

— HOW TO —
LICENSE
— YOUR —
MILLION
DOLLAR
— **IDEA** —

**EVERYTHING YOU NEED TO
KNOW TO MAKE MONEY FROM
YOUR NEW PRODUCT IDEA**

HARVEY REESE

HOW TO LICENSE YOUR MILLION DOLLAR IDEA

Everything You Need to Know
to Make Money from
Your New Product Idea

Harvey Reese

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*For my family, from whom never is
heard a discouraging word. For Thelma,
Andrea, Tory, Gerson, and Esther.*

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*Success is just a matter of luck.
Ask any failure.*

—Earl Wilson

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INTRODUCTION

*Money can't buy happiness,
but it will get you a better
class of memories.*

—Ronald Reagan

This is a test. What do the following phrases have in common?

It takes money to make money.

The bigger the risk, the bigger the profit.

Go for the burn. No pain, no gain.

The answer: They are all false. Physical therapists tell us that smart exercising needn't cause pain to be beneficial. And I can testify that you don't have to put your savings at risk to turn a handsome profit.

In 1933, during the Great Depression, Charles Darrow an out-of-work plumber of Allentown, Pennsylvania, found himself with plenty of time on his hands. Just to be doing something, he dreamed up a game about Atlantic City real estate and called it Monopoly. He licensed the rights to Parker Brothers, the big game company, and never had to work another day in his life. That was more than a half century ago, and the royalty checks are still coming in. His total

2 *Introduction*

investment was some time, ingenuity, and brain power. These are investment assets that we all possess. If you have the will to put them to use, this book will show you how to enjoy a return on your investment that may be beyond your wildest dreams.

One quick note: Although I've used the pronoun "he" throughout this book for the sake of easier reading, the material herein refers to both women and men, who, needless to say, share equally the potential for good ideas and the desire to get rich from them.

SOLID GOLD POUND PUPPIES

The business section of any bookstore is loaded with books that show you how to spend your money. You can become a Wall Street tycoon, you can invest in pork bellies, you can be a real estate mogul, or you can be a donut shop operator. You name it. Just ante up your money and take your best shot. Go for the burn. And getting burned may be exactly what will happen.

On the other hand, manufacturers pay billions of dollars each year in royalties and licensing fees to people who supply them with profitable ideas. Incredible fortunes are being made every day by ordinary people who have licensed their valuable ideas to willing buyers. A few years ago, a factory worker at a Ford plant near Cincinnati came up with a toy idea called "Pound Puppies," which started out as a gift he made for his wife. But he was smart enough to recognize its sales potential and smart enough to realize that he should turn it over to professionals, who know what they're doing. So he licensed his idea to the Tonka Company. They sold more than 50 million puppies, and the royalties turned Mike Bowling, the ex-factory worker, into a multimillionaire. Stories like this are commonplace. Ordinary people are reaching for and achieving the biggest jackpots of their lives through licensing. The nice thing is that you can do it too.

Almost everybody gets at least one Pound Puppy idea; the crime of the century is that so few people have the will to do anything about it. They mean to get around to it one day, but as even Sophocles knew, centuries ago, fortune is not on the side of the faint hearted.

THE HOW-TO-NOT-GO-INTO-BUSINESS-FOR-YOURSELF BOOK

The purpose of this book is to show you how to make your fortune without risking one. If you'll supply the will, I can supply the knowledge. And you can keep your money in the bank. I'm billing this as the How-to-Not-Go-into-Business-for-Yourself book. The trick is to have other people spend their money and take the risk. If you have an idea that can turn a profit, company presidents all over would love to hear from you, and it would be their pleasure to give you a cut of



Licensing Is an Equal Opportunity Activity

the proceeds. Any president would be delighted to give you \$5.00 for every \$100.00 in receipts you can create for his company. It's simply good business.

Licensing is an equal opportunity activity. Good ideas can come from anyone, with or without connections. If it can earn a profit, the manufacturer doesn't care if you're young or old, rich or poor, male or female, black or white. He doesn't care if the idea comes from Mother Theresa or Attila the Hun. If your idea is a money-maker, you will be welcome. A man named Percy Bridgeman once said, "There is no adequate defense, except stupidity, against the impact of a new idea." You can call successful businesspeople lots of names, but "stupid" usually isn't one of them.

TAKE THE MONEY AND RUN

You can earn big money fast through licensing because that's what it is all about. If your idea is really good and you put it in the right hands, there's no upper limit to your profit potential. And if you've licensed your idea to a successful, professional marketing company, you'll probably be getting royalty checks while the person who wants to do it himself is still looking for seed money. For some people, looking for enough capital to start a new business is a lifetime quest. And if they finally do collect the money, the statistical chance of success is very grim. The other way is to turn your idea over to professionals—people who know what they're doing—then take the money, and run. In the movie *Patton*, George C. Scott, who plays General Patton, explains to his troops that war isn't about dying for your country. It's about getting the other guy to die for *his* country. Well, licensing isn't about investing your money. It's about getting the other guy to invest his. Let him have the risk and the glory. You'll take the royalty checks.

Perhaps one day, one of your ideas will make you a millionaire. But in the meantime, you keep your job, you keep your

cash, you keep your house, and you don't get nasty calls from creditors or your bank.

IS YOUR IDEA IN A COMA?

At one time or another, almost everyone has had a clever idea just "pop" into his head. It just stays there, without nourishment or attention, until it finally slips into a coma. Like Sleeping Beauty, this lovely idea just lies there, day after day, year after year, waiting for a Prince Charming to come along. Unfortunately, life's not a fairy tale and the Prince will never show up. What does happen is that eventually this person sees "his idea" on the market and hollers "Foul!" because someone beat him to it.

If you're not prepared to act on your ideas, someone is *always* going to beat you to it. That's what capitalism is all about. Benjamin Disraeli, the nineteenth-century British statesman, said, "Success is the child of audacity." Lots of people get the same idea. The one who does something about it gets the prize, and the others get to complain about having bad luck. Properly exploiting just one useful idea may change your life forever. It happens all the time. There's a system to help you do it effectively. It's called the CRASH Course and this book is going to carefully lead you through it. You won't be the same when you're finished.

CONVERTING YOUR BRAIN INTO AN IDEA FACTORY

Actually, as I'm sure you know, ideas really don't just "pop" into your head. And they don't come from divine inspiration. You're not going to awaken one morning and say "Hey Martha, I just dreamed up a terrific new accessory item for computer owners!" The idea that just seems to appear is



Ideas Don't Just Pop into Your Head

actually the end product of a defined step-by-step process. And once you understand what it is, you'll be able to develop ideas almost at will. The process is not automatic, you have to really work at it; but if you follow the prescribed steps, it won't let you down. I create and license new ideas for a living. It's all I do. I can't imagine a nicer occupation—getting paid for my own creativity gives me a rare and wonderful feeling.

THE OPPORTUNITY OF FAILURE

Years ago, I owned a manufacturing company. It was profitable but highly leveraged. I owed my bank almost \$2 million. During the Carter presidency, as you may recall, interest rates shot up to an incredible 25 percent. I drained the company's assets trying to keep up with the interest payments until finally, like thousands of other companies, I was forced to go out of business. More than 100 people lost their jobs, and I lost everything I owned.

But adversity often leads to opportunity. Mary Pickford, the old-time movie star, once said that failure is not about falling down, it's about staying down. I had to pick myself up in mid-life with no money and no job. I took stock of my assets and realized that what I was best at was dreaming up new products. I could no longer afford to manufacture them, so I decided to turn them over to others for a modest share of the proceeds. I quickly realized that what started out as a desperate course of action was actually a perfect career move.

In my business career, I've met people who have the management skills to run complex, highly successful companies but who have the imagination of a carp. On the other hand, I have creativity to spare, but I had demonstrated to my financial despair that management ability is not one of my strong points. Management types need me and I need them. It's proved to be a perfect match. I sold my first product idea to the very first company I showed it to. I've never looked back, and I've never been happier. My only regret is the years I spent managing a factory. Many of the companies I originally licensed product ideas to have since gone out of business. But new companies come along all the time. They all need new products, and I'm still here to provide them.

WHAT I HAVE THAT YOU CAN HAVE (OR DO HAVE)

I'm not just being modest when I tell you that I'm not a genius—I'm an ordinary guy—and the product ideas I create are not scientific breakthroughs. What they are are simple, commercially sensible concepts that a manufacturer can examine and visualize selling profitably. I do have two attributes, however, that separate me from many other people, and that have enabled me to earn more money than would have been likely from any other endeavor.

1. I have the confidence that I'll never run out of ideas because I've developed a system for continually producing new ones. It always works, and at any given time I have more ideas than I can handle.
2. I have the confidence that, if my idea is sound, I can always get money for it. I have a battle-scarred, time-tested, technique for doing it, and I seldom miss. There's a system for effectively preparing your idea, getting an appointment to show it to the right people, and saying the right things when you get there. That's the CRASH Course, and that's what this book is all about.

There's no mystery to creating and licensing commercially sensible ideas. There are just two easily mastered systems involved: one for developing ideas and the other for getting them licensed. I intend to teach both of them to you in this book because there's more than enough room out there for all of us. Whatever I know, you'll know. And if you apply it, there's no telling how much money you can make.

Research shows that we all possess creative traits. Artists and geniuses don't have a monopoly on creativity, and although you may not be able to compose a sonata, you can be creative in other ways. A simple, workable, idea, properly exploited, is also the product of creativity. Thomas Alva Edison, America's most prolific inventor, always remembered that his ideas had to be practical. He often said that he didn't want to waste his time inventing anything that wouldn't sell. You may not reach his level of genius, but once you get into the swing of it, you'll see that creating commercially viable ideas is really not that difficult. Abraham Lincoln thought up one (a patent for an inflatable system to help boats navigate shoals); Dorothy Lamour thought up one (a patent for a torpedo guidance system); even six-year-old Bobby Patch thought up one (a patent for a toy truck). Just about anyone can do it. The hard part is having the courage and drive to turn it into profit. The chief executive officer of Martin

Marietta Company, Norman Augustine, once commented that "Motivation will almost always beat mere talent."

YOU CAN'T MAKE A SCORE IF YOU DON'T HAVE A GOAL

There are many fine books in print to help you think big, act big, and dress big. But then what? Sure, having a winning attitude is important, but if you don't have a goal to apply it to, what have you accomplished? What good are two highly motivated, all-pro football teams, if the field they're playing on doesn't have goal lines? This book offers you a very specific goal to strive for; it shows you exactly how to get there; and, I hope, it will motivate you to get started. If I can help you gain some of that think-big confidence, and if I can persuade you to focus it on the goal of creating and licensing commercial ideas, then there's no limit to how far you can go.



You Can't Make a Score If You Don't Have a Goal

LOSERS NEED NOT APPLY

I have books on my desk that tell the stories of inventors, scientists, and researchers who have earned millions of dollars in royalties for their inventions. Certainly these people deserve the credit and riches they've received, but they're not the audience I had in mind when I thought about this book. My original thought was to include some of their stories as positive examples, but I've since changed my mind. It would serve no purpose to explain how Willard Bennett invented the radio frequency mass spectrometer, or how Frederick Cottrell invented the electrostatic precipitator, or how Gordon Gould invented optically pumped laser amplifiers. I want, instead, to provide profitable information to the person who, in idle moments, may not develop an idea worth many millions, but who, quite conceivably, might develop and license commercial ideas worth \$100,000, or \$500,000, or maybe even the magic \$1,000,000. It happens all the time; probably much more often than you think. Charles Schwab once noted that a person could succeed at anything for which he has unlimited enthusiasm.

If you could meet some of the people I know who have made fortunes for themselves with simple ideas, you'd understand why I say that anyone with reasonable intelligence can do it. Nothing terrible will happen if you fail. Something wonderful may happen if you succeed. The only real losers are those who won't even try. As the baseball pundits say, "You can't steal second if you won't take your foot off first."

I don't want to create the impression that licensing commercial ideas is a simple sure-fire way to make money, because it's not. But what business is? The difference is that participants in licensing prefer to invest instead in their God-given creativity and turn the financial risk over to others. They make the smartest investment of all, in themselves.

While it's true that almost all of us dream up ideas that have value, it's shocking how few of us do anything about it. To

some extent, it's because of a lack of knowledge, but to a larger extent it's due to a lack of confidence. Mary Kay Ash, the founder of the hugely successful Mary Kay Cosmetic Company, summed it up well when she said, "If you think you can, you can. And if you think you can't, you're right." Whatever your idea is worth—\$10,000, \$100,000, or \$1,000,000—success is within your reach, and the results may forever improve your quality of life and the well-being of your family. Winners can see an opportunity in every problem. Losers tend to see problems in every opportunity. If you're not already a winner, the information in this book can make you one. If I didn't believe that, I wouldn't have written it.

FREE AT LAST!

It doesn't matter how much or how little money you have or how far you went in school; if you're a prisoner of a work-for-wages-job or have no job at all, this book can set you free. Fortunes are made from exploiting useful ideas. Perhaps it's time for you to make yours. After all, America is still the land where dreams come true.



Free at Last!