is the perceived or calculated value of your company, including its investments. The extrinsic value factors the portion of the company's valuation other than that which is intrinsic. This may include time value of investments, and the impact of market or economic trends. Extrinsic value is the "creative" part of your valuation that allows you to discount or add a premium to the valuation in a somewhat subjective manner. There are several valuation methods including Scorecard, Comparable Transactions, Book Value, Liquidation Value, Discounted Cash Flow (DCF), and Venture Capital.

Valuation methods are mostly based on comparative data and industry-specific multiples, including the ratios listed below, which are often used to assess the current value of a company:

- Enterprise value (EV) to gross revenues or net sales
- EV to net income
- EV to EBIT and EBITDA (earnings before interest, taxes, depreciation, and amortization)
- EV to seller's discretionary cash flow
- EV to total business assets
- EV to owners' equity

Different combinations of multiples or financial ratios may be used to estimate the value of different industries. For instance, EV/revenue multiple is used to evaluate value of various new industries. While EV/EBITDAR multiple is used when there are significant rental and lease expenses incurred by business operations. Valuations are most often calculated as a multiple of the business's earnings, and you can factor in extrinsic factor such as competitive advantages, opportunities for growth and historic financial performance.

Examples of Industry-Specific Multiples

Multiple	Sector	Comments
EV/Revenue	Various	Early-stage companies
EV/Subscriber	Various	Subscriber-based businesses, such as cable and Direct to Home (DTH)

Multiple	Sector	Comments
Market Cap/Book Value (“P/BV”)	Technology/ Banks/Insurance	Used for semiconductor industry. Book value of equity is used since there can be significant earnings fluctuation in this sector
(EV/EBITDA)/EBITDACAGR	High Growth	Used in specialty retail industry and when valuing emerging markets’ IPO candidates

Exit/Growth Team

Appoint an acquisitions director to create a growth team and set growth goals and KPIs that favor your exit strategy, handle customer lifecycle management, create, and manage your growth-oriented product roadmap.

Before you structure your growth team I strongly suggest that you study the art of coaching American football, because it brings together a complex mix of strategies by high-performance personnel to create a unified and cohesive winning team. What you see on game day is the result of relentless hours of position drills, team drills, and skills drills, designed to generate optimal growth in offensive and defensive strategies by winning teams. Likewise, your growth teams are highly diversified and strategic teams that are designed to optimize growth in every KPI (key performance indicators) that impacts the company’s valuation. Growth is teamwork!

Go back to the beginning of Chapter 3 and examine the distribution of consumers at each stage of your product growth cycle. A high-performing growth team may help to minimize the kind of downside reflected in that graph as the product gets to the “late majority” and “laggards” stages of its growth cycle or “death cycle” in some cases. If you build it bigger and better with more features, it does not guarantee growth on a scale that generates the valuation numbers you need for investors to get a reasonable return on their investment at exit.

Like football training camps, ensure that your growth teams have cross-functional skills that work individually and cohesively to drive KPIs that support your mission, vision, and goals. Be sure to study other successful companies just like football coaches like to watch the tape for their opponents’ games.

There is a science to the structure and functions of growth teams so please diligently research this key component of your operations and get professional help. It is no less important than your legal frame or your operations frame.

Pay Shareholders

Shareholder agreements should contain an exit provision entitling shareholders to exit the company and to receive a reasonable return on their investment. The agreement will include mechanisms for selling shares and for determining the sale price. At a minimum, certain clauses should be included in a shareholder's agreement. Please consult with an attorney for specific advice on the use of the following clauses:

Shotgun Clause: Mechanism that allows a shareholder to buy out their partner(s).

Right of First Refusal: Shareholder's obligation to first offer to sell their shares to the other business owners on the exact same terms as a third-party offer.

Tag-along: Shareholders arrange that if they receive an offer from a third party to buy the company, they will benefit equally.

Drag-along Clause: Compels a shareholder to sell their portion of the business to a third party if a majority of the other shareholders are in favor of the sale.

What to Do When Everything Is Falling Emotionally and Financially

- I. Use all the data and resources you have, including Google, YouTube, partners, and experts, to design favorable outcomes.
- II. Visualize a positive outcome.
- III. Analyze the cost and have a budget or cash flow to support each outcome.
- IV. Share your problems because you may find a solution faster and be comforted by others who share your dilemma.

If it is in you and you decide to take a shot at transforming your dreams or your ideas into a fortune or value creation in society, then remember you will need grit and you cannot give up. You will need to overcome hardships and you will need to change your way of thinking. You will need to make sacrifices, overcome many obstacles, climb many mountains, and trod deep valleys to get to your destination.

Many years ago the State of New Jersey dropped a child at my home and they asked me to just keep him for one night because they could not find a placement. One night became a week, then months, and they never found a placement because they said it was difficult. I realized a few days after they left him with me that he'd actually made US national news headlines because he was found almost dead in a basement beside his dead brother. Had I known these facts I probably would not have accepted him in my home simply because of the extreme fear of the scrutiny of the national media. But it was too late; he was already with me and it was difficult to find another placement.

It was a very challenging journey, but I never gave up on him, even though at times I felt like taking him back to the state, especially when I became overwhelmed with the challenges. His psychiatrist often told me that I was wasting my time because he would only grow up to become a burden to society, a thug, or a drug dealer. He wanted to know why I was putting myself through all this stress for a kid and suggested that I could find other ways to contribute to society, like community service. But, I never believed what he said, especially because growing up, nobody ever seemed to have anything good to say about me, and there were very few people besides my mother and father who thought I would come out to anything.

Today that kid has grown into a smart, handsome, wonderful, and productive adult. He stands as living testament that humans, businesses, or physical entities can succeed, if given time, proper nurturing, and if you believe in the outcome. If you made it to the end of this little eBook, no matter where you are in life, there will be someone out there to help you make it through the next mile, until you fulfill your purpose in life.

You cannot purchase success, so don't worry about the money. What does it take for you to succeed? Massive, relentless action and certainty! Start right now. All you need to start is momentum, some enthusiasm, some passion, and a lot of energy!

If you like this book share with others.

<https://www.proveyourconcept.com/>

<https://www.pyotta.com/>

“Whether you have an idea, you’re starting a new business or expanding an existing one, this eBook will help you create a structured financial, organizational and marketing blueprint for success!”

– Jill Lublin, 4x Best-Selling Author, International Speaker, Master Publicity Strategist

“Inspiring eBook. John illustrates how to take action towards attaining your business goals, unleashing talents and expressing innovation. He provides a logical pathway from idea or concepts through business development to business exit strategy. If you are a new entrepreneur looking for direction, this is a great place to start.”

– Surina de Beer, *The Spiritual Journey of a Wimbledon Tennis Player*