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INTRODUCTION

Products enter the market just about every day and each time they enter the market; they either go in one of two ways – either it will “flop” or “boom.” More likely than not, a product will flop, rather than boom. Simply because people don’t want or need to buy it and it's only then when the person who made it realizes his mistake. It proves to be a big problem when you want to release a product out into the market but you aren’t sure if people will actually buy. Additionally, the biggest mistake that people make when starting a product-based business is not validating the product first to see if there is a demand for it. As a result, they waste a huge amount of time and money making a product no one wants to buy. Enter the pre-selling strategy. Pre-selling ensures that people will actually buy your product by selling it first – yes, sell it first. It might seem crazy and ridiculous, but it’s not. Pre-selling validates your product idea before releasing it out into the market. Validating means gauging interest in demand for your idea. That’s why I told you that you will be selling first. This book is made to ensure that your product will go boom and not flop. And you will exactly learn how to pre-sell a product idea in 6-difficult steps. Did you notice I said hard? Yes, because I want you to expect that it will be hard to implement the strategy. But don’t be demotivated of what I said because I will also teach you how to motivate yourself to appreciate the difficulty of the process so that you can execute the ideas in the book without pressure.

In the past couple of months, I have studied several businesses and entrepreneurs who applied this strategy that resulted in massive success. All of which you will learn in the case studies. I applied this strategy too and I could say it worked very well. And because of the proven results, I will use the strategy every time I decide to make a product. Pre-selling is applicable in any product or even service that you want to offer to people. But in this book, I will focus solely on the product aspect because I have found more evidence and anecdotes pre-selling a product than services. Additionally, I think this is the best way to start a business because it reduces your risk of failing in creating one because you will be spending the minimum amount of time, money and resources in implementing this strategy. On the next page, you will learn the fundamental 5 parts of the business since every product creation leads to a business. Also, the lessons you will learn will be useful when you finally learn the methods of pre-selling. With the intro out of the way, let’s proceed to Chapter 1, shall we?

PART I
THE BASIC CONCEPT OF A
BUSINESS

"Put yourself in your customer's place."

– ORISON SWETT MARDEN

Understanding the Concept of Business

To begin with, it is important to know the concept of business first before we dive into the main topic because without it one cannot truly understand how a business truly works.

So, why does a business even exist? Because the person wanted to sell something to people? Or because there is market demand? Most likely it's the latter. Because the person who starts a business based on what he wants and not what their customer wants usually never lasts. The history of business roots back to the period wherein people trade their stuff in exchange for another stuff called "barter". People would trade 3 pieces of fish for a sack of rice, a bracelet for a cow, or a house for a stone - you name it. People would trade anything that they own in exchange for something that they want. This barter system continued until the invention of coins and money which was used as a medium of exchange of goods until now. But still, the concept hasn't changed.

But what kind of concept am I talking about? Good question. It's the concept of **exchanging value**. Similar to the time when our ancestors bartered their stuff from one another, today we still use that. But this time we exchange stuff for money or money for stuff. Think about it this way. You are hungry and you're thinking of something to eat. You head to the nearest store, pick what you want to eat and presto! You are now fulfilling your hunger. Let's rewind a bit and analyze what transaction you just had. So you went to a store because you're hungry and you picked what you wanted to eat - at this stage you are thinking about what kind of value you want, which is the food. The store, which is the seller also wants something from you, and it's your money. So after picking what you wanted you gave your money to the seller, in which case **the value exchange** took place. So there you are happily eating the food and the seller also happy because he got a sale. It's both a win-win situation for both of you. To further understand this concept, let me share you a little story.

The Mutual Relationship Between Ants and Aphids

Ants and aphids share a well-documented symbiotic relationship, which means they both benefit mutually from their working relationship. Aphids produce a sugary food for the ants and in exchange, ants care and protect the aphids from predators and parasites.

Aphids Produce a Sugary Meal

Aphids are also known as plant lice; they are very small sap-sucking insects that collect the sugar-rich fluids from host plants. Aphids are also the bane of farmers the whole world over. Aphids are known as “crop destroyers”. The aphids must consume large quantities of a plant to gain adequate nutrition. The aphids then excrete equally large quantities of waste, called honeydew, which in turn becomes a sugar-rich meal for ants.

Ants Turn into Dairy Farmers

As most people know, where there is sugar, there is bound to be ants. Some ants are so hungry for the aphid honeydew, that they will "milk" the aphids to make them excrete the sugary substance. The ants stroke the aphids with their antennae, stimulating them to release the honeydew. Some aphid species have lost the ability to excrete waste on their own and depend entirely on caretaker ants to milk them.

Aphids in an Ant's Care

Aphid-herding ants make sure aphids stay well-fed and safe. When the host plant is depleted of nutrients, the ants carry their aphids to a new food source. If predatory insects or parasites attempt to harm the aphids, the ants will defend them aggressively. Some ants even go so far as to destroy the eggs of known aphid predators like ladybugs.¹

How are Ants and Aphids related to Business?

Customers and business owners, like ants and aphids both have a mutual relationship. Business owners give value to the person wanting or needing the product which is the customer, and the customer gives money to the business in exchange for the value given. Needless to say, each business has the same goal: To make someone's life easier, more convenient and better. And each customer has also a goal: To alleviate pains, solve problems and fulfill their needs. If a business doesn't provide what people want or need then they will lose customers.

On the other hand, if the customer doesn't have the money to buy the offer that she finds valuable then she cannot receive it. A business values its customer's money, not the customer. They only say that they value their customers but in reality, they value their customer's money because if the customer doesn't have money the business doesn't care. To continue, a business values its customer's money because money enables them to continually operate the business.

On the contrary, the customer values the product or service that the business offers because it addresses their needs or wants. If a business doesn't have customers, then the business would deem to exist. Customers should not have existed if there was no business. Both of them simply couldn't exist without one another. That's what is meant by mutual relationships.

The 5 Core Parts of a business

Many people think that if you have a great product or service, you have a great business. However, they focus solely on the product alone and not the other components that contribute to building a successful business. Many businesses miss out on the core parts that's why many of them fail. I am not saying that having a great product or service is not important – they are, but there are also other important components of a business that makes it successful.

According to Josh Kaufman, there are five parts to every business. Josh studied many different books about businesses and he condensed all the ideas he learned into one book which is *The Personal MBA*.²

According to him, a business is a repeatable process that:

1. Creates a product of value and delivers that product of value
2. That other people want or need
3. At a price they are willing to pay for
4. In a way that satisfies the customer's expectations
5. So that the business brings enough profit to make it worthwhile to the owners to continue operation

A business cannot function if one of the core processes is taken out.

A business that doesn't bring value is a hobby...

A business that doesn't entice people will have no customers...

A business that doesn't sell value is a non-profit...

A business that doesn't deliver what it advertises is a scam...

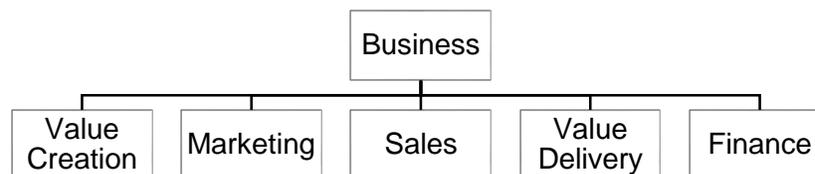
And if a business doesn't generate enough income, it will eventually close.

Furthermore, Kaufman discussed that every business is a collection of 5 processes:

1. **Value Creation** – Knowing and creating what people desire (needs and want)
2. **Marketing** – Seeking attention and demand for the value you created
3. **Sales** – Exchanging the value you offered for money
4. **Value Delivery** – Giving what you promised and satisfaction to customers
5. **Finance** – Generating enough money for the business to continue operating

To be successful in business, it's important to get good in learning the 5 processes of a business. But you don't necessarily have to learn it by yourself. Having a "team" is a must to make this to work because that's what business is all about: **TEAMWORK** – nobody can go it alone.

5 Processes of a Business Explained



Value Creation

Every business has something to sell. Well, a business wouldn't be a business if they don't sell anything in the first place. Anything that contains value can be sold and be turned into a business. Value is something that other people find useful because they either want or need it. Value can be created in many ways, some of it are things that you have never imagined existed.

Economically Valuable Skills

Josh Kaufman emphasizes that you must improve your skills directly related to the Five Parts of Every Business to improve your value as a businessperson. Economically Valuable Skills are skills that contribute to the growth of your business. It is any skill that helps you produce value, sell, market and manage finances. You may be skilled at basketball and people might praise you for your talent but nobody will pay you to play basketball unless of course, you are LeBron James. People pay LeBron to play simply because he contributes so much to his team and the NBA. He is the reason why people watch the game, the reason why Nike sold 1 million shoes in 1 month and he is the reason why he brought championship trophies to the Miami Heat and the Cleveland Cavaliers. In short, his value is very high that in the event something bad happens to him the NBA might lose viewers, Nike might decline in revenue or his team wouldn't receive championship trophies anymore. LeBron honed his craft for almost his entire life and as a result, his value is cut above from the rest. You might or cannot be LeBron James but you can incrementally improve your skills in business over time. It's just a matter of putting hours of hands-on approach, experience and constantly educating yourself.

The Market

If you are thinking that the market is the place where we sell and buy stuff then you are correct, but only half-way. The market is a mass congregation of consumers as a whole wherein they act as one. Meaning if the market doesn't want or need what you sell, they won't buy it. Even if you have invented the greatest product ever but no one wants to buy it then you have failed. Let me tell you a harsh truth about businesses: No one cares what you are selling. No one cares unless what you are selling is beneficial to them. Many businesses fail simply because they sell what they want and not what their customers want. A business exists to solve people's problems or fulfill their needs. You are not the one who is going to buy what you are selling - your customers will be.

Forms of Value

“In order to successfully provide value to another person, it must take on a form they are willing to pay for.” That statement is according to Josh Kaufman. Everything that is to be sold has its form. Josh elaborated 12 forms of value but I will only discuss two common forms of value because the other 12 is irrelevant in our discussion.

Two Common Forms of Value

- **Product** – A physical object that is made and sold for more than the cost it took to make. This form of value is what we will be using in pre-selling. Most of the things we buy are in a form of a product: this ebook, your phone, a table, a bottle of beer, a song, etc. Products are the most common form of value because it can easily scale (be able to mass-produce and meet customer demands) better than any other form of value. Products can be produced either by human resources or machines. Machines are much cheaper and effective in duplicating products, compared to human-resources.
- **Service** – It is a work or task performed by a skilled individual and is charged depending on the value of labor completed. Typically, the harder the service to do, the more expensive the pay and vice-versa. But if the service is hard to do, then finding skilled workers will be hard to find as well. It is because doing a complicated task requires years of studying and practice. Take surgeons for example, it takes around 13 years for a surgeon to be qualified to operate. They have to pass a set of challenging requirements. As a result, there are only a few qualified surgeons around the world. On the bright side, surgeons are one of the top lucrative services because of their rarity.

Unlike a product, a service cannot be packaged thus machine or human intervention is always required to run this kind of business. Some examples of services are salons, mechanics, lawyers, doctors, etc. Services usually are expensive since humans are mostly the ones that do the work. On the bright side, machines that do services are relatively cheaper. You may hire your local *“labandera”* to do your laundry for a high price but you

can always go to the nearest self-service Laundromat for a much cheaper price with the same (and faster) results.

Marketing

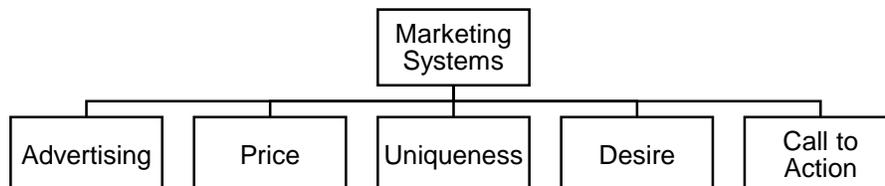
It doesn't matter if you have the greatest product ever if people aren't aware that it exists! This is where marketing joins the club. Marketing is an art and science of knowing, making, and delivering value that is different from competitors to satisfy the needs of a market at a profit. It's not only about the advertisements you see on TV. Advertisement is just a component of marketing.

In layman's term marketing is like this: Imagine you are in a market on a Sunday morning and you can hear people screaming "*Galungong P60 per kilo!*", "*Tag singko nalang lahat! Pili lang!*", and "*Maam, sir, pili na po kayo – blouse, t-shirt, jacket all sizes!*" but then one person used a megaphone to announce his offering to the world – "*Mga suki dito na po kayo, mura lang mga paninda! Alahas P150, damit P100...*"

Marketing is announcing to people the product or service that you are offering. Having a strong marketing strategy is a must if you want to expand your sales, increase customer base and beat competition. Without marketing, people will not be able to buy what you have in store because they are not aware about your business.

Systems in Marketing

Marketing is composed of several different systems. Each contributes to make marketing value offering successful:



Advertising

It is getting people's attention who might be interested in your offering and turn them into prospects. Attention is a valuable commodity nowadays and many businesses pay a premium price just to get people's attention into their business. These are products/services that you see and hear on TV, newspapers, billboards, Flyers, Facebook, and radio.

Advertising is a combination of other marketing systems below, its main purpose is to publicize a product or a service to cultivate and spread awareness. Ads come in two forms: **Digital** or **Physical** – digital advertising are the ones on TV, and the internet, while Physical ads are tangible objects like flyers and billboards. All advertising comes in various shapes and sizes.

Price

It is the amount of money set by a producer to sell his product/service. Usually, a price is determined after calculating several factors in creating the product/service. Pricing must be set according to how much you value your offering to your customers.

There are four pricing methods to estimate how much something is worth:

4 Pricing Methods

1. Cost-Plus pricing

The simplest method in pricing. It's just adding the cost of materials, labor, overhead and then a profit margin percentage on top of that. For example, making a wooden chair costs about P150 for the materials, plus P200 labor ($150+200=350$), plus a profit margin of 100% ($P350$) = 700. The wooden chair will be sold at P700 pesos.

2. Comparative Pricing

More commonly called "Competitive pricing." It is setting your product/service's price point slightly higher, lower or the same as your competitor's. This pricing method is the easiest thing to do because you do not have to do any calculations. Comparative pricing is mostly done by retailers because there is already an existing product out there in the market.

3. Markup Pricing

A variation of comparative pricing. A percentage or a fixed amount, called a “markup cost” is usually added to the wholesale price of the product, and the markup cost is kept as a profit. For example, business X bought bottled water for P15 apiece, and he resells it for P20 in which he keeps P5 pesos as profit.

4. Value-Based Pricing

It is said that this pricing method is risky and sometimes complicated but is highly profitable if done right. The seller sets the price of a product depending on how valuable and in-demand is it to the eyes of the buyers. For example, a piece of land is perceived to be less valuable if it’s prone to floods and far from a highly-populated area, on the contrary, a piece of land is perceived to be more valuable if it’s near the highway and in a densely populated area.

Uniqueness

One day, Mark was on a road trip with his parents, but Mark didn’t like the idea because they are going to his grandpa’s farm. He was frustrated about the situation he is in right now and even refused to talk to his parents, so Mark just stared out of the window to kill his boredom and frustration. They came across a herd of goats. Mark saw them but didn’t pay much attention. Then all of a sudden, something caught his eye – it was strikingly different from the rest... It was a pink goat in the middle of the herd! Mark who was dumbfounded said, “*Whoah! did I just see a pink goat?!*”. That was the road trip he would never forget

Similar to the pink goat Mark saw on his trip, your product or service must be unique for it stands out from the competition. Uniqueness grabs attention and when something is unique, most likely it will be remembered. When was the last time you saw something weird and different in a mall? I am sure it caught your attention and never forgot about it.

Being unique is not necessarily selling a different product/service from your competitors – it can be serving your customers better, giving bonuses/rewards to buyers, and having a better product than the rest.

Desire

A customer might want or need your product but it doesn't mean he/she will automatically buy it. What you need to do is make them desire your offering. Marketing is supposed to trigger "*emotions*" to the buyers to make them feel and think that your product is what they really need.

Provoking desire is never forcing someone to buy your offer, it is convincing them that what you offer will help them achieve something. People typically **buy based on their emotions and justify it with their logic**. When was the last time you bought something because you imagined what your life would be after you bought that product? "*Honey, I just bought this Ferrari because it was on sale and it has efficient gas consumption.*" - that's desire.

Call to Action

Advertisements, uniqueness, desire, etc. are all useless if people don't know what to do next to get what you are offering. This is where Call to Action comes into play. It is the last part of the marketing system that leads to the next process in business which is the **sale**.

It is simply to induce the buyer to take a specific action to get what he/she wants. It must be obvious and clear in order not to confuse them. You already have witnessed this on a lot of commercials: "*Call 565-8213 now to get 50% discount!*", "*Click the buy button to purchase*" and "*Purchase X at your nearest pharmacy*".

If your advertisement is simply like: "*King's Cup, drink coffee like a king at an affordable price.*" A prospecting customer will see this and say, "*King's cup. Now what? Where is that?*"

There is no other information that tells them what to do next after they have seen your ad. But if you do it like: "*King's Cup, drink coffee like a king at an affordable price. Located near XYZ shop.*" With this, your prospecting customer will say "*King's cup. Ok, lets head to XYZ shop then!*" This will take your prospect into your place and eventually become a paying customer.

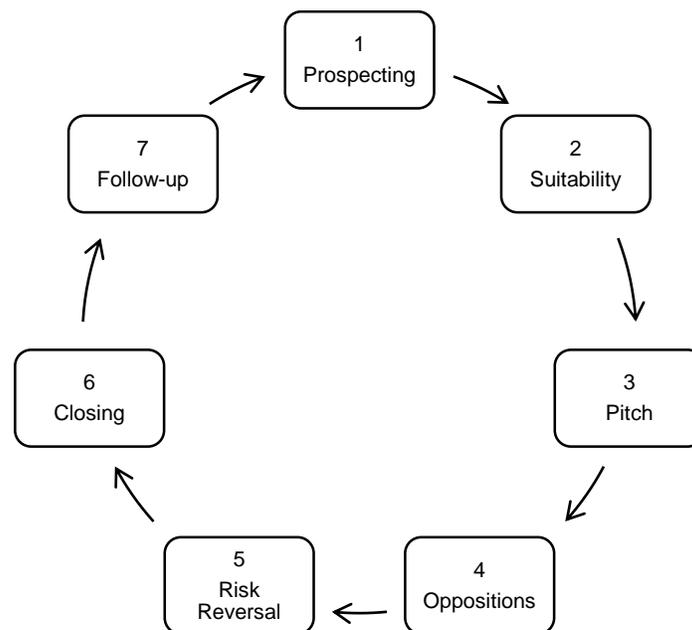
Sales

Marketing is not enough to sell what you offer, that's why sales have an important role in business. Sales are the process wherein the offered value is exchanged for money. There would be no money entering your business without sales.

Usually, there are three parties involved in a sale: The Buyer, The Seller, and the Offer. The three of them benefit each other, the buyer benefits from the money the seller gave, the seller benefits from the offer the buyer gave and the product benefitted from both of them.

Selling has a repeatable cycle of sequences called the "**Sales Cycle**". It is composed of 7 cycles.

Sales Cycle



Prospecting

This is where every sales cycle starts. It is finding the initial customer who might be interested in your offer. The initial customer usually comes from the

marketed offer that was done previously. This process helps you identify whether or not the initial customer is ready to proceed to the next step.

Suitability

Not every prospective customer that is interested in your product can become a customer. There are sometimes barriers set to screen customers first before purchasing. Take for example liquors, liquors can only be bought by adults ages 18 and above.

Determining suitability is done by asking “**Qualification Questions**” to the prospecting customer. Qualification questions consist of asking the prospect’s budget, profession, need, etc. The goal of suitability is to screen good and bad customers. Mainly keeping bad customers away and focusing on getting good customers. – Think about a prospective customer that wants to buy your offer but doesn’t have enough cash. A prospective customer that doesn’t have cash isn’t qualified to be your customer.

Pitch

This is the stage where you will be presenting and communicating your offer to your prospect. This stage is important because it can make or break a deal. Pitching can be done through a product demo, presenting a blueprint, presenting a product mockup or even just plainly speaking about the offer.

Talking about your offer’s benefits as your main focus is much better compared to focusing on the features. This is because prospects care more about what your offer can do to them. Think about buying a new phone, most people only care about the phone’s functionality which is to call, text, and surf the internet. And less of 4 GB RAM, Octa-core Processor, or 20 MP Camera. Features come next after they identified their benefits. Every pitch’s rule of thumb is this: **Benefits come first, features second.**

Oppositions

“Are you sure this will solve my problem?”

“But I have a Heart Attack record! Is this safe for me?”

“This is way too expensive!”

"I'll come back later, I need to think about it first".

These are common lines that customers say if they are unsure whether to purchase your offer or not. Oppositions are customer's objections when they are deciding to buy. Not all customers are going to object to what you offered, especially if they are convinced. But there will be some that are going to.

The best way to counter oppositions is to be prepared facing it, you can achieve this by listing down all of the oppositions your customers claim and document it in a **FAQ**.

FAQ

Stands for "**Frequently Asked Questions**". It contains a list of questions and answers customers commonly ask. It is typically about the product/service the business offers. A FAQ's main purpose is to provide information to educate customer's concerns about what they are interested in purchasing.

Risk Reversal

Nobody wants to be taken advantage of, especially if money is involved. Did you ever purchase something then felt stupid afterward? Or, have you ever made a bad decision and regretted it? We all did this from a certain point in our life.

Every customer's purchasing decision has risks involved this is because their money is on the line. Many things come into their mind like, "*Will this purchase be worth it?*", or "*What if it doesn't work for me?*"

All of these doubts can be erased through risk reversal. Risk reversal is simply transferring the risk from the buyer to the seller, in which case, the risk is transferred to you. The buyer will feel more confident in buying your offer when there is a risk reversal present. To the seller, a risk reversal can be some form of **guarantee** that is shouldered to the seller in case the buyer isn't satisfied with his purchase.

3 Forms of Risk Reversal

1. Money-Back Guarantee

This is the most popular type of guarantee because it can almost be seen everywhere. An example of this guarantee is the “30-days money-back guarantee.” The guarantee can run between 30-60-90-360 days or even a lifetime!

I know that sounds crazy but there is a business that offers a lifetime guarantee. Jansport bag is an example of this. In case your bag breaks down just return it to them and they will repair or replace your bag. This indicates that their bag is high-quality and they are very confident about their product. That’s why they offer a lifetime guarantee.

2. More than Money-Back Guarantee

This is an improved version of the money-back guarantee. It means that you will get a bonus incentive aside from returning your money if you are not satisfied with what you bought. This is common in infomercials – *“Try our product now for 30 days and if you are not happy with it we’ll send your money back, plus, you can have this leather jacket as a bonus!”*

Any kind of bonus can be given to the customers, gifts, handbook, appliances or accessories (you just have to be creative to pull this off).

3. Performance Guarantee

This type of guarantee is the strongest among the two. Basically, it’s putting the product/service’s performance on the line as a form of guarantee, and if it fails, the customer gets it for free or money-back.

A great example of this is Domino’s Pizza, you know their tagline – *“Delivered in 30 Minutes or it’s free!”*. This guarantee gave them a strong image, thus making them the fastest-growing pizza parlor. Another one is the dietary supplement, Brainquicken, which is only available in the U.S. They offer a solid guarantee: *“Guaranteed to Work in 60 minutes or 110% Money-back!”*

Having risk reversals will surely increase the chance of a prospect buying. You might be thinking that you can be taken advantage of if you do this. And honestly, you will be, but not all of your customers will ask for a refund every

time they buy something from you. Most people are truthful when they bought something of value and are satisfied with it.

Close

The last step of the cycle and usually the end goal of every sales process. This is where the prospect turns into a paying customer, in which case, the value offered in exchange for money. The success of closing the sale depends on the previous steps that have been done correctly.

Follow-up

If customers are satisfied with what they purchased, there is a huge chance they will buy from you again. This is where the follow-up stage takes place. The main objective of the follow-up is to update customers about an upcoming or new product. Updating customers about a new product launch can be done through mail, email services or straight advertising. Encouraging present customers to buy from you again is 700% more effective and efficient than attracting new customers.

Selling Tactics

This is a complementary topic for the sales process. Selling tactics can be combined into the sales process to make it more effective in closing a deal. There are many selling tactics that can be utilized but here I will give you two of the best-selling tactics.

Value-Based Selling

Value-based selling focuses primarily on the value of the product and not on the cost of buying it. Pricing has a lot to do with value-based selling because you have to justify that what you offer is more valuable than the amount it costs for the customers to purchase. Therefore, your offer's value should be more than the price it shows. This applies if you are selling an expensive product. Furthermore, value-based selling is effective if you want to charge more for your offer. This separates you from the competition avoiding the price-war.

Apple, the technology giant does this very well. Their phones are much more expensive compared to other brands such as Samsung, Oppo, and Vivo, yet

people chose to buy the iPhone because people know that its value is more than the price they paid and they know that the iPhone is unique from the rest.

Information-Based Selling

More commonly known as “Education-based selling”, this approach educates your customers to make them more knowledgeable, thus building their trust to you in the process. Educating your prospects will make you an expert in their eyes giving you credibility. Information-based selling focuses on providing insights about the product or service you are offering.

Trust is an important commodity nowadays. Our lives are full of lies, schemes, and scams. People want to be smart in making decisions to avoid fraud. Education-based selling teaches its customers to be smart. Here’s a tweet from Steve Olenski in his post in Forbes regarding Education-based selling: *“When you share important information and facts that help customers make a good buying decision, they listen.”*

The more you educate your buyers about the product/service they are thinking of purchasing the more chance of them buying it. Additionally, informing your customers about their buying decisions will make you stand out from the rest. I read a blog from Sean D’Souza about how this selling tactic will differentiate your business from the rest, the blog goes:

*“Imagine you run a furniture store.
And there are twenty-two other furniture stores in your city.*

You've got just one problem.

*You're just another furniture store.
Another furniture store, which seems similar to the next store, and the next, and the next.*

Now don't get me wrong

*You know your store is different.
You know your furniture is crafted from exquisite wood.
You know your furniture has simple, classy designs.*

But to your customer, you're another-yawn-furniture store.

So stop being a furniture store, will ya?

And start being an expert instead.

Let's face it. It doesn't matter whether you sell furniture or project management; are a mobile-mechanic or sell flowers; build websites or draw cartoons. You run into the same darned problem.

The problem of being a commodity

Unless of course, you decide you're pretty sick and tired of being a commodity. And would rather be an expert instead. Perhaps you'd rather be able to charge more for your product or services.

Well, here's what you really need to do

Don't sell furniture.

Don't sell fixing cars.

Don't sell website-building.

Don't sell what you do. Because people don't want what you do. They don't care a hoot about what you do.

Sell them an hour's worth of knowledge instead

Yes, you read right.

Don't sell them furniture: Teach your prospects to detect good furniture from the bad.

Don't sell your mobile-mechanic service: Teach them about how simple, everyday tweaks can help avoid a massive car repair bill.

Don't sell them about how you build websites: Teach them about how Google keeps attracting new clients."

– Sean D'souza | Psychotactics³

Both of these tactics are useful in pre-selling. You will later learn how to use these tactics when pre-selling your idea.

Value Delivery

“Value delivery is how you design your products [or services] such that it gives maximum value to the customer using it”, according to the website marketing91.com.

A satisfied customer is guaranteed to buy again from you, and the more satisfied customers there are, the more revenue you will enjoy. Every business must deliver what it advertised.

Your business must not just sell products or services to your customers. You also have to give them satisfaction. Satisfaction is the feeling that what they bought was worth their money. Josh Kaufman strongly emphasizes the importance of value delivery in every business because, without it, your business would be called a “scam”. He further noted that happy customers will more likely to tell their friends and family about your business, thus improving your business’ status and bringing in more customers at the same time.

Value Delivery Composition

Value delivery is composed of many things and because of that, I will only discuss the important components here in this book.

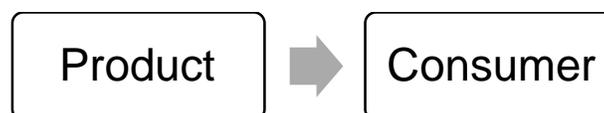
Distribution Channels

Distribution is the flow of delivering your product or service to reach a customer directly or indirectly.

There are two traditional types of distribution channels: **Direct and Indirect.**

- **Direct (Business-to-Customer)**

This is common among small businesses. It is selling products directly to consumers. For example, a business that manufactures bottled drinks and sells it to customers directly.



- **Indirect (Business-to-Business)**

Most commonly used by huge manufacturers. Your product is distributed to a reseller and the reseller sells your product to customers for a profit. This makes you a **wholesaler** and the reseller of a **retailer**.

Wholesalers usually sell their products in bulk and offer a discount (usually at 40%) to a retailer. For example, a business that manufactures bottled drinks and sells it to a retailer, then the retailer sells it again to customers.



Direct selling is typically the go-to distribution channel if you are just starting out your business. And if your business can mass produce products, it's a smarter move to distribute your products as a wholesaler so you could focus on producing rather than reaching out to individual customers.

Scale

The scale is the business' ability to meet customer demand. The more scalable your business is; the more people it can serve. And the more people it can serve, the more sales you get.

So, for example, Juan is skilled at making clay pots. He can make about 5 pots a day and sells them to 5 customers. Over time, his customer base doubled making it 10 in total. Juan's ability is to only make 5 pots a day - no more, no less. It will be difficult for him to make 10 pots a day. So to scale his business, he needs to hire someone to help him make pots and meet his customer's demands, thus, increasing his sales per day.

In order to scale a business, you need to build systems around it and you automate your business by creating systems making it run by itself without needing your presence. Systems will be discussed later in the next few pages.

Duplication

It is the capability to make an identical copy of a product. To duplicate something of value, it must have a “**model**” to refer to. This is to make the duplication process faster and easier. Think of factories that inject a molten material into a plastic mold to make another copy of a toy. The plastic mold is the basis of where they make duplicates of a toy.

Duplication is directly relatable to scaling a business. The faster and easier you reproduce your product, the more demands it can meet. Nevertheless, the duplication process should be as cost-effective as possible in order to increase profits. Making the duplication process faster, easier and cost-effective can be done through a system.

Building a single car took about 12 hours and 30 minutes during the 1920s. The slow production made it expensive and scarce – only the rich could afford to buy a car. However, that all changed when Henry Ford introduced the “Assembly Line.” The assembly line allowed car production faster and making it inexpensive. The price of a single car was originally \$850 down to only \$300. 3 times cheaper when Ford introduced the assembly line.

Propagation

Propagation is the process of multiplying a business into franchises or chains. In layman’s term, it is duplicating an entire store and placing it into an entirely different location. Duplication and Propagation are different terms but serve the same purpose: Duplication is reproducing a product or service, on the other hand, propagation is making another copy of a business. Their purpose is to serve more customers to meet demand.

7/11, Jollibee, SM, Mr. Quickie, Zagu, Mang Inasal, and Penshoppe all have several branches spread across the country, and even internationally. This is propagation in action.

Chaining or **franchising** are two methods of propagating a business. Propagating is essential for a business to grow and increase its income. To propagate your business, you must have a **system** that works for your business first. Your business will more likely to fail if you haven't perfected your system yet and you already propagated your business. Just like what happened to our restaurant business.

Our restaurant business was just about less than a year old when we started it and my father already decided to expand our business to further increase our income. He envisioned setting up chains in various places across different towns. But it was a big mistake that led to failure and financial ruin. We popped up a second chain about 50 kilometers away from our hometown only to close down a year after. The reason was that our restaurant's system wasn't yet optimized and we already propagated it.

Timing is crucial in deciding to expand your business. There is no specific time frame when to expand your business, it's up to you to decide when. Typically, propagation starts when your business has been profitable for over 3 years and earns a steady positive cash flow for a long time.

Systems

Systems are connections of repeatable parts and steps that make the process of value delivery work. No business would last long or even exist without a system.

A system can be written in a document or diagram called "**operations manual**." The main purpose of creating a system is to **automate** a business so it could run by itself without needing your presence. Let's take a look at Jolibbee, each of the food they served has been systemized. For example, the fries must be cooked at 325 degrees for 5 minutes, patties must be at exactly 2.5 ounces and must be flipped at the same time for a specific period, burgers must not stay more than 30 minutes unconsumed.

Building systems can take form by hiring people and/or buying/leasing machines. Doing so will increase your business' efficiency saving you time and detaching yourself from your business. A system is built by yourself from the

ground up gradually improving and streamlining it until it becomes “perfect” and efficient. From there, you can propagate your business to take it into a whole new level.

Finance

We are now down to the last part of every business which is Finance. This part is the boring part to discuss to be honest because we are talking about numbers. But finance plays an important role in keeping a business running.

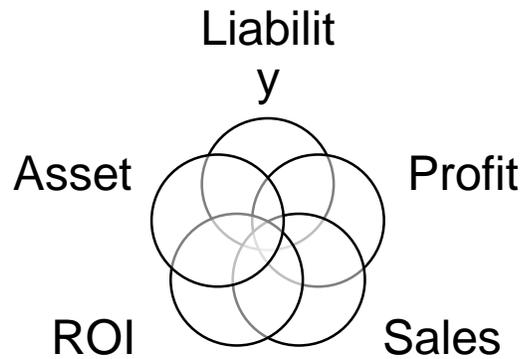
I know that there are a lot of terms and technical jargon in accounting and I agree if you are thinking that a bookkeeper or an accountant should do this. But you should know the basic principles in finance if you want your business to be successful.

Finance is very complicated, so we will just discuss the most important parts. *“Finance is the art and science of watching the money flowing in and out of a business, then deciding how to allocate it and determine whether or not what you're doing is producing the result that you want”*, according to Josh Kaufman.

A business must have a steady cash flow coming into it to continue operating. Therefore, it must consistently generate a high amount of income (the money that goes into your business), while keeping expenses low (money that goes out of your business).

It's kind of like having a job. Your job provides steady cash flow per month and to avoid bankruptcy, you have to consistently earn more than what you spent. Put this analogy into mind when you start a business.

Let us now go to the basic parts of finance and understand them simply.



Asset

An asset is anything in your business that earns you money.

Examples:

- Accounts receivable

These are payments for products or services sold that are to be paid during a specified period.

- Cash

This is pretty self-explanatory. This cash can come from either on hand or at the bank. Cash can be used to buy machinery and equipment and purchase more inventory to make more money.

- Machinery and equipment

These are tools that make up a system and make the whole process much easier and efficient. Computers, ovens, refrigerators, and printing machines are some examples of machines and equipment. They are considered an asset because they contribute greatly to producing and delivering value.

- Inventory

These are the supply of goods that are stored in a specific location to be sold later on. Inventory is the main money-making asset a product business can have.

Liability

Liability is anything in your business that loses you money, most commonly referred to as “expenses”.

Examples:

- **Loans**

Are amounts of money the business borrowed from the bank, private individual or other creditors.

- **Accounts Payable**

This is the amount of money the business owes to vendors and suppliers that have not yet paid for.

- **Payroll**

Most commonly known as salaries and wages. Wages are given to employees to pay for the work they produced. Salaries are calculated by working hours or on a commission basis.

- **Taxes**

Taxes are what we call mandatory payment because you must pay as long as you are in business, whether you like it or not. These are usually paid to the government on a quarterly basis.

Sales

Sales in finance are different from what we talk about earlier. Sales, or much commonly referred to as **revenue**, is the total income the business generates that makes up the asset.

A business can have two types of revenue: **positive revenue** or **negative revenue**. A negative revenue is when the expense exceeds sales. It mostly happens when a business overspends, mismanage their financials or misprice their product/services. On the contrary, a positive revenue is when the expense is lesser than sales giving profits to the business.

Profit

Sales is commonly mistaken as profit, but these are two different terms and each serving different purposes. Profit is the money that you get to keep after all expenses have been deducted. Profit is the main reason why a business owner stays in his business. Your P50,000 monthly sales don't matter if you only get P20 in profit.

Profit margin is profit's little brother. It is calculated by subtracting the sales from the amount spent in getting the sales – usually expressed in percent. For example, you spent P20 in creating a product and sold it for P40 giving you **100% in profit margin and P20 in profit**. The higher you price your product the higher profit margins you can gain.

Summary:

- Every business consists of 5 parts that are interconnected to each other to make the business work
- The 5 Parts of every business are: **Value Creation, Marketing, Sales, Value Delivery and Finance**
- Value Creation is creating something that would benefit another person who acquires it. Value can be in the form of a product or a service.
- Marketing is spreading awareness about the value you have created. Nobody will buy what you offer if they don't know it exist.
- Sales is the mutual process of exchanging value between three parties. The three parties are the product, the buyer and the seller.
- Value Delivery is the final process of business. It is how you design your products [or services] such that it gives maximum value to the customer using it
- Finance is the art and science of watching the money flowing in and out of a business. The most important aspect is to keep your expenses (money going out) lower than your sales (money coming in), that way you will be able to continue operating your business.

PART II

**BELIEFS: THE DETERMINER OF
FAILURE AND SUCCESS**

*“The difference between a successful person
and others is not a lack of strength, not a lack
of knowledge, but rather a lack in will.”*

— VINCE LOMBARDI

The Story of the Optimistic and the Pessimistic Cockroach

"Success begins in the mind"
~ Dayak Official

Two cockroaches lived in a house. Both of them were young and full of energy. Each day, they would run, jump and chase each other while playing. Though they were equally strong, there was a difference. One cockroach was optimistic and always lived in hope, while the other was pessimistic and lived in despair.

One day, while playing, both cockroaches fell into a pot of milk. They swam around and tried to hop out, but, as there was no solid support under their feet. The cockroaches couldn't hop out and escape from the pot.

After some struggle, the pessimistic cockroach said to itself, *"It is impossible to hop out. No doubt, I have strength but I can't swim very long. I am already tired."* Thus, the cockroach did become tired soon and could not swim any longer. It gave up its struggle and went down to the bottom of the pot. Finally, it drowned.

On the other hand, the optimistic cockroach kept on struggling, saying to itself, *"No doubt, it seems difficult but who knows! Maybe some miracle will occur. If I try a little longer, something good might happen. It is a question of only a few minutes more and then I will be out of here."*

Hoping for a miracle to happen, the second cockroach went on swimming. His constant leg movements churned the milk and turned it into a huge heap of butter. Soon the cockroach was able to climb up the heap of butter and hopped out of the pot.

Positive thinking had saved the life of the cockroach.⁴

Moral of the story:

Great things happen to those who think positively

Before we move on to the main event, you must first set up the proper mindset because business is a mental game. And if you want to succeed you must develop your mindset. So, let me warn you now: preselling is a simple concept but it is very difficult to execute.

A proper mindset is a foundation in succeeding in every difficult task. Success in any field requires an 80% mindset and only 20% skills. It's just like building a house, if it doesn't have the proper foundation stone, it will collapse.

If you didn't succeed in pre-selling the first time you tried it, it doesn't mean that it's impossible to do - nobody gets it right for the first time, no matter how experienced or talented they are.

To Achieve is to Believe

In Napoleon Hill's book *Think and Grow Rich*, he describes the importance of believing in yourself in which he calls "**faith**". Hill emphasizes that you must have faith in your abilities to acquire wealth. Our mind is made up of conscious thoughts and subconscious thoughts.

The conscious mind consists of information we received through our five senses such as sight, taste, smell, hearing, and touch. It also contains our memories, intelligence, reasoning, and wishes.

The subconscious mind gathers information based in our conscious mind but it has a mind of its own and decides based on personal judgment. Examples of this are fear, beliefs, and hopes.

He further explains that your faith must be true up to the subconscious level of your mind. And you must be fully confident to pull it off. It will not work if you have doubts about whether you believe you can actually achieve things or just pretend to believe you can do it. Because your subconscious mind knows doubts, you can't trick yourself. You can't control your subconscious mind but you can influence it with your conscious mind.

You can influence your subconscious mind by simply repeating affirmations that you want to achieve. Affirmations are declarations of positive statements you say out loud. For example, "Difficult is the opportunity" or "I have control of my life. What I have now are the results of my actions."

It's as simple as that but it will greatly impact the outcomes you will produce. However, if you don't believe that you can achieve what you want then you will never achieve it. The conscious mind convinces the subconscious mind and the subconscious mind is the one that produces the results realistically.

Positive and negative thoughts in your conscious mind affect your subconscious mind prominently. This is why many poor people stay poor

because they believe that they were cursed and that they were destined to be poor. But in reality, they are their own creators of their destiny and they can control their life. Their subconscious made them that way. On the bright side, they can turn the tables around if they change their way of thinking.

Consider these stories from history that revolutionized the world we live in now. This is proof that your beliefs produce the result that you want:

The Making of the “Impossible” V-8 Motor

When Henry Ford decided to produce his famous V-8 motor. He chose to build an engine with the entire eight cylinders cast in one block. He instructed his engineers to produce a design for the engine.

The design was placed on paper, but the engineers agreed, to a man, that it was simply impossible to cast an eight-cylinder gas engine block in one piece.

Ford said, *“Produce it anyway.”*

“But,” they replied, *“it’s impossible!”*

“Go ahead,” Ford commanded, *“and stay on the job until you succeed no matter how much time is required.”*

The engineers went ahead. There was nothing else for them to do if they were to remain on the Ford staff.

Six months went by, nothing happened. Another six months passed, and still, nothing happened. The engineers tried every conceivable plan to carry out the orders, but the thing seemed out of the question; *“Impossible!”*

At the end of the year, Ford checked with his engineers, and again they informed him they had found no way to carry out his orders.

“Go right ahead,” said Ford, *“I want it, and I’ll have it.”*

They went ahead, and then as if by a stroke of magic, the secret was discovered. ⁵

The Power of Believing

The engineers were not the ones who made the v8 engine successful, (although they were the ones who made it) but it was Henry Ford's mindset that made it successful.

Do remember that the engineers gave up in the beginning when Ford presented to them the idea.

Henry Ford just simply believed in himself, and this is one thing that you can do too.

But this simple thing is overlooked by many. That's why when they start something difficult and faced a difficult obstacle, they quit and say to themselves "*it's impossible*", hence they fail.

Failure starts when you quit not when you tried something but didn't work.

People say it's impossible because no one has ever done it before, but when the time someone already had done it, it is no longer impossible. The next story is a classic example of doing the impossible and making it possible.

The 4-Minute Mile by Roger Bannister

Before 1954, the common belief was that man was not physically capable of breaking the 4-minute barrier — that man could not run a mile under 4 minutes. It had never been done before. For years, men had attempted to do so and failed.

There were strings of performances where many had come within 3 seconds of breaking that record — Gunder Hagg came in at 4:01 once — but never had anyone broke the 4-minute barrier. The 4:01 record clocked in 1945 would stand for 9 years until Roger Bannister came along.

On 6th May 1954, Roger Bannister broke the 4-minute barrier. Under less than favorable conditions, he clocked the time of 3:59.4, becoming the first man to run a sub-4-minute mile. Since then, over a thousand runners have gone on to run the 4-minute mile. Today, the 4-minute barrier is the standard of all professional middle-distance runners.

If he did it, I could do it too!

What changed? Certainly, runners may have gotten stronger with better training techniques. They certainly have better running gear.

But here's what happened. After Roger Bannister ran the sub-4-minute mile, every athlete got on the track knowing that the 4-minute mile was humanly possible; that it could be done. They competed believing that they too could do it.

John Landy, Bannister's closest competitor, smashed the record with a 3:57.9 timing just 46 days after Bannister accomplished the feat. He had clocked multiple 4:02 performances before, but this was a full 4 seconds faster than his personal best. Here were some of his remarks before Bannister first ran the 4-minute mile.

“Frankly, I think the four-minute mile is beyond my capabilities. Two seconds may not sound much, but to me, it's like trying to break through a brick wall.

Someone may achieve the four-minute mile the world is wanting so desperately, but I don't think I can."

To Landy, the 4-minute mile seemed impossible to accomplish. But that changed when his rival accomplished the feat before his very eyes.⁶

The impossible becomes possible when you believe in yourself

Results speak for themselves. Many people have achieved what they thought was impossible by just believing they could do it too. If it wasn't for Bannister who broke the 4-minute mile, then I doubt if other runners did it too. You may not be able to break the 4-minute mile in the next couple of months just like Roger Bannister did, but you can do the little things possible you are thinking of "*impossible*" to do.

Just the past couple of months, my grandma asked me to open a jar of coffee because she tried opening it before but to no success. She told to me that she was weak and that she couldn't open it. So I took the jar, casts some "*magical spells*" on it - "*abra kadavra!*". Then I returned it to her and I told her, "*You can open it now. Go! You can do it!*" and *poof!* just like that, she managed to open the jar! That's how you can achieve the impossible in your own little ways.

My goal for you in this chapter is not to inspire you but to actually apply the concept of believing in yourself. Later, I will teach you the steps on how to believe in yourself and apply it in your everyday life.

Limits of Beliefs

Of course, not everything you believe in will happen. Beliefs have its own limits like us, humans. Here is how Anubhav Srivastava - a motivational speaker explains why beliefs have its limits.

"Can belief can make you do ANYTHING? The answer is No. The power of Belief has its limits. If you believe you can swim, you can with time because swimming is something that can be done by humans. But can you fly without any sort of a machine, just by flapping your hands if you

believe? Of course not! Also, you probably can't perform a bypass emergency surgery on your loved ones just by believing you can, without learning the practical knowledge involved (Unless you want them dead).

I have a story to tell you. When I was young, I had a friend's dad who was a millionaire. So, he had this habit of saying I am a millionaire because I believe in myself. I am a millionaire because I believe in myself. Finally, someone got irritated and said, hey you are a millionaire, THAT IS WHY you believe in yourself!!

And that's a very interesting point. It's kind of a Catch 22 Situation. You won't believe it unless you have done it, and you can't do it unless you believe in it AT SOME level.

How do you learn how to swim? Do you do so by proclaiming I believe I can swim and jump in the ocean? Look if you do that untrained, God will discover a lot of love for you. In other words, you are going to die. If you are Ranikanth or Chuck Norris, you can jump in the ocean and you don't have to swim, the ocean will start swimming around you. But for the rest of us, it is a bad idea.

You do so by taking a leap of faith in a swimming pool at a depth you can handle, usually accompanied by an expert swimmer. You don't believe you can do it but you take a leap of faith in a small way. You don't take the leap of faith in the ocean with no one around.

And then what that leap of faith helps you actually learn how to swim a bit; you then tread deeper waters and you start doing it alone and you become more and more confident. In other words, you take on bigger challenges and succeed because you believe and your belief becomes stronger as you succeed!

So [the] number 1 way to build the power of belief is by taking a leap of faith and doing things one step at a time. Some people are born believers, they don't need to do things in a small way to believe they can, they already know they can do it. So, they either do things in a great way or they screw up in a great way. But for most of us, this is a pretty safe method."⁷

Basically, Srivastava talks about **two types of impossibilities** which are:

1. **Logical Impossibility**
2. **Objective Impossibility**

Logical Impossibilities is those things that are against the laws of logic such as setting a fire underwater or flying by flapping your hands. On the other hand, **Objective Impossibility** are those things that are seemed impossible based on our preconceptions or beliefs. This means doing the things you "think" you are not capable of doing like swimming, becoming a millionaire and so on.

5 Simple Steps in believing in yourself

I will now give you the steps in believing in yourself. Now that you've already framed yourself in changing your beliefs.

Step #1: Forget the words "Impossible", "Can't" "Never" and "I give up"

You should forget these words because they are self-limiting – hindrance in your pursuit. They only tell your mind that you cannot achieve what you want to achieve. So, every time you are taking on a difficult task always remind yourself to not say these self-limiting words. And whenever you caught yourself saying these things do a little self-punishment. You don't want to go overboard like torturing or imprisoning yourself, a simple "no dessert for today" punishment is enough.

Step #2: Don't Listen to Naysayers

"Are you crazy?!", "That's just stupid, you can't do that", "Let's get you a psychologist". People saying these are naysayers. Naysayers are people who oppose, criticize and object you. No matter how great you are, there will always be people who will underestimate your capabilities. And that's just a sign that you will be doing something great that their jaws drop upon seeing your success.

J.K Rowling, the author of the famous book Harry Potter was once told by the head of the company's children's books division, *"You'll never make*

a fortune out of children's books". But that didn't stop Rowling from publishing her book Harry Potter, and now she's worth 500,000 Million British pounds. And the head of the children's book company? Let's just say the earth ate him up and was never found again.

Step #3: Recite Affirmations

These are simply positive statements proclaiming what you desire. Here are steps to make an affirmation. First, think of what achievements you want to desire, for example, *"I want to become successful in preselling my (insert product idea here)"*. Second, say your statement out loud in front of the mirror. Third, repeat this twice every day – after you wake up in the morning and before you go to sleep at night.

Napoleon Hill, stresses out reciting affirmation on whatever you desire. It might seem like a silly idea repeating cheesy words every day but it produced thousands and now millions of successful people.

Step #4: Plan and Execute

Determine how exactly are you going to achieve what you desire. If you want to be successful at swimming, plan ahead on what are you going to do to get good at it. It might be finding a beach or a nearby public pool to practice it out every day. Planning is important but the execution is king! You can go ahead and plan all day but you will never achieve the results you desire if you never carry out that plan.

Step #5: Surround yourself with like-minded people

"You are the average of the 5 people you spend most of your time with". Meaning to say, if your 5 closest friends are criminals, guess who's the sixth? The opposite is similar. If you surround yourself with self-motivated people, chances are you will be too. And you are more likely to achieve your goals the more you spend your time with them.

Seek people who support your goals – they will help you fuel your desires and ignite success. Likewise, meet people that have the same desire as you are. That means meeting and getting along with beginner swimmers if you desire to be a capable swimmer. That way you will be

able to support each other on your journey to success. On the contrary, don't spend time on your friends that demotivate you, get some new friends! – you must only allow positive vibes from others.

Read books or watch motivational videos if you are unable to meet like-minded people. This is especially effective if you are trying to achieve the goal that someone already has done. Watch Jessie Lacuna if you want to excel like her in swimming. Watch Chinkee Tan if you want to be financially successful. Reading motivational books is also a gold mine if you are a book junkie. Not only will they inspire you, but they'll also teach the right methods that made them successful.

Fears

Did you know that during the pre-historical era, our ancestors must hunt for food every day? Yes, hunt every day! Which means their life is endangered every day they go out hunting. It was the male's specific duty for the tribe. Every day they would go out to hunt for deer, wild goats, and wildebeest. Whenever our ancestors hunt, it's normal for us to think that they might not come back to their tribe safely because they might get eaten by a large predator while hunting. Yes, they all think of that as well. However, that didn't stop them from getting food. They never put in their mind the fear of being eaten or being killed, but instead, they fear not having to eat that day – yes, they fear starvation more than being eaten by a wild animal.

We are fortunate enough today because we don't need to go out anymore to hunt for food every day. The food we want to eat is already out there, cooked for us and ready to eat. Nevertheless, we still fear many things, - fear of being rejected, fear of heights, fear of dying and yes, fear of failure.

Fear is a natural response to our stimuli. Fear is located in a part of our brain called the amygdala. Now, the amygdala is the one that controls human emotions such as fear. Basically, the amygdala tells the rest of our brain that *"Hey, that one looks dangerous, you should avoid that"*. Fear is good for us because it keeps us out of danger. But if you fail in trying to set up a business would you

die from it? Would the world end? Would your life be endangered? The answer is no, no and no.

You wouldn't die trying the things that you want to do (provided it doesn't involve risking your life). But still, fear instills inside of you. What do you have to lose if you fail? You might lose money, time and energy but you still have your life to try things again. You are only afraid of failing because you might get mocked or be embarrassed by your friends or family. Those things die down over time and it should be your "fuel" for motivation to push yourself more to try again harder and to prove to them that what you are doing is achievable. Remember: failure is part of the process. When you get a taste failure, you know success is next.

In executing the pre-sell strategy, you are more likely to face rejection and failure. We will address the fears that you will be facing when you execute the pre-selling strategy and we will also uncover how to overcome it.

Fear of Failure

Fear of failure (F.O.F) is also called "atychiphobia". In some cases, people might face this phobia. One of the signs that you might have this phobia is when you are thinking too much of not doing things right and you are afraid to try new things. Fear of failure is when a person allows himself to let fear overcome him, as a result, that person may not be able to do what he wants to accomplish. Many people face F.O.F as their biggest obstacle, thus, it is the biggest hindrance to success.

Side note:

In pre-selling, you must be willing to fail many times before you can succeed. That's why I included fear of failure in this book. Many people will be hesitant to implement the concepts of the book and it's my job to remove that hesitation for them.

How many times have you failed?

Colonel Sanders, the founder of KFC, failed to sell his fried chicken recipe not once, not twice or 20 times but 1,009 TIMES! And do you know how old was he when he started his business? Take a guess first... Was he 45 years old? Nope. Was he 55 years old? Nope again. He was 65 years old – yes, he's older than you and me when he started his business. Sanders is the prime example of a person who failed a thousand times over but never gave up. He proved that nobody is too old to try big things.

By the same token, Thomas Edison also failed more than 10,000 times in creating the very first light bulb. Edison failed 10 times the amount of Colonel Sander's failure. His assistant once complained when he grew tired of failing, *"All our hard work is in vain. We have gained nothing."* Thomas Edison responded calmly, *"We have come a long way and we have learned a lot. We know that there are 2,000 elements that cannot make a good light bulb."* After he successfully created the lightbulb he said in an interview " I haven't failed. I've just found 10,000 ways that won't work". His invention of the lightbulb was a step by step process that improved upon failure. If it wasn't for him, there would be no lightbulb lighting our home today.

You see, you can achieve great things if you just don't give up. Think of the time when you tried something but failed and gave up. What did you feel? Did you feel bad? Or regret? I am sure that it's between the two. Now, think of the time when you tried something hard, failed, tried again, failed and then succeeded. What did you feel? Did you feel great? Accomplished? I am sure it's

both. That's what you get when you succeed. Your pride revs up, you itch to tell a story and your mind tells you *"I did what I once thought was impossible. I could do many impossible things right now!"*

This book you are reading now wouldn't be possible if I gave up. I first got the idea to create a book and devised a plan on how to pre-sell it. So, I created the outline, sales pages, etc. Then I tried selling to people I know - I failed. Then tried it again to random people - I failed again. Tried then failed again. I know it doesn't feel good to fail, but it only fueled me to try harder, devise a new plan and try again. Then by the grace of God, I did it! I successfully pre-sold my book - people finally bought the book before I even made it! I know it's not a lot but that was my only goal.

Do you notice why many people are not successful? It is because they are afraid of failing. They are not comfortable in taking risks and challenges. All successful people stepped out of their comfort zone - they try new things, dive into possibilities and take risks. As a result, they achieve great things that people once thought they were not capable of doing.

We fail all the time

When you were a baby and were just learning how to walk you failed several times before making that first giant step - you fell, hurt yourself and even cried but you didn't say to yourself, *"Nah! Walking is too hard. I guess it isn't for me"*. Instead, you stood up and tried again until up to the point you walked up to your mom, right? Let me tell you this right now. Our life is full of failures. Maybe you failed in your exam, got rejected by your crush, or failed in an interview, and that failure marked a memory inside your brain and you learned from your mistakes. You motivated yourself to try a little hard next time and do better.

Failure is just a matter of how big or small it was. Big failure equals a great impact in your life, small failure equals to a little impact in your life. Maybe you failed to beat your friend in a game - small failure, little impact. Or maybe you failed in taking that licensure examination - big failure, big impact. Little failures are failures that don't matter in your life, things that you care little about. Big failures are a failure that really matters to you. These things that you focus on

achieving. Usually, the big failures the ones that indicate BIG SUCCESS is coming. Big failure is like climbing a wall that is 20 feet high. I know climbing that wall wouldn't be easy, you need the persistence, strength, and courage to be able to get to the other side where the reward is.

Fear of Rejection

Ahh, rejection. The word that rings a lot of negative stereotypes amongst people. Many people don't want to hear this word, simply because it has too many negative recollections in our lives. From job interviews to dates, to friends – there is no shortage of rejection. Most likely because it runs in our society. Fear of rejection is directly related to fear of failure because rejection usually results in failure most of the time. In pre-selling, your product idea, be ready to face rejection because you are more likely to get a “no” instead of a “yes”. I know that getting a no hurts but it only hurts for the first time you hear it. After you have heard like a 100th no from people you will actually be immune to it.

Believe it or not, rejection is unavoidable. There is no secret formula on how not to be rejected. But did you know that rejection is actually a good thing? Since our main topic is about pre-selling, we will talk about the 3 reasons why rejection is good in pre-selling.

1) Rejection makes you try different options

People speak the truth, and if they say they don't want your idea that might indicate that other people might not want it too. If you have received 10 out of 10 nos', that means that your idea sucks and it's better to try other product ideas that people might actually want to pre-purchase. It might sound like you are giving up when you try different options but sometimes it is better to give up and try other things rather than waste your time on something that doesn't yield results.

Bryant McGill even said, *“Rejection is merely a redirection; a course correction to your destiny”*.

2) Rejection is an opportunity to make ourselves better

Every rejection is a blessing in disguise. Rejections will make you try things a little harder next time. When you are pitching your potential product idea to people, some of them, (or maybe most) will not be convinced about what you are selling. But it is important to not take it personally. A sign of rejection means that you have to communicate your idea better next time to the next batch of people you come across. You may soon realize that your message might not be clear to people that's why they rejected your offer. As you talk to more people, the better and more influential you will become. This increases the chance of convincing people to pre-order your product idea.

3) Rejection forces us to reevaluate yourself

Susie Moore, a confidence coach, spoke on her blog about how rejection made her realize that she wasn't fit for her job as an Administrator. When Susie graduated from college, she applied and landed a job as an Administrator. Like all other fresh graduates, she was happy when she finally got a job. But only after several months she was fired from her job mainly because she wasn't fit for the job. She admitted that she wasn't detail-oriented and hated numbers. However, that rejection made her realize that being an administrator wasn't for her and it made her assess on what she was good at. She immediately started a new career and in her new career, she finally felt fulfillment and happiness.

In pre-selling, each rejection you receive is feedback from other people about your product idea. Being rejected many times is a good indicator that people don't like your idea. It's better to be rejected now, rather than later on when you have already spent considerable amounts of time and money in developing your product.

The man who loves to be rejected

There was this show on National Geographic where a man wants rejection more than acceptance. He deliberately wanted to be rejected by a woman whom he asks for a number. The man walks around the city asking every woman he comes across for their number. If I am not mistaken he was rejected at an average of 44 times in a day. But still, it doesn't affect him as much as other people do.

The secret lies in his mentality. He said that he doesn't care if he gets rejected, he is only asking for information and nothing more. Obviously, this man I saw is immune to rejection and having that trait would be amazing.

As an old saying goes *"what does kill us makes us stronger."* This is particularly true when it comes to facing and handling rejection. Look back at the times when you got rejected, the time when you felt hurt and embarrassed and the time when you finally overcame it. I bet that made you a better person than you are now.

But no matter what I tell you to embrace failure and rejection, it will be still hard to erase these fears inside your mind. I am not a magician that will instantly vanish your thoughts, but do you know what's worse than fear of failure and fear of rejection?

Fear of Regret

" I can accept failure, but I can't accept not trying".

~ Micheal Jordan, 6-Time NBA Champion of the Chicago Bulls

Fear of regret is the complete opposite of the two fears above and it works the other way around. Why? because this type of fear reverses the outcome of your actions. So, let's say you are thinking of dating your long-time crush. You are already thinking about the venue of your date, what you will wear and what will you say first upon meeting your crush. But then you suddenly encountered your worst enemies: Fear of Failure and Fear of Rejection. So now you are thinking about the possibilities that your crush might turn down your invitation, and that you might get embarrassed. However, your mind suddenly shifts to another fear, which is the fear of regret. Now you are thinking of the missed opportunities if you didn't invite your crush on a date. You fear that she might be taken by someone or you fear that you will never experience the sweetness of her love. Suddenly, that fear takes you from inaction to ACTION.

Regret is a negative feeling to something you did or did not do. Moreover, regrets of an action are more intense in the short term, whereas regrets of

inaction are more intense over the long term, according to Wikipedia. In other words, it's much better to do something now than to regret later in life for not doing it, in which case many older folks do.

Bronnie Ware, an Australian nurse who spent several years working in palliative care – an approach that improves the lives of dying patients with an incurable illness. In her 12 years of working, she noticed a pattern of regrets from her patients and she recorded their dying epiphanies in a blog called Inspiration and Chai. It gathered so much attention that she put her observations into a book called the *“Top Five Regrets of the Dying”*.

She then listed in her book the top 5 regrets which are as follows:

1. I wish I'd had the courage to live a life true to myself, not the life others expected of me.
2. I wish I hadn't worked so hard.
3. I wish I'd had the courage to express my feelings.
4. I wish I had stayed in touch with my friends.
5. I wish that I had let myself be happier.

The number one regret *“I wish I'd had the courage to live a life true to myself, not the life others expected of me”* was the most common regret of all.

“When people realize that their life is almost over and look back clearly on it, it is easy to see how many dreams have gone unfulfilled. Most people had not honoured even a half of their dreams and had to die knowing that it was due to choices they had made, or not made. Health brings a freedom very few realize until they no longer have it.” As Bronnie further explained.

When you go old and close to dying it is then you will realize that you haven't fulfilled what you wanted to do in your life because you fear failure so much that

it caused you to do nothing about it. You don't want to have regrets, do you? Either do I.

I was with my friends on a Saturday night. A few conversations went by and then they told me, *"You shouldn't have quit your job, you missed a golden opportunity. You should go back to your job now."* I barely opened my mouth to explain. I only told them that my mother and father said it was ok for me to quit my job and I diverted into another topic but at the back of my mind I should've said this to them:

"Working in a job you don't like and only chasing money is not worth it in the long run. The money that you make from your job is not worth it if you're unhappy".

When I went home, I regretted that I didn't tell them what was on my mind. I should've told them that even though they wouldn't understand me because I have a different perspective from them. That regret still hunts me down today. What's worse is I can't turn back time to tell them what I should've said at that moment.

The feeling of regret is stupid – I promised myself to things that I want to do so that I will never make regrets again. When you fail, you can always try again and again but when you something, there is no time-machine to turn back the time. You don't want to see yourself someday sitting in a wheelchair saying *"I should've done that when I had the time", "I wished I courted her", or "Too bad. I should've tried doing it. I just missed an opportunity"*.

What you want to do now is start whatever idea you have in your head right now. Go and just do it! If you want to give up, ask yourself *"will I regret this before I die?"* If you said yes then don't give up and try harder again. Regret is more powerful than failure. You don't want to end up like the dying elderlies in Bronnie's blog, don't you?

Our time is limited - no one lives forever, live your life to its full potential. We only got one shot at life and I'm sure you will never regret every single minute you tried to do things you are afraid of doing if you live your life to the extent that you're doing the impossible,

When you fail, don't try and try again

I know you heard the old popular proverb "*If at first, you don't succeed. Try, try, try again.*" I love this proverb but sorry to break to, but this is wrong. If you try to do things again in the same manner, you will not be able to succeed. Why?

Because that's insanity. As Albert Einstein quoted,

"Insanity is doing the same thing over and over again and expecting different results."

Many people are persistent to try things again that didn't go their way, that's fine. But they make the mistake of repeating their failures over and over again – as a result, they fail, again and again. In my previous story, Thomas Edison said that he discovered 10,000 ways that didn't work that's why he succeeded in his invention. What do you think will happen if he repeated his mistake over and over again? Do you think he would eventually succeed due to a miracle? No. He experimented with other things to see if it worked. That's what I also did when I pre-sold my book. I didn't try to sell again to people that would buy when I asked them, I tried to sell to another set of people then eventually I found the right people who did buy. I tried, failed, devised a plan, tried again, failed again, devised a new plan again, then succeeded.

My Personal Accounts

During the time that I worked on board a vessel, I was given a task to remove screws in the sliding door on the bridge. It was a difficult task primarily because it was my first time doing it but I eventually managed to remove them myself. However, there was one stubborn screw that just can't be removed by ordinary means. Lubing the screw and wrenching it out didn't work, so I resorted to doing it with brute force, but to no success. I repeatedly forced the screw to come up using the wrench until I got tired. I rested in the shade, drank some water and got a moment to think. It was then that I remembered what I read from the book that quoted Einstein's saying "*Insanity is doing the same thing over and over again and expecting different results.*" I was immediately invigorated with that. So, I thought up of a plan. After several seconds of thinking, I got an "aha" moment! *insert lightbulb above my head*. I immediately went downstairs to look for a hammer and a vise-grip. Upon coming back to the bridge, I gripped the stubborn

screw with the vise-grip and hammered it down. *thud* *thud* *thud*, the screw finally came off after striking it a few times. It was a success!

Every time you fail at something and decide to give it another shot, always remind yourself of what Einstein said. It really works! It's tested and proven! I already have shown you proof. Let's revise the old popular proverb:

"If at first you don't succeed. Try, think of a new way, try, and think of a new way again until you succeed."

Now that's better and much more effective.

Summary

- Success starts within you, in your mind.
- Your subconscious mind greatly influences what you can achieve.
- Believing in yourself results in a successful pursuit
- There are 2 types of Impossibilities: 1) **Logical Impossibility** and 2) **Subjective Impossibility**
- The impossible becomes possible once you accomplish it.
- Don't fear failure – it's part of the process and it occurs many times in our life. We fail all the time no matter how big or small.
- Rejection is actually a good thing to experience. It gives us useful feedback on what to improve or diminish.
- Fear regret more than failure because you can never turn back the time again. Money can't buy time.
- Don't try, try, try again when you fail. Instead Try, Think and Try again.

PART III

PRESELLING: SELLING A PRODUCT BEFORE IT'S EVEN MADE

“Trust leads to approachability and open communications”

-SCOTT WEISS

Pre-selling

Now on to the main topic! I hope you are excited as much as I am in writing this part. So, let's talk about pre-selling.

What is preselling?

Preselling means to sell in advance, as before manufacture or construction, according to The Random House Unabridged Dictionary. Pre-selling is technically part marketing and part setting because you will be announcing that something big is coming soon and you will be asking for payments in advance. This strategy is nothing new, it has been used since the 20th century. Many huge companies like Apple used pre-selling as their main marketing strategy when they are launching a new product. See those long lines before the release of the latest iPhone? That's the proof of pre-selling.

But it's not only limited to huge corporations. A small business owner can apply this strategy too. However, this strategy is underused by many aspiring entrepreneurs including business owners may be because they are unaware of it. Many entrepreneurs who wanted to start their business but didn't have money for funding their business used pre-selling as their strategy to raise funds. Established entrepreneurs used pre-selling as well as not wanting to waste their time, money and effort in creating something that no one wants to buy.

To simply put, preselling is just basically selling your idea to the people who might/is interested in it. It's just like proposing to your girlfriend to marry her – you are selling the idea of building a family with her. And the idea is sold if ever she agrees with you. By the same token, imagine this situation. Your son wants to have a sleepover over his friend's house, he knows that you will not allow him because he is still young. So, he sells you the idea of sleeping over to his friend's house. He tells you, *"Hey mom/dad, Jimmy invented me to sleepover at his house tonight. We will not stay up very late and I'll go home early the next day, and, and I'll do my chores from now on! I promise!"* *he crosses his heart*. You were surprisingly convinced by his words and said, *"Well son, you're a grownup now. You can handle anything by yourself! So, you can go along with your friend Jimmy tonight"*. Your son

excitedly exclaims, *“Really, mom/dad?! Thank you so much!”*. Your son just successfully sold the idea of sleeping over at his friend's house. It beats to say that you were sold!

As you have noticed, there are two essential factors in successfully selling your idea:

1. A well-developed idea
2. Trust

Those 2 factors are key to be successful in pre-selling. You will learn more of the two factors in-depth later on. Now, let's talk about these two methods of pre-selling

The 2 Methods of Pre-selling

There are two ways you can use the pre-selling strategy for your idea. The first is for idea validation and the second is for idea funding. Let's briefly discuss those two methods of pre-selling

Idea Validation

This is the method of pre-selling that is used to validate your idea – if there is a demand for it and if people will actually buy it once it is made. The goal is to get people to pay you on **down payment** and have them pay the full price later on when you finish the product or offer it for a **lower price** and charge at a higher price once your product is live. Elon Musk used this method when he launched a pre-order for his Tesla Truck which you will discover at the end of this book in the case studies.

Idea Funding

This is mainly used to raise funds to build your product. This type of pre-selling is optimal if you have an idea for a product but you don't have any money to create it. The goal is to get people to **pay you in full** for you to be able to create the product for them. Local Filipino entrepreneur Arvin Orubia used

this method to fund his successful t-shirt printing business “Karco” that runs for more than 5 years now.

Getting to the End Goal

You can use any methods of pre-selling depending on what your goal is. If you are strapped in cash and need funding, then you go for **idea funding** which requires people to pay you on its full price. On the flip side, go for **idea validation** if validating the demand for your idea is all you need and you don't need more money to fund your project. But whatever type of pre-selling you use, it doesn't matter – what matters is that people are going to pay you for your idea firsthand. You need people to “**commit**” their money to your idea, and once they do your idea is immediately valid. People giving you their money is a sign that people actually want to buy it even if it isn't made yet. Also, it indicates that their level of desire is high if they vote for your idea with their money on the line.

Asking people for money is a hard thing to do. Ask a random stranger for 1 peso without any reason and see if they give you one peso. But if you have something that they want or need, they will pay for it even though they know that it doesn't exist yet. It all comes down to what your idea can do for them. If you think your idea can make them better, solve their problems, make them happy or address their need, then you are on the right track. You don't have to worry about things falling flat on your face.

Pre-selling in my Childhood Days

It was nearing 4 o'clock in the afternoon, the semestral break is coming at last! But as just I was imagining my sembreak days playing computer games all day long, my imagination shattered like glass when our teacher told us that we will have a project to do and it's to be submitted after the break.

4 o'clock struck – the bell rang. I immediately went to brainstorm the project after I got home (to get more time playing computer games) – I analyzed the materials needed and its overall cost, after calculating I need P175 pesos to buy

the materials, but I have no money. So I went to my mom and told her about this – “Hey mom, I need A, B, and C materials for our project which will be due on bla, because of bla, bla...” After talking to her, she looked for her wallet inside her bag and gave me 200 pesos. “Sweet!” I thought to myself. I further said, “Could I keep the change mom?”. “NO!” she replied back, “Well okay then!”. Off I go to the store to buy the materials.

That story of mine is an example of pre-selling, it may not be the actual pre-selling itself but the point is I sold my idea to my mother and she gave me money to do it. I know that you already have done this too at some point in your life.

Why Traditional Business Methods Are Risky

The biggest question when you try to build the product is “*will people buy it?*”. So, you go on creating the product for 6 months with your mind filled with doubts and skepticism asking the same question over and over again, “*will they actually buy this?*”. And finally telling the public about it when your product is done and... ****Crickets****, nobody bats an eye on your product because nobody needs or wants it in the first place.

As we all know a product exists in the market because there is a demand for it – it’s either a need or a solution. But not every solution or need has a demand to it, and that is when risk comes to take the spotlight. Over the years, there were many people that curated a solution to a certain problem but when decide to sell it to the market no one wants to buy it. Take the Segway for example, the Segway is a two-wheeled, self-balancing personal transporter that was invented for people living in urban areas as an alternative to the car to avoid getting into traffic and travel faster. They were expecting cash to roll in the day their invention was released to the public, but when they did release, it wasn’t the way they expected. People didn’t buy it in replacement to the car, they bought it out of curiosity. The company didn’t meet its projected sales quota after a year. The invention of the Segway was a total bust.



The Segway 1

(source:<https://wired.com/2015/01/well-didnt-work-segway-technological-marvel-bad-doesnt-make-sense/>)

It's already too late when they realized that nobody wanted to buy that solution even though a problem exists. Especially if they created a product for years and spent a hefty amount of money in the process. It's a risk to create something that nobody would like to buy. You risk your money, effort and especially time – your most valuable asset. Knowing what people want to buy can be hard to decipher, but it's much harder if you created a product, assumed that people will buy it and then when do you sell it, they won't buy.

This is where pre-selling enters the ball game.

As you all know, the biggest problem when you try to sell a product is if people will buy what you are selling. Pre-selling will erase all the skepticism and doubt about your product by selling it first, yes you read that right, selling it first. I know it might sound crazy but it actually worked for a lot of people (and so did I) which you will learn at the end of this book.

Pre-selling reduces the risk of creating a product by primarily creating a demand for it. Only proceeding in creating a product after there is a proven demand for it. To tell you honestly, the risk is transferred to your customers because they are the ones that put their money on the line. This is what Robert Kiyosaki calls as **OPM**, no it's not Original Pinoy Music! It's **Other People's**

Money, you are taking other people's money to create a product as a form of leverage that you can use to your advantage (sick rhymes though). It is quite the opposite approach in traditional methods wherein you create a product first and sell it. As a result, you risk minimal effort, time and money.

Advantage and Disadvantage of Pre-selling

All things in the world are created with negative and positives sides about it. It's like a yin-yang, a yin-yang symbolizes contrary forces which represents harmony and balance between good and bad in the world. This concept is present in us too. Each one of us has a dark and good side. There is no person on earth that only has a positive side nor a person that only has a bad side. And Like all other things in the world, pre-selling also has its advantages as well as disadvantages.

Advantages:

- **It creates pressure (in a good way) to finish a product**

Remember the 2019 SE Games which was held in different venues in the Philippines? I know there were a lot of setbacks and was nearly canceled because of that. Not to mention the accidents it caused as authorities scrambled to finish the venue. But the good thing was, it finished right on schedule and it was successfully launched.

This not only happened to the SE Games, but it also happened to all events around the world: Concerts, PBA Games, Birthdays, Wedding and etc. People need to prepare the venue for the event before it actually takes place.

If a deadline looms ahead, you will be forced to finish a certain task before it comes to avoid consequences. This is especially effective for all those procrastinators out there who are dreaming every day of creating something but don't get started because they, well, procrastinate. Think of the time when you were given a project with a deadline on but didn't start working on it until the day before the deadline. After you realize that the deadline is tomorrow, you will

be given a “superpower” all of the sudden to finish the project on time – this adage is called the Parkinsons Law.

Creating pressure in pre-selling is actually a good thing because you will procrastinate no more and instead move toward finishing the product before the cut-off date.

- **Gives you funding**

There’s nothing more rewarding than someone paying a product that you’ve created but what’s even more rewarding is if they pay you before you even created the product.

Access to funds gives you not only money to create the product but also helps you create a better product for them. The best part is you won’t stress the lack of financing in your venture anymore.

- **Removes Uncertainty and gives motivation**

Pre-selling eliminates uncertainty and risks before making the product, saving you tons of money in the process. That’s the beauty of it. You will no longer think to yourself every night, “*Will people buy what I actually created?*” because your idea is already validated by the market – the people that bought your product.

Furthermore, pre-selling a product gives you the motivation to finish making the product. I know there are tons of inventions and books that were not finished that had the potential to help people simply because the creator gave up making it. But when someone slaps a pile cash in your face just to make a product, will you feel motivated? No! it will make you EXTRA-MOTIVATED!

When you feel motivated you will surely push yourself to finish making the product because they paid you already and that is where things get done.

- **Failing will cost you next to nothing**

Let me tell you a quick story:

A few years back, our family started a whole new restaurant business that serves batchoy as our signature product. We prepared for a whole month setting

up our restaurant. When we finally opened, we only got a few customers dining in our restaurant, this continued for months until it closed down. This failed business cost us about P100, 000K – loaned.

What if we've done the opposite? What if we pre-sold our product first-hand to see if it's any good? And if we proved that it is, then that's the time we set-up the restaurant. We shouldn't have wasted P100,000.

The magnificence of pre-selling is it allows you to fail early thus limiting/eliminating the amount of wasted time, money and effort, unlike failing later on when you already spent half of your retirement savings and 1/8 of your life.

A failure in pre-selling goes like this:

You: Hello sir, we will be making a new XYZ, it's better than any other XYZ's out there, it isn't made yet but we are accepting pre-orders now. Would you like to pre-order sir?

Stranger: *No thanks!*

Money spent: 0

Time spent: 20 seconds

Effort spent: Minimal

Failing to pre-sell your product will not hurt your pocket, you could simply recover quickly, think of a whole new idea and pre-sell it again.

Disadvantages

- **Very difficult to execute**

Once you finish reading the process in the next chapters you will notice that is it a simple concept, but very difficult to execute. But on the bright side, nothing gets more rewarding than doing something difficult, right?

Darren Hardy, a successful entrepreneur in the United States says he is always glad when he experiences something difficult, want to know why? It's because if

something is difficult, he knows great things will come by the time he overcomes it.

Think of the time you faced something difficult and overcame it afterward. What did you feel? Accomplished? Proud? Relieved? We feel all kinds of positive emotions when we did something difficult it urges us to tell other people about it. So always appreciate the difficulty

- **Late product delivery**

What if you don't deliver on time? You might think that your customers will be upset and even suspicious to you about this. Late deliveries can and will happen but customers aren't dumb, they understand that things can go wrong, and you aren't perfect either.

If you actually don't deliver on schedule be sure to state the reason why so that your customers will understand. In the last step of pre-selling, I will be discussing to you what to do if you can't/don't deliver your product on time.

- **It needs a gigantic boost of self-confidence & communication skills to implement successfully**

Self-confidence and communication skills play a very important role in pre-selling, in fact, these skills are the ones that will make your offer successful. Why is it important? Because it requires you to get your butt off and start reaching out to people especially when you ask for funding from them, let's face it - it is very uncomfortable asking someone for money, right?

So it's really important to develop these skills, but if you don't have any of these skills currently then you need to partner with someone who is good on both or either one of these skills.

The 7 Steps in Pre-selling a Product

The main point of pre-selling a product is to **validate** or **fund** your idea before actually creating it. Furthermore, validation is not asking customers if they want to buy, it is asking them to buy it now. Those two words are different because there are some instances that the customer says he wants to buy but doesn't buy it when the product is actually created.

By pre-selling a product first you are assuring that there is a certain demand for your product. The steps for pre-selling follow this exact sequence:

Step 1: Ideation

Step 2: Get to your Target Customers

Step 3: Present your Idea

Step 4: Ask for Funding

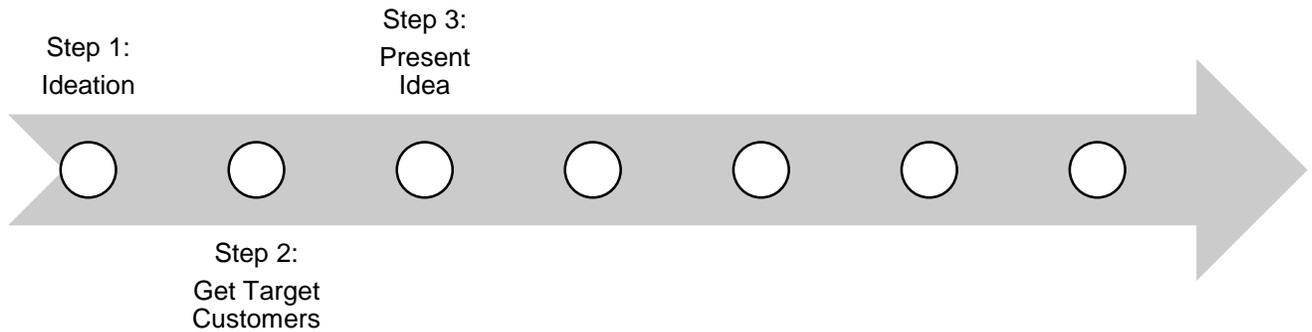
Step 5: To Build or Not to Build

Step 6: Produce

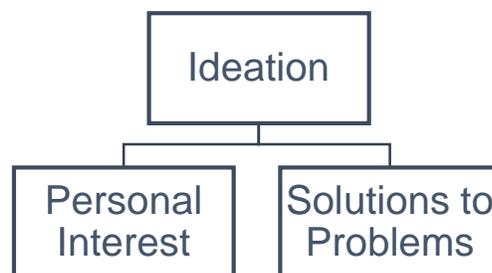
Step 7: Deliver

Each step plays an important role in the pre-selling process. Neglecting one of the steps can result in failure in executing the strategy. Do note that every step requires hard work to implement. You are here reading this to get results and I am expecting you to execute the steps after you have learned them. In some steps, there are "*psychological triggers*" that explain what influences people to make decisions and persuade them to buy your idea. These triggers will greatly help you in launching a successful pre-selling campaign. So, let's get going, shall we?

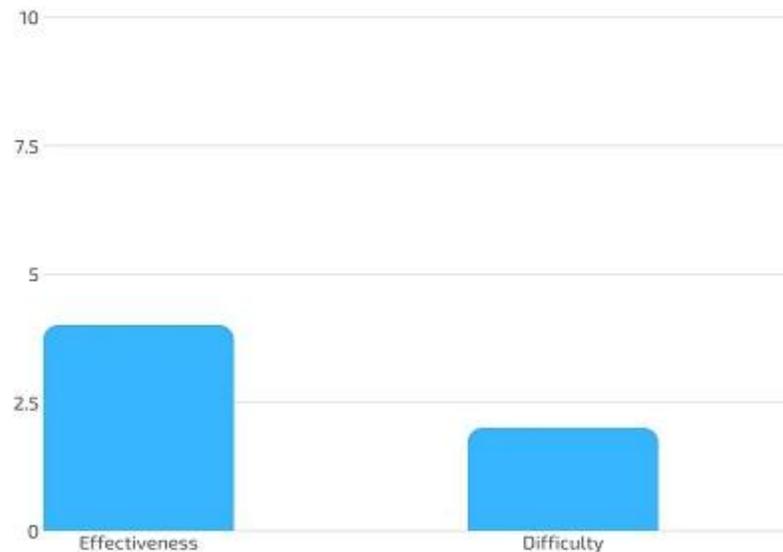
Step 1: Ideation



The first step is to come up with a product idea and how to brainstorm them using the method which will be discussed later on. There are two ways to come up with an idea: Personal Interest and Solutions to Problems.



Personal Interests

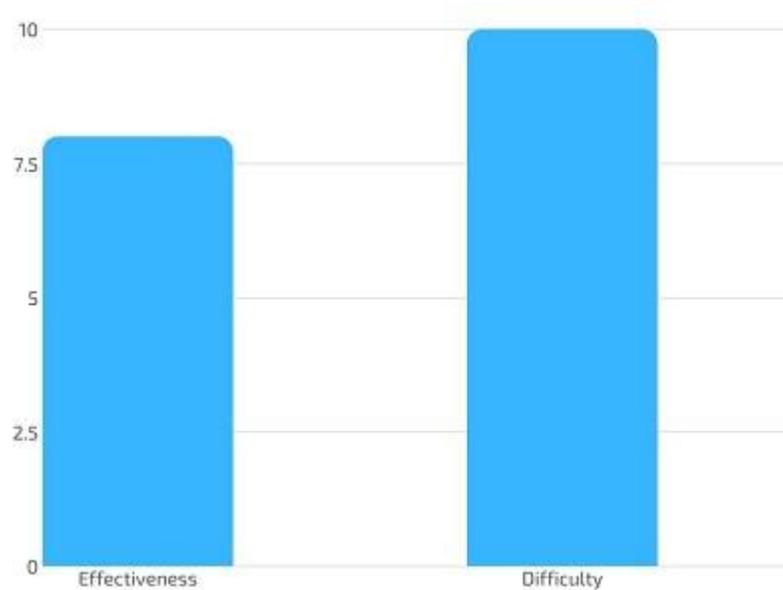


These are ideas that have no concern about the people who might want or need it. Basically, it is the thing that you want to produce yourself. Coming up with this isn't as hard as creating solutions to problems. However, its effectiveness is low because people might not benefit from your idea. Also, people won't care what your self-interests are unless they can get something from it. Remember that you must give value according to what people need and want, not the other way around. In other words, your idea must be customer-centered, not yourself-centered. Like for instance, you want to make spicy ice cream just because you wanted to, but will people be interested in spicy ice cream too?

On the bright side, it's not bad to try sharing your personal interest with other people because they might want or need what you have to offer. Therefore, your personal interest must meet the following criteria:

- It must solve a problem
- People must also be interested in it and that they are willing to pay for it
- It must be unique

Solution to Problems



Solving a problem is the most effective yet the most difficult idea to come up with. But you don't have to reinvent the karaoke as Roberto del Rosario did. It could simply be improving an existing solution to a problem which you will learn in the next pages.

This is the most effective way in pre-selling because 1) It benefits other people and 2) It is customer-centric, meaning the product is directly focused on the customer's needs or wants and not from the creator's self-interest. As you can see above, its effectiveness is high because it addresses a person's issue, hence, it is also difficult to do since finding a solution has never been easy. The only reason why its effectiveness is not as high as the difficulty is because not everyone is actively finding a solution to every problem. But don't be discouraged, we will help you how to find problems and brainstorm solutions for it.

How to Find Problems

Problems are about just everywhere – you’re just not too meticulous to notice it. Just watch the news and you can see problems – house on fire, robbery, children starving from hunger and etc. Notice the traffic in EDSA, incurable diseases, that balding head of yours (no offense), garbage on the street, the cockroach sitting on your kitchen counter, your grandma that always forgets her glasses and your ingrown nail – all of these are everyday problems you and I experience.

Problems can come in two forms: **big** or **small** problems. Big problems are the ones that plenty of people have. From what I mentioned above, traffic jams, incurable diseases, and poverty are big problems. Small problems are problems that we sometimes don’t mind confronting. And again from what I mentioned above, garbage on the street, cockroach infestations, ingrown nails are all examples of small problems. More often than not, most products came from solving small problems. For example, I always hate to peel hard-boiled eggs when I eat my breakfast in the morning because they are so tedious to work on. So with that frustration, I searched the internet for a solution and found out that there were products that peel eggs, the first one I found was called “The Negg” and the other one called the “Eggstractor”. Amazing isn’t it?

Big problems are more complex to solve, thus it takes more time to come up with a solution. Traffic is a very big problem we are facing now. Traffic has been a major problem in our country for a very long time, yet people haven’t come up with a solution yet. Even though they spent a lot of time and money in coming up with a solution. The same goes with cancer. The first documented case for cancer was recorded back in 1500 B.C. Yes, that’s right, cancer has been a problem even before Christ was born. The said diseases have been a huge problem for many centuries now, yet even with the advance technology we have today, there is still no proven cure for cancer. So focus on solving small problems rather than big ones.

There is no shortage of problems, we live in an imperfect world and in this world, there are tons and tons of problems. Ordinary people think of problems as just a nuisance where they try to avoid confronting it as much as they can. On

the flip side, entrepreneurs think of problems as an opportunity to make money, to help people, to make their lives better. And your job is to think like an entrepreneur. Entrepreneurs don't run away from problems, they face them.

Now, I give you 5 ways where opportunities exist. All of the opportunities listed below are forms of problems that will be discussed in greater detail.

Forms of Problems

1. Cynical Words of Opportunity
2. Inconvenience
3. Elimination
4. Problems in Domain Expertise
5. Problem Hunting

Cynical Words of Opportunity

You almost hear these words every day: *"This sucks", "I hate this", "I wish there was a __", "Is there another better way to __?"* or *"Can this be more [easier, safe, or comfortable]?"*

Cynical words of opportunities are any complaints, frustrations, nags that we speak or hear from other people all the time. Recall when was the last time you said what I mentioned above. Last week? Yesterday? This day or just a moment from now? Every complaint is a problem and every problem has to have a solution. Take myself, for instance, I hate it when our water jug empties because I have to go out and refill it to the nearest water refilling station. It's quite a hassle without a vehicle of my own. How **I wished there was a water station that could deliver water** so I won't have to go out. See the magic word there? **I wished there was a water station that could deliver water **. See this is for yourself and see if you can find a solution to it.

Where to Find These Opportunities?

You can find complains on the internet, at home, and in yourself. The best way to find complains and frustrations is within yourself because you know yourself – you know what you want or hate. In fact, thousands of products were developed because it came from the creator's problem.

The invention of the famous coffee sleeve originated from the creator's cynical words of opportunities. One morning, Sorensen headed to a restaurant drive-thru after dropping off her daughter to school. The drive-thru staff handed the coffee to him, and upon bringing the coffee into his car, he immediately felt a hot sensation from the cup as the paper was too thin and that caused Sorensen to abruptly drop the coffee on his lap.

The incident caused him to curse a lot because of the pain it inflicted and that "curse" spawned an idea into his head. After he finished cursing and wiped the spills out of his lap and his car, he immediately set off to find a solution. After some research, he finally came up with a solution, the coffee-sleeve and he called it the Java Jacket. His invention helped millions of people drink coffee without burning their fingers. Do you now see the potential of everyday frustrations and complaints? If you haven't found one yet then let's go on to the next one.

Inconvenience

Noodles were such a hassle to cook in the past - you have to cut the meat and vegetables, prepare the pot with boiling water, simmer the noodles in and etc. But now we don't need to go through that process because we can just buy instant cup noodles which is so easy to prepare – just put hot water, wait for 3 minutes and its ready to eat!

Every inconvenient thing has the possibility to become convenient. They say easier is always better, which is absolutely true. Have you seen the advertisement on TV which features Judy Ann Santos using "Coco Mama Gata"? (P.S I am not here to promote products). This is another example of an inconvenience made convenient. Before you have to grate the dried coconut meat out of its shell and squeeze its meat to get the milk or "gata" in our language. But with the introduction of the Coco Mama Gata, you no longer have to get into that

process. People will pay a premium on convenience. Everybody loves to do things easier right? That's why machines were invented in the first place.

Our life is full of inconveniences, listen to what people complain about. The line *"I wish there was an easier way to do this"* is a great indicator of an inconvenience and it is your job to make it convenient for them. The price sticker that is difficult to remove, the slow internet, the line at the grocery store, traffic, hard to open packages, the umbrella that turns upside down when there is a strong wind – these are all everyday inconveniences that still has no solution. I am already giving you an idea so you won't have to think about it anymore.

Elimination

Elimination is getting rid of a part or component out of a product. Elimination can be done by removing something in the product that is 1) **unnecessary** 2) **Unsafe** or 3) **Hated**. Noodles were known to be full of preservatives thus making is unhealthy to eat, especially to health-conscious people but that all changed when Lucky Me introduced their new noodles with NAPA (No Artificial Preservatives Added) in 2015. Lucky Me removed unhealthy preservatives and that made health-conscious people eat instant noodles again. You could see many examples of elimination on grocery stores like, "paraben-free" in shampoos, "100% all-natural ingredients" in food and cosmetics and "Non-GMO" in plant-based products.

Elimination is prevalent in the food industry. Have you ever encountered products with the label "no added sugar"? That is because they discovered most people want to eat sugary treats but suffer from certain diseases like obesity, heart disease, and diabetes which limits them to consume foods with sucrose. And what is the solution to make diabetic people eat sugary treats again? Remove sugar in it. In our town, there is one bakery that makes whole-wheat gluten-free bread. Their bread isn't as tasty as other sugar loaded-bread but I love their bread as a health-conscious individual. And there is no other bakeshop in our place that makes whole-wheat bread, only they do – what a sound business.

Problems in Domain Expertise

Domain expertise is a specialized area of knowledge where a person has acquired many years of experience. It may come from your work or hobby. For example, a pilot has domain experience about airplanes. A Black Belt trainer has domain experience in karate, judo, or martial arts.

So, what problems are there to be found in your domain expertise? Many. But how do you identify what are those problems? Let me ask you a question. What do you hear about your co-workers complaining about the same problem over and over again? Your co-worker's grievance is already an opportunity in front of you. I watched a video training from my personal finance coach in the past few months. I was in the segment of finding possibilities wherein he told us the story of how his mother found a business opportunity in her workplace. The story goes this way:

Verbatim: "Fresh out of college my mother worked for a shipping and packing company. And one of the things which bothered her along with her co-workers was that the food in their canteen was bad. So, my mother made sandwiches. A little something about my mom: She doesn't want to cook and she doesn't like the kitchen, so she asked her younger sister to make the sandwiches. The sandwiches they made weren't really that special – it was just better than what was offered in the canteen. It started out with just a couple of pieces that could fit in the cubicle drawer, word got around [the office] and soon she was making sandwiches for the whole office already. She was forced to use their office's stock room to store the sandwiches.

She said that it was just an honesty system – you know, you just take a sandwich and put your payment inside the box. It was just that simple. Now, after a couple of months, the canteens term with the company ended and it was up for bidding again. My mom placed her bid on the canteen and she got it. She and her sister set up the canteen. Her sister was working in the canteen full time while she maintained her job in the company. Fast-forward to several years later, my mom was already managing six canteens and she already had to resign from her job."

The problems in your domain expertise can be the simplest problem of all, like my coach's story above. But most of the time the simplest problems are the ones

that gets neglected. Luckily, most people are blind to these simple problems and it is your chance to solve it!

Problem Hunting

This is the simplest method of finding problems but the most difficult to solve as well. The method is just asking people what their current problems are and finding out if you can solve it for them. Say, for instance, you go and ask one of your friends, Mike if he has an issue. So you ask him, *“Hey Mike, do you have any problems that have been bothering you right now?”*. Now, the hard part in problem hunting is sometimes the answers are not as specific and answerable the way you want it to be. It might be financial problems, relationship matters, or health issues. In other words, they might answer general problems.

The secret here is asking the right questions so you can get the right answers. To do that you have to ask them **specifics** like what are their problems in using a specific kind of product – this is most effective when both of you are using that kind of product. Let’s say you ask your friend Mike what is his problem using the Brand X Hair wax. He then replies to you with *“That hair wax gives my head dandruff and itches and I am not longer using it”*. Bingo! Now the solution is to create another hair wax that doesn’t itch and cause dandruff for people who have skin allergies like Mike. After that, you just have to find more similar people who are suffering from that kind of problem.

This can work wonders because it gives you early access to your **target customers** which we will discuss later on.

How to Brainstorm Ideas for Solutions

Now that we're done with possible idea generators, we will now brainstorm possible solutions to it. I will teach you a simple but effective method of how to generate new ideas to solve a problem. Introducing:

The I.C.I.C.L.E Method

There are many methods in brainstorming idea but this method is the most exceptional I found so far. I learned this method from Harvey Reese, it's actually titled the "Famous Reese I.C.I.C.L.E System of Creativity" but I just called it the ICICLE Method for short.

Basically, it's a six-step mnemonic device for creative thinking. Each letter has its own meaning:

I – Identify your general goal or objective. Define the problem.

C – Concentrate on creating a possible solution. Research all kinds of different solutions. You can search for information that can be made into a solution on the internet, magazines, books, cooking shows, infomercials, asking your family and friends and etc. Your creativity is the only limitation when coming up with a solution. The more ideas you think, the more likely that you will come up with a solution.

I – Identify your goal again – but this time narrow it down to its most basic part. Apply the 20/5/1 Rule – list 20 goals, reduce it to 5 promising ones, screen those 5 ideas and pick the one best goal.

C – Concentrate again. Double your efforts in concentrating again this time. Eliminate distractions like your phone – put it away from you.

L – Let it go. Get to sleep, go out take a walk, or take a shower. Let your subconscious work. Get a notepad or your phone with you when you do the activities above so you could write down your ideas.

E – Eureka! The idea suddenly pops out of your head. "The eureka moment" has no definite time of when it will come. Sometimes it will take seconds, days, weeks or even months before you come up with an idea. It's important to

immediately list your ideas when it pops up - you can list it on a notepad or on your phone. You just can't rely on your mind to remember it. My math teacher always told me, "A solution is not a solution unless you write it down." ⁸

The ICICLE Method Example

Let's suppose you cook every day for your family. You buy the groceries, think of a recipe on what to cook for breakfast, lunch, and dinner. You have no problems with those things but there is one in particular - the chopping board. The chopping board is where you slice the meat and vegetables, you have no problem with that. The problem is you have a hard time every time you put what you sliced in the frying pan or in the pot because it spills out to the sides of the board and not directly into the pan which wastes a lot of the sliced recipe. So you ought to solve that problem once and for all.

I - Identify the general goal:

Create a way to avoid spillage in the chopping board.

C - Concentrate on creating a possible solution:

After researching, you came up with a list of different possible solutions that relates to the chopping board; modify a ladle that enables it to scoop sliced meat and vegetables quickly. Modify the chopping board. Customize a knife that will allow to scoop the sliced recipes - and so on.

I - Identify your goal again down to its core. Apply the **20 / 5 / 1 rule**:

You've narrowed down all your listed solutions into one, single solution which will be your main focus. So, you chose to focus solely on modifying the chopping board

C - Concentrate again. Double your efforts in concentrating again this time:

You think of a single way on how to modify the chopping board in a way that it would not spill on the sides of the board and instead directly into the cooking ware.

L - Let it go:

"What a bummer" you ought to yourself. So, you think of taking a break from brainstorming. "A warm shower would be nice," you thought to yourself.

E – Eureka!

You let your subconscious work for you by taking a shower. After showering a few minutes, you shouted “Eureka!”. You finally found a solution and it is to modify the chopping board to make it foldable! That way you could directly spill the sliced meat and vegetables without creating a mess. Then you abruptly went out of the shower just to write your idea.

Tips in Generating Ideas

The Eureka Moment

Most ideas come when you are not actively thinking about it, not when you are currently brainstorming about it. One great example was Archimedes’ eureka moment when he suddenly got an idea that solved the king’s problem regarding whether his crown was fake or not.

Do activities not related to your problem like taking a walk to the park, watching TV, taking a bath, drinking with friends and etc. Ideas will suddenly pop out left and right out of the blue.

Combine, Adopt, and Copy Old Ideas

There are no new ideas, believe it or not. Most inventions were just modifications and combinations of old ideas. There are three ways in coming up with an idea: **Combine**, **Adopt** or **Copy** existing ideas. Think about the 3-in-1 Fire Truck that was invented by the late Alfredo M. Anos Sr. It’s a combination of a fire truck, ambulance, and rescue vehicle. Or the E-jeepney which is just an improvement of the jeep. Facebook also has the idea basically that came from previous social networking sites like Friendster and Myspace.

Pablo Picasso famously said, *“Good artists borrow, great artists steal.”* Remember, you can copy ideas, adopt and combine them.

Expose yourself to Different Experiences

Starbucks was founded when Howard Shultz, Starbuck's CEO went to Spain and saw a coffee shop where people were actually enjoying sipping their coffee. He was baffled upon seeing this because in the United States, coffee wasn't usually drank when you are relaxing. But in Spain, he actually saw people spending time with others and enjoying the moment with coffee. That's where Shultz took inspiration from. Go to different places, gather experiences, you might catch ideas out of thin air.

Ideas Sometimes Spawn by Accident

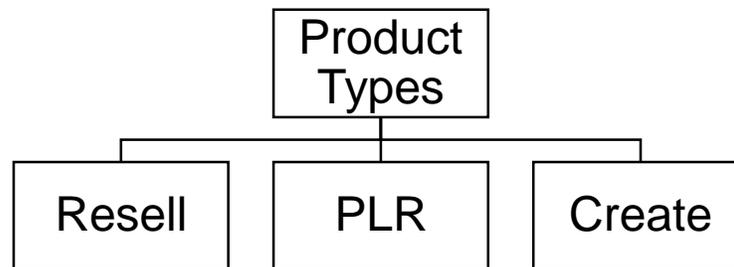
There were many instances wherein ideas were developed by accident. Like for example the popsicle that was invented by the 11-year old Frank Epperson. His invention happened in the winter of 1905 when he accidentally left a cup of mixed fruit-flavored powdered soda and water with the stirring stick still in the cup. The next morning, he found out that the drink had frozen around his stick. And that was how the popsicle was invented.

Another one is the Post-it Notes invented by the chemist Dr. Spencer Silver. He was trying to create a super-strong adhesive but he failed. Instead what he made was a weak adhesive that could only be used to stick things temporarily. But it wasn't used until the next five years when his colleague attended his seminar and got an idea to use his glue to stick bookmarks into the pages of his hymnbook – and the rest is history.

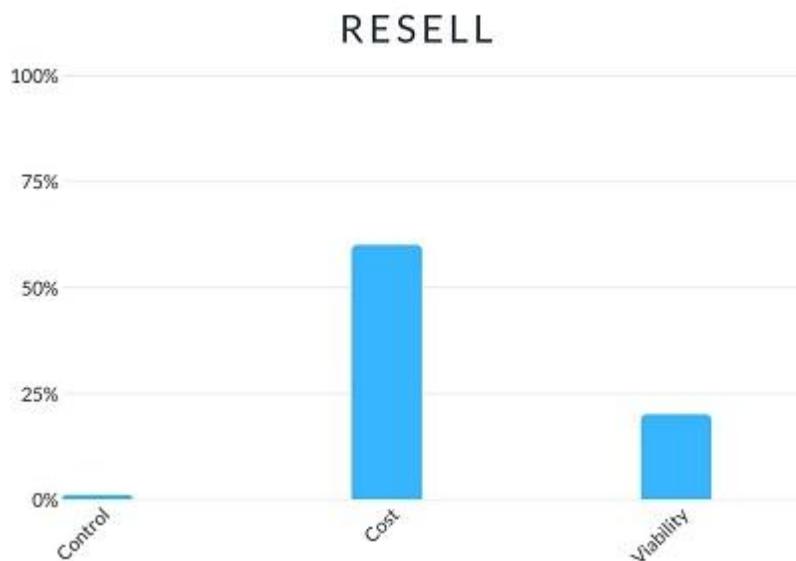
Now we are done with generating ideas. Let's now explore what types of products are possible in pre-selling.

3 Types of Products

There are 3 types of products that can be used for pre-selling. The list is ordered from least effective to most effective.



1. Resell



This is the most common type of product, and is found just about anywhere; from grocery stores, convenience stores and sari-sari stores. Basically, you just purchase a product from a wholesaler and then selling them again for a profit.

Reselling is the easiest way to obtain a product but it is also the easiest to get copied and be taken down by competitors. Reselling a product usually doesn't last long. "**Pricing-war**" is common because resellers compete only with the price and as a result, a product is **commodified** – commodified means each product is no different from the other and they compete only with lowering the price to get people to buy from them.

Tale of a Pricing War Between 2 Resellers

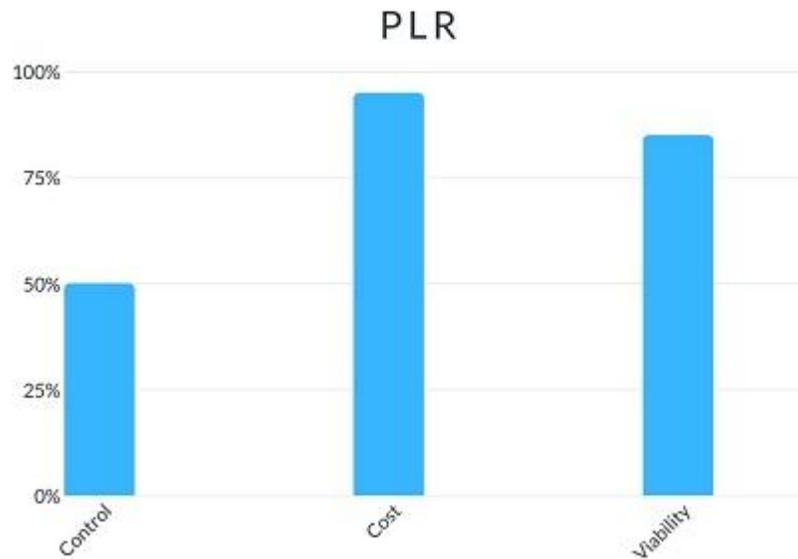
Mario began selling canned sardines for P20, after a few months he got tons of profit selling them. His neighbor Maria noticed his success, decided to copy him and began selling sardines too at a lower price of P19. Maria took away most of Mario's customers and soon after Mario began to notice. So Mario decided to lower his price to P18, as a result, he won his customer's hearts again, but then Maria retaliates. She lowers her price to P17. This battle went on and on and on up to the point where they were giving away their sardines for free.

This story might only be fiction but it happens to most (if not all) retailers out there. The price war is just a race to the bottom. You can only differentiate your product through price, and pricing is usually not a good differentiating strategy. I do not recommend reselling because **1.) It is commodified 2.) Products are mostly obtainable elsewhere** and **3.) You don't control the product 100%**. A Dove soap can be bought in any supermarket, so it's a commodity, and it's not viable for pre-selling. On the other hand, if you have a product from Japan that is found nowhere else in the Philippines then you can pre-sell that product.

Only pre-sell a retailed product if one else is selling that product and you have exclusivity on it – meaning the product is distributed only to you.

As you can see from the chart, you have no control over the product – you can only sell it, not modify. Its costs actually vary but it lies 60% on average. And finally, its viability or effectiveness to pre-sell is also low because of the reason I discussed earlier.

2. PL/ Private Labels



Buying Private Labeled products involves buying a product from a manufacturer and sold under a seller's brand. Private labels are almost similar to retail – you buy a product from a manufacturer and resell it, but in PL, you can fully customize the product according to your desire; its packaging, contents and the brand name before acquiring it.

As you can see in the above chart, you have 50% control over your product, because modifying a product depends on the manufacturer. There are instances where a manufacturer will allow you to modify the whole product but there are also instances that you cannot modify the product itself and only change the brand. The cost is reasonably high because you usually have to purchase in bulk and account for the shipping costs. Lastly, its viability is high because you are introducing an improved product.

This gives you 100% control and 100% uniqueness to your product as opposed to buying products from companies with their brand on it, which serves as an advantage for you. SM is a prime example of a business selling private labeled products – they sell bottled water, accessories, and etc. with their name on it.

Another example that we can all relate to is, Raj Jana. He is a petroleum engineer graduate who dreamed of becoming financially free. Raj was itching to climb up the corporate ladder and make a legacy. He worked his butt off on the race to the next promotion. But unfortunately, his dreams suddenly shattered when his mentor died 3 months before retirement. His mentor's death was a wakeup call for him. Raj dropped out of the corporate ladder and took a leap of faith to start a business.

Raj is a coffee lover. One day, he wondered if he could make a product to capitalize on the coffee trend. He then researched coffee accessories online and found a product that he wanted to sell – a manual lightweight coffee grinder. Raj then went to alibaba.com and searched for a manufacturer who specialized in coffee grinders. After some searching, he finally found a manufacturer who would let him customize the coffee grinder and sell on his own terms. Raj modified the product and ordered 200 coffee grinders to be shipped. The orders came weeks later. Raj Jana then sold his custom-made coffee grinder and it was a hit.

How to Find PLR Products

Finding private labeled products isn't that hard, you can find them on the internet, specifically at alibaba.com and ctc-group.com.ph.

I am more familiar with alibaba.com as it is more popular and sells cheaper compared to ctc-group because the majority of product manufacturing is done in China. So, I will give a quick guide on how to find PL products in Alibaba.com.

A quick guide on finding Private Labeled products on Alibaba.com

a) Consider several factors first before deciding what product to choose.

The product must be:

- Non-perishable – examples of perishable items are fish, meat, fruits, vegetable and any food that require refrigeration immediately. Electronics is also a red flag as it gives you more headaches than sales due to customer service issues.

- Small and lightweight – shipping cost depends on the size and the weight of the product. Usually, it's wise to opt for a light and small product, especially purchasing items in bulk.
- Replaceable – a replaceable product creates a continued purchase among consumers. For example, a cellphone case wears and tears over time. So consumers will eventually purchase another one as a replacement.

b) Look for a reliable manufacturer

To do this, consider a manufacturer that has at least 2 years of experience, has customers and numbers of transactions.

c) Customize your Product

After you found a product of your choice, look for an "OEM" mark on the product details. OEM allows you to customize your product as a private label. Then, you have to provide design drawings, material specifications, reference samples, and safety standards to the manufacturer.

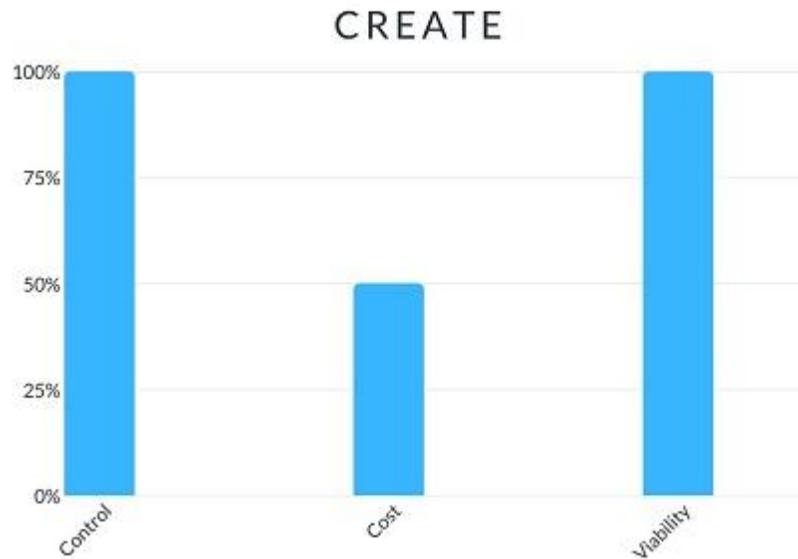
d) Pay for your purchases

There are a number of payment options that Alibaba offers; via Paypal, Western Union, and Pay Later. It's better to pay using Paypal/Credit Card because it's safer than any other method payments out there (not to mention the lower transaction fees), but if you don't have any Paypal account or Credit Card, then Western Union is your last resort.

P.S Some products in Alibaba require a minimum order quantity before it can be shipped/purchased

Very Important Side Note: Do not purchase products until you finished step 4.

3. Create



Creating a product is the last option, and probably the best way to pre-sell a product. “Creating” sounds a lot of work because it relates to “inventing” but it can be simple as improving a bad tasting bread in your neighborhood, or making a pepper spray to get rid of ants. Never overcomplicate things in creating a product.

In the graph, creating a product shows a 100% total control over it because you can do anything you want with it. Second, its costs actually vary depending on the product you want to make: the materials, availability, source and etc. So it lies in the 50% mark. Third, the product has 100% viability because it is specifically crafted according to what the customer wants.

There are two ways to create a product

- a) **Innovate**
- b) **Improve**

Innovating is making something that nobody has ever thought of before and is first in the market. While on the other hand, **Improving** is making an existing product better.

Innovation Examples

Consider this simple innovation that Jose Ortega invented. Now, Ortega wasn't a genius nor does he have a special ability – he just solved a problem in their community.

How his Journey Started

After graduating from college as a Mechanical Engineer, Toto was anxious to get a job so he could obtain a lot of money. Soon, he found a job in a manufacturing firm. He felt accomplished after landing a job as most college graduates do. However, he didn't feel the joy of working there after only a few months in his new job. Jose thought it wasn't the career that he really wanted to do. It was then he realized he wanted to work for himself. It was then when he decided to start a business of his own.

A Business Idea Spawns

Toto lived in a community where water was scarce. All of the people who lived in their community relied on water rations just to fulfill their daily water needs. It wasn't uncommon to see drums and big containers in their place, but these containers don't have any covers. Seeing this inconvenience, Toto spotted a golden opportunity.

He listed down all the materials he needs in order to make a cover for water containers. Jose bought a 500 PHP sealer, 144 meters garter and 10 meters of plastic. Jose then planned, tweaked the materials he bought and soon after he successfully invented his invention called the "batya-and-drum water cover"! His estimated expenditures for his business was only 2,000 PHP. ⁹

This proves that any business idea can spawn from any simple inconvenience, problems and pain points. You just have to be keen on spotting and acting upon it. Here is another story about Marc Newburger's invention that made him millions. Like Jose, Marc didn't have any special skill or talent – he was just an average Joe.

Drop Stop: The invention that will make you say *"I could've done that too!"*



Image Source: Shopee.com

Marc Newburger was driving in his car one day in Los Angeles while waiting for a very important call. Marc, placed his phone on the center console so it can easily be reached when it rings, soon after, the phone rang but it fell down the gap due to the vibration it made. He reached for his phone in vain while running 40 MPH but he just cannot grab his phone easily so he took his eyes off the road and leaned harder causing the wheel to lean right; he immediately slammed the brakes nearly killing a pedestrian and hitting a telephone pole 2 inches away from his car. *"Why doesn't someone come up with a way to block that stupid crack?!!!"* He screamed at the top of his lungs. After calming himself up he thought, *"Yeah. Why doesn't someone make something? I don't think I've ever seen anything to block that problem in my entire life."*

Marc was determined to find out a way to block that dangerous problem once and for all because of his near-death experience. He then called his best friend Jeff Simon to tell him what happened and share his epiphany. He dropped his phone to the crack again while dialing, he thought to himself jokingly, *"Maybe that was a sign. Little did we both know, what a sign it truly was. The entire experience has been a journey of faith and miracles, of which we wish to share some special moments with all of you."*

The invention of Drop Stop

A week after the epiphany, Marc and Jeff were sitting around trying to figure out how to get into the Halloween Party they usually go to but they thought they got a great idea in their hands that would help a lot of people. So, they forgot all about the party and stared at the car's crack until they figured out something.

Marc and Jeff sat in their car for hours, brainstorming ideas on how to solve their big problem. At first, they thought of a leather flap, but it was sloppy. Next, they came up with "beanbags" but it didn't allow car seats to move. Soon they recalled the suggestion of their friend Andy that it would be a great idea if they came up with something that moves back and forth with the seat.

"Then we noticed that the seatbelt catch is attached, it's anchored," Newburger said. *It moves to and fro and always remains in place with the seat."* He added. Marc thought that they have to invent something that could attach itself to the seatbelt catch while not blocking it or hindering movement in any way.

With that, Marc and Jeff decided to buy random items in a thrift store to test out which item could fit best to their problem – they both didn't know what kind of solution to make. They returned to their apartment and spread what they bought to see if something comes up. Suddenly, an unknown force got into Marc – he got up the floor, went to his closet to grab a pair of black socks, cut a sponge into a shape that would fit inside the sock, then cut an opening through it. Marc called Jeffrey to take a look at what he made, ran to his car, slipped the material to the seat belt hole and just like that "Drop Stop" was born!¹⁰

Drop stop was just made of 2 simple materials: A Sponge and a sock – nothing could be simpler than that! No one ever thought of it until these two fellows did and as a result, they made millions from their invention. Over the years, they

changed their material from sponge and sock combo to a polyester material which is more expensive than the former but more efficient.

Repurposing: An Alternative to Innovating

If you don't want to invent, consider **repurposing** a product - all you have to do is find unused materials that look like garbage and create something out of it. Finding a product and repurposing it is easier than creating a product from scratch.

Patsy Paterno, the founder of Papemelroti, is the king of repurposing. He would make recycled handicrafts like a piggy bank made out of plastic bottles, dolls made out of tissue rolls and stuffed animals from shredded pieces of clothes. To some, trash looks useless, but to Patsy, it's gold.

Side Note:

The following steps in the book will mainly focus on creating a product because it is the recommended way of pre-selling.

Examples of Improving a Product

Ralph Waldo Emerson famously said during the 19th century, *"Build a better mousetrap, and the world will beat a path to your door"*

It simply means making a better product than the existing one. If there is an existing kitchen knife, create a new sharper, safer, efficient one. If there is something that you hate because it sucks, create one that doesn't suck - you get the idea.

The incandescent light bulb was invented by Thomas Edison, but it was quite inefficient because of the huge electricity consumption and the yellowish color that it emitted isn't that bright. Thus, it was improved by the fluorescent lamp which was more efficient and produces white light compared to the old incandescent lamp. However, it wasn't the end of improvement. The LED lamp

was invented as a substitute for the fluorescent lamp with more efficient power consumption that came with smart technology. Improvements are endless. Heck, the sun might be replaced in the future.

Here I will give two real-life examples of an improved product. The first one is the discovery of the mango spray and the second is the water gasoline. Both of which were made by Filipinos.

The Mango Spray Invention

Mango – the national fruit of the Philippines. Many entrepreneurs have taken advantage to sell this natural delicacy of ours, whether it's making dried mangoes, mango tarts or mango juice. But this delicious fruit of nature has one problem – it only bears fruit once a year! This was a heck of a challenge to mango businesses as it cannot meet the people's mouth-watering demands. Thankfully, there was one solution to this – smudging. However, this kind of process was tedious and expensive, as it involves using smoke from materials. Moreover, the smoke releases toxic gases into the atmosphere – not a very safe solution for the environment.

Luckily, Dr. Ramon Barbara found a safe and more efficient alternative to this. He proposed an idea to use a chemical called "Ethrel" and spray it to the mangoes in order for it to flower. However, his idea was rejected until one day when his friends Mr. and Mrs. Quimson allowed him to conduct a trial using 400 mango trees. Soon enough, they started seeing results and it was a success. Thanks to his discovery, mangoes now bear fruit not only once a year, not even twice but three times a year.

The Water Gasoline

A Filipino inventor named Neil Dazo has been awarded the "Outstanding Filipino Inventor" award after successfully running a vehicle with water.

His water gasoline invention, which he calls "Tubig na Gasolina" or "Dazo Water Fuel Hydrogen," can run all types of vehicles that were previously powered by gasoline or diesel including trucks, cars, motorcycles, and more.

Dazo explained how his invention works on a video posted on his Facebook page.

Nowreader.com simplified the explanation as this: petrol and diesel fuels are inherently inefficient, and a lot of time there is unburnt fuel. The Dazo Water Fuel Hydrogen gas burns much more quickly, cleanly, and more powerfully. With three times the power of standard petrol or diesel, and this, in turn, helps to fully ignite and burn the standard fuel going into the engine.

In the video, Dazo said that “Tubig Na Gasolina” is able to provide a more improved power as “you need less acceleration, therefore, less fuel to go the same speed. Finally, as the bi-product of burning ‘Tubig Na Gasolina’ is water (more specifically steam) this will cool the engine, making it run cooler, therefore, more efficient, plus you get a ‘steam cleaning’ effect on the old carbon deposits inside the engine, giving more benefits for the engine,” he added.

Neil Dazo is a computer science and engineering graduate from the College of Southern Nevada. He talked to kami.ph about his invention and how the people can benefit from it, especially the tricycle drivers from all around the Philippines. The people are hoping he would get support from the new government.¹¹

What you can do now is to identify which products you are currently using that sucks and improve it. I am sure there are plenty of products that need improvement. Like a plastic bag that tears easily, hair gel that is hard to remove on the hair, a lotion that feels greasy on the skin or a jar that is hard to open. If you are making excuses that only means that you are not activating your creative mind.

“How and Who” is Going to Manufacture It?

Now after you have thought of a product idea that you want to sell, it's time to think of how to produce it. The last thing you want to do is decide to pre-sell a product idea, ask for funding from people and only to find out afterward that your idea cannot be actually made. It is a big mistake to have a big idea that you think will help people but you are not able to manufacture because you don't know how to, where and if it's actually possible to build. You will be making promises to your future customers later. And not fulfilling that promise will hurt your reputation that will put a strain in your relationships to them so it's important to know first if your idea can be built before you ask for funding from people. Before you go on to the next step, **identify if your product idea is possible to build**. And in order to do that, we are going to the “How and Who” process.

The How

There are two ways how to manufacture a product.

1. **Produce it by Yourself**
2. **Have Someone Make it for you**

Do note that you are not going to manufacture it yet. We have to validate it first and that is to get pre-sales first. We can identify whether or not our idea/solution is possible to make by knowing how to manufacture it first.

Here are preferences about the two ways. You can go and **produce it by yourself** if you know how to make the product idea yourself or there is no way that other people can manufacture it for you. On the other hand, **have someone make it for you** if you know somebody that produces the idea you have in your mind.

There are two types of entities that produce specific types of products: **1) Manufacturers** and **2) A skilled individual**. The best option here is to talk to a skilled individual, that way you can talk about how exactly to create the product, what materials to use, time and cost for it to make and etc. but not only that, you can also build relationships with them so that things can be made easier. However, if there is no skilled individual that can produce your product for you

then approaching manufacturers is the way to go. Unfortunately, there are only a few manufacturers in our country and many people contact manufacturers from China and ship it here in our country which is expensive. So only contact a manufacturer as a last resort if you really don't know someone who can make your product idea and if you are purchasing in bulk.

The Who

If your product idea will be out of wood then talking to a **carpenter** will be ideal. If it will be made out of metal then a **local welder** or a **craftsperson** shall do the trick. A **seamstress** would do the job if your product's material is made out of fabric. If your idea is about bread then a **baker** will be the right person – you get the idea. Talking to someone you know who knows how to make stuff is sufficient because you will be just testing out your product yet and not mass produce them.

The secret here lies on your **network** – it's how many people you know. The more connections you have, the easier it will be to know who makes what and how. If you don't know someone who manufactures what you want to intent, then asking your family members, relatives or friends is the key. You will never know that they know someone that might just help you in creating your idea if you don't ask them. Say, for example, you want to make ice cream, and making ice cream requires an ice cream maker. But you don't know someone who makes ice cream – the last resort will be approaching a business that makes ice cream but it will cost you a hefty amount of money and maybe they won't allow you to make one too. So you ask one of your friends if he knows someone who makes ice cream and sure enough, he does. So he refers you to another friend that makes ice cream and will let you use their ice cream maker just because he is a friend of your friend.

Referrals are a great way to build connections and expand your network. Who knows what you can find by just asking referrals from people you already know?

Approaching Manufacturers/Skilled Individuals

So you have decided to let others do the job for you. The process here is quite simple. First, present a **visual framework** of your product idea. A visual framework is a representation of your idea that you wish to be produced, it can be in a form of a blueprint, sketch, a 3D mockup or outline. Second, Go to the manufacturer or skilled individual which you think is capable of doing the job for you, show them your visual framework and **ask them if they can produce your product idea**. For instance, Joe was thinking of selling printed t-shirts of his liking. He first sketched a design that he wanted to be made and then he went to a t-shirt printing company and asked them if they could print the said design he had in mind. If they can make it for you, then you can proceed to the next step. But if they are not able to, look for another manufacturer or skilled individual – you will eventually find the one who is capable of doing the job. Or if you can't find someone who can produce your product idea then it's your job to work on it.

The SUIT Rule

There are rules to consider before choosing or creating a product and it is called the "SUIT Rule". The rules are crucial to follow especially if you want to be successful at pre-selling a product you want to create.

S – State Only 1 Benefit

U – Unique

I – It Should not be a Commodity

T – Time to Produce

S – State only 1 Benefit

This is important, especially if you decide to create your product. The reason being is, we will be asking customers what their pain points are, and you don't want to create 20 different products to 20 of your customers. So, your product must only be centered on 1 solution only.

U – Unique

Your product must be remarkable amongst the rest out there. This is to give you an edge against your competitors. Why would anyone buy your product if it looks exactly the same as the one they bought at the store? Being unique doesn't always mean creating a product that no one has ever seen before. Being different can come from a product's appearance, function, or benefits. q

I – It should not be a commodity

I do not recommend selling a commodity because you will just fight for the price with your competitors and your product will have no uniqueness in the market.

Example of commodities:

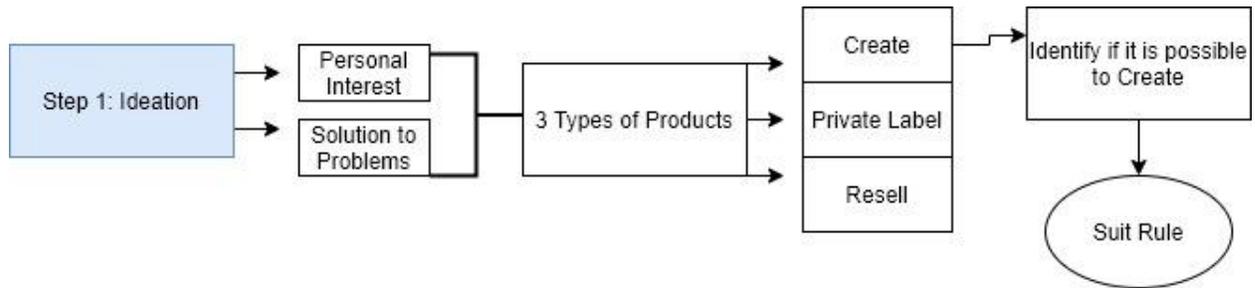
Gas, Oil, wheat, grains and common retail products

T - Time to Produce

The maximum amount of time to produce the product actually depends on the product you intend to produce but the rule of thumb is around **3-6 weeks**. You can, of course, go less or beyond the rule of thumb depending on the product, you will be producing. This especially goes if you have to order your product from different parts of the globe and wait for the shipping to arrive. Most people can't hold their excitement of finally holding the product in their hands, that's why 3-6 weeks is the recommended benchmark for producing a product.

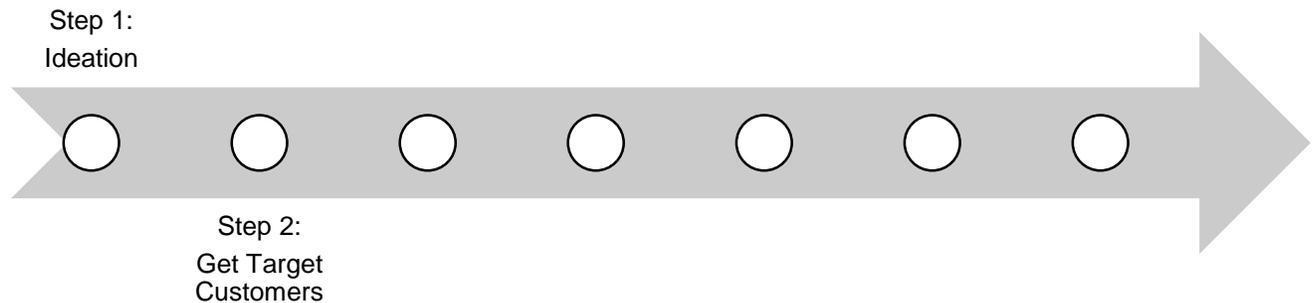
Producing the product is done after pre-selling it, meaning it's just the **initial product or MVP** (discussed later). Producing usually takes time because changes and alterations tend to happen.

Summary



- Step 1 is all about **generating ideas**.
- There are 2 ways to come up with ideas 1) **Based on your self-interest** or 2) **Create solutions to problems**. The latter is more effective than the former.
- Opportunities can come in 5 forms: **Cynical Words of Opportunities, Inconvenience, Elimination, Problems in Domain Expertise, and Problem Hunting**.
- Brainstorm ideas for a solution using the **I.C.I.C.L.E Method**.
- There are 3 types of products that can be pre-sold: **Resell, PLR and Create**. Creating a product is the best among the three.
- You can create a product either by **Innovating** or **Improving**.
- You can **repurpose** a product if you have no means of innovating one.
- Always remember the **SUIT Rule** when you are creating a product. **SUIT** stands for *State Only 1 Benefit, Unique It Should Not be a Commodity, and Time to Produce and Duplicate*.

Step 2: Get to Your Target Customers



Once you already have an idea in your mind, you need to get access to your target customers. **Target customers** are those people who you think might need or want your solution/idea. And when I mean target customers, these are people who have the potential to pay you but not yet. They will become your customers after they have paid you. This step is important to get it right because this is where we will identify and validate if there is a demand for your solution/idea or not.

Where to get your Target Customers

Knowing where to get your target customers is like conducting an experiment in a science lab. You must do trial and error in finding them because you won't know whether your target customers really are your target customers until you engage and talk to them about it when you get to them. The level of difficulty of getting to your target customers actually depends. Since we discussed two ways of coming up for an idea, we will discuss them separately.

Solutions to Problems

Usually, you want to **approach people who might want your solution** and they are people who have the problem you are trying to solve. Like for example, you have a proposed solution that repels dogs when you're biking then your target customers will be people who own bikes or cyclists. Another one is when you have a coffee heater that maintains the coffee's heat, then your target customers are coffee drinkers. Of course, finding those kinds of people is hard, so the easier way to do that is to look for **people in your current network** that is facing the problem you are trying to solve. That means people you know that know you too (kind of confusing right?) which are your friends, relatives, acquaintance, neighbors, and co-workers. There will be always a case wherein none or your friends, neighbors, and co-workers are facing a problem you are trying to solve, so to counter this issue you have to look within their network and have them refer to you people they know that has the problem you are solving. This means your friend's friends, family members or people that they know. This is also another way of expanding your network. Like for example, you approached Friend A and asked if he has a problem you want to solve but he answered "no". Then you asked him if he knows someone that has the problem that you are trying to solve. And if he doesn't have anyone in mind yet, tell him to refer that someone to you in the future because you have a proposed solution that may help them with their issue.

If all of that fails, the last option is to **approach strangers that you think has the problem**. In our above example, we used cyclists as target customers. You can just approach a cyclist and ask him upfront if he has the problem you are trying to unravel. This doesn't apply to all of your target customers. There are some instances wherein you cannot easily find who your target customer is, especially when the problem comes from within, like financial, physical and mental health, and relationship issues. And luckily, I also have a solution to this and it is to **approach random people you meet and survey them**. Nonetheless, it's always easier said than done. I know that approaching strangers and asking them about sensitive topics upfront is the last thing you want to do on this planet, but if you are still reading this, I know that you can do it. There are no excuses on why you won't, can't or don't want to do it if you truly believe in

your idea. Dan Martell, founder of the media company Flowtown just did that. Before creating their software, he and his co-founder Ethan approached random people on the streets of San Francisco presented them a screenshot of their proposed software idea and asked them *“Does this make sense to you?”*; people were like *“Oh that’s amazing. When is it going to be ready?”*. Then they both said *“Well we would love to have you as early adopters. All its gonna take is \$20, do you wanna be involved?”* after that people started paying them. Currently, Flowtown is now a million-dollar company with over a thousand of customers using their software yearly.

Let’s take a quick recap. Essentially, there are 4 ways where to find your target customers if your product idea is a problem-solution based.

4 Ways to Find Target Customers on Problem-Solution Based Ideas

1. From your current network. Like friends, relatives, co-workers, neighbors, and acquaintances.
2. Look within your current network’s network. Like friends of your friends, neighbors, family members, relatives and etc. and have them refer to you.
3. Approach strangers that you think have the problem you are trying to answer.
4. Approach random strangers you come across and survey them if they have the same issue you desire to solve.

Personal Interests

Meanwhile, if you want to pre-sell a product based on your personal interest, then your **family members or friends are your target customers**. Let's say you have an interesting idea to make twisted potato fries. Then let your friends or family members be your target customers. Getting target customers about your personal interests is much easier compared to solution-to-problem based ideas. But remember, personal interests aren’t that effective when it comes

to giving value to other people because, in the end, people will only care if your product idea will benefit them.

You need to properly approach the right type of person to get pre-sales. You don't want to sell your solution to a person that doesn't want or need it – you'll just be wasting your time on them. Marketers always stress the importance of specific audience targeting in their advertisements to save money and efficiently acquire prospects as opposed to the “shotgun approach” wherein an advertisement is targeted to random people. Which is kind of inefficient and expensive? Given you have a product that is made for pregnant moms, then you are only going to target pregnant moms and to pregnant moms only – no more no less.

Connecting and Qualifying your Target Customers

After you got and identified your target customers, the next step is to connect with your target customers and evaluate them whether or not they are actually finding a solution to their problem. This is where you communicate with them and asking them about their problem. It's simply just starting a conversation with them like, *“Hi, do you also have a problem with XYZ?”*, *“Hello. What kind of problem are you facing with XYZ?”*, Or *“I have this new idea that I am going to build, are you interested in it?”*. If they answer “yes” to any of the questions, then it **qualifies** them to be your target customer. However, there will always be people who won't say yes but that's ok, you can't please everyone. Those lines of questions are typical ice breaker for starting a conversation, you can also create your own line that suits your preference. The main objective here is to get their “yes” and **build trust** with them so it will be easier, later on, to ask funding from them which is the most important part of the pre-selling process. The go-to move in building trust is **establishing a relationship** with your target customers. Building relationships is the most fundamental step before selling your idea to them. Pre-selling is more of psychology rather than using selling techniques.

Psychological Trigger: Relationships – building relationships with your target customers is essential. It's the number one rule in selling, no matter what technique of selling you use. Building relationships will result in better communication and envelops a sense of importance to them which makes it easier to ask for funding later on.

3 Distinct Relationship Levels

There are 3 relationship levels according to the book I read titled "The Art of Woo" by G. Richard Shell and Mario Moussa. The book says that selling ideas always involves continuous, ongoing relationships. Many sales experts also emphasize the importance of building relationships with clients as the customer's lifetime value is more important than the transaction of each sale. People are more likely to buy from you again if they like the person they talked to and every company aims to get repeat customers rather than acquire a new one to cut costs on advertising. One salesman even said, *"If you know what is the name of your customer's kids, you have won a customer for life."*

- **Rapport-Level Relationships**

This is the level where you barely know the other person. Rapports can be created through little acts of thoughts like holding a door for someone, helping someone pick up their scattered papers on the floor, and so on. A little act of impoliteness to someone you don't know can be destructive in building relationships with them in the future. As one saying goes *"first impression, lasts"*. Simple acts of kindness are known to *"break the ice"* among two persons which lead to reciprocity level relationships and trust level relationships eventually. When you watch a romantic movie there is always a scenario wherein the girl falls to the ground or drops her belongings and suddenly a boy shows up and picks her up or her belongings and from there they build their relationships, face adversities and happily marry each other in the end ~ the cliché. All relationships start at the lowest level – the rapport level relationship.

- **Reciprocity Level Relationships**

This second level of relationship is built up upon the past contact between two people. Reciprocity is done when person A asks for a favor from person B and person B complies with person A's favors. Thereafter, Person B asks for a favor from person A, person A gladly complies with person B in order to return the favor to him. This is the level wherein two people work together to achieve a certain goal which makes them test each other's capabilities and reliability.

It was my first day on board the vessel and we bought internet cards together with my other crewmates. There was no problem using China's internet until I ran out of data only after a few days of using it. I was desperate to look for other ways to get an internet connection - because you know, it was my first time on board and I felt homesick already. So I approach one of my crewmates named Dan and asked if he'd be willing to share his data with me. With a pitying look on my face, he agreed. So after my duty, I would go to his cabin and connect with his internet. A few months passed by and we approached Iran. As usual, we bought internet cards. We stayed in Iran for almost two weeks and because of that many of our crewmates ran out of internet data - because 20 GB of internet is not enough when you haven't tasted it for 2 months. Then one afternoon, one of my crewmates approached me - it was Dan, the one that I asked for a favor in China. He told me that he ran out of data and he would like to let me share the internet with him. Upon hearing this I immediately had a feeling to oblige with his request, and so I did.

That was an example of reciprocity that happened to me back then. When a person that you asked for a favor from the past, asks you for a favor now, it is most likely you will comply with his request. Robert Cialdini greatly explains the phenomenon of reciprocity in his book "Influence". He describes it as "Give a little something to get a little something in return". It's the old give and takes that has been around for ages yet it never gets old.

- **Trust Level Relationship**

The final level of a relationship and the most intimate. Trust usually envelops when a person deeply knows the other and much private information such as secrets and intimate topics are exposed. It is built over time and it is not

easily obtained. Many entrepreneurs, influencers and politicians regard trust as a high valued commodity nowadays. Trust is usually measured by the behaviors, challenges faced and fun times the two individuals spent together. Your close friends and family usually have enough trust over you and know your capabilities and limitations. Trust is like a steel pole – you can bend it but it will never break. Meaning to say if you don't perform as expected, people who know you inside-out won't easily distrust you. Trust level relationship is ideal when pre-selling because people will still accept your apologies even if you don't deliver what you promise. Selling your idea to people whom you trust is the easiest approach you can ever make.

Shell further emphasizes that idea selling starts and ends with your ability to establish, maintain and deepen your connections with people and that is your target customers. Rapport level relationships first come into play when approaching your target customer for the first time. As you talk about problems, you go into the reciprocity level which will play a huge role in selling your idea. The trust level relationship will be used as leverage and support in pre-selling your idea.

It is less likely that you will be able to gain a person's trust the first time you will be meeting them because trust takes time to build, there is no such thing as instant trust. Fortunately, we will make your target customers trust you in a short period of time using the psychological triggers which will be discussed later on. ¹²

Reciprocity and Trust Level Relationship = Idea Buyers

People whom you have in reciprocity and trust level relationships are the best people to sell your idea to. You must first enhance your relationships with people who are in the rapport level relationship. Try getting them into the reciprocity level before selling your idea to them as it is the ideal level in selling your idea. Identifying what level of relationship, you have with an individual isn't that difficult. Rapport level is approaching someone who is an *"acquaintance"* to you, reciprocity level is what you might call a *"new friend"* and trust level are your *"close friends"* or *"best friends."*

Shortcuts to Building Trust: Psychological Triggers of Credibility and Likeability

We know that building relationships with people is the way to go in order to build trust if you want to take it slowly and surely. Relationships are psychological triggers in nature but they take time to develop. Luckily, there is a little known shortcut to make the process a lot faster. Below is the list of psychological Triggers that are proven and tested to make people believe and trust you in a short period of time. But let me give you a little warning first: Don't abuse these psychological triggers. These things are powerful and can be used for evil purposes. It's up to you whether or not you will use this for good reasons.

Credibility

Credibility is built when you have successfully built a relationship with another person especially when you won their trust over you. However, it is not necessary to build trust first in order to build credibility – most of the time it works the other way around. Knowing a credible person instantly makes you trust them. Being known as credible is one factor that creates an instantaneous trust rating among your target customers.

In hindsight, credibility is already built if you have a business currently as you already have a customer base and they trust you with their life. But for beginners out there who is just starting out, don't worry we will teach you how to fashion credibility in your own way.

2 Forms of Credibility

Domain Authority

If you come across a police officer you would feel safe around him, would you? On the contrary, if you did something illegal and you came across a police officer you would become very afraid. Am I right? This demonstrates the power of authority. Being an authority can be displayed through garments, titles, and symbols. Seeing a person in all-white clothing can be perceived as someone who works in a hospital. Clothing has registered into our minds since we were young,

our parents have influenced us to follow figures of authority as they know better than us. Name tags, badges, and certificates are known as “titles”. Titles are there for a reason, they demand respect and obedience to convey that someone is in authority. Go to any office and you can see different titles ranging from the school principal, captain, chief, secretary and so on. Symbols such as luxury cars, designer bags, and 24k gold rings signify that a person is rich. There was a time when I and my boss went to the casino, we rode in his Mustang with a brand new “blue plate”. As you know blue plates are diplomatic plates which means someone is a member of a congress (even if my boss is not). Let’s continue with the story, we drove past traffic enforcers exiting Quirino Street and what do you know they saluted us thinking that my boss who is driving the car is a diplomat. We laughed at them and thought we tricked them.

Domain Authority is built based on your profession. it’s not only about the plaques, diplomas, and medals you place in your cubicle but it's about a proven track record of what results from you have brought in. People do trust people in authority but there are sometimes witty individuals who don’t trust your authority. The best way to counter this is to prove to them that you're the real deal. Like an author who sold over thousands of copies of his book. A scientist that discovered a breakthrough never thought of before. A doctor that helped hundreds of people in her 10 years of service. Or a teacher that educated homeless students. Being titled doctor, attorney, or an author isn't enough to demonstrate your capabilities. Domain Authority is shown through your previous achievements and contributions you did in your field of profession. As a popular quote goes, “show, don’t tell.”

Expertise

Expertise is the counterpart of domain authority. But expertise can be created without any status of authority figures like titles, garments, and symbols. Expertise is defined as a person with a broad and extensive knowledge about a specialized topic and is seen by other people as a *reliable source of information or skill*. *Experts are known to be “informal teachers” and “people who have done their homework”* because they breakdown topics into bite-size lessons in a language that all levels of people can understand. Furthermore, People normally ask for an expert's advice because they believe, respect and trust their expertise. Experts sell

their knowledge through the use of **information-based selling**, the type of selling tactic we discussed earlier, for experts educate their buyers about things that they don't know before buying making them trust you progressively.

The good news is, we are all people with different expertise. Just talking about a certain topic that you have vast knowledge about can be deemed as your expertise. Like for example, I am somewhat meticulous about learning the best piece of technology I would like to buy. I study components, types, and brands of smartphones and laptops before purchasing it and as a result, I learned a lot of technicalities regarding it such as processors, RAM, SSDS, battery types, video cards and etc. And some of my friends knew this so they ask me for suggestions on what kind of phone or laptop to buy. They believe and trust me regarding that kind of topic and perceive me as an expert in that field. But when you ask me about the molecular structure of a DNA I won't answer you, because I don't know the answer – I have little knowledge about biology. Biology is not my expertise, but it is someone's expertise.

The best part is being an expert doesn't require any qualifications, unlike being an authority figure that must pass through various training and education before getting that title. Many expertise is built through experience and learnings from other people. Identify your expertise right now. Ask yourself, "*What are people asking me for help with?*", "*What topics do I know extensively and that I love to learn?*", and "*What are the things that I can do without too much effort?*". Identifying your expertise isn't that hard, people asking you for advice about a certain topic is a telltale sign that you are in expert in that.

Likeability

Studies show that we are most likely to engage with people whom we like. Dr. Robert Cialdini, the author of the book *Influence*, simply explains that there are 3 important factors of persuading someone. We like people who are similar to us, we like people who pay us compliments and we like people who cooperate with us towards the same goal. Joe Girrard is a professional salesman from the car company Chevrolet. He was regarded as the world's best salesman because he sold not only 1,000 cars, not even 5,000, but 13,001 cars in his entire career from

1963 to 1978 which ranges from 15 years. Averaging 5-10 cars and trucks sold per day, Girard currently holds the Guinness Book of World Record for the most cars sold.

The secret to his ingenious car selling strategy? It is surprisingly simple and it only consisted of two things: fair price and the power of likeability – that was all there is to it, no fancy gimmicks or secrets. Girard would write a handwritten letter to each of his customers who bought cars to him. He would write a letter every month for 12 months and every year he commissioned an artist to design those cards and mail them out. What do you think was on that card? A heartfelt message that triggers emotions? A bonus or a discount if they buy another car? Or maybe a 2-page long letter with a sales pitch in the end? None of that. In fact, the letter was fairly simple, he wrote “I like you”, yes that was it. Everybody loves to be liked, right? Even if it came from a person you didn’t even know. Joe knew that and took advantage of it.

There are many ways for your target customers to like you, like physical attractiveness in which people have the tendency to like us if they perceived as attractive this phenomenon is called the “halo effect”. Compliments – we like being praised and if someone compliments us, chances are we will like them back. Similarly, we like people who are like us. Contact and cooperation – we like those who are familiar with us. And conditions association, in which our liking to someone increase/decrease according to the condition of an event. but we just highlight the essential ones in this book which is **similarity**.

Similarity

We like people who are similar to us. Similarity can come from background, interest, opinions, ideas, hobbies, personalities, hometown. One keynote that I read from the book “Influence” is the tactic that car salesmen use to increase liking from their customers. Salespersons look for things that their prospects carry with them. Like for instance, the salesman observed his customer brought along his 2-year-old baby, the salesman would mention that he also has a 2-year-old child and how messy he eats (like most babies do). Small differences can also result in the likelihood of being liked. A researcher studied records of insurance companies and found out that customers are more likely to buy insurance if the salesperson had similarities with the customer such as age and religion.

Back when I was working as a utility of a shipping company, I would entertain people the most who lived in my hometown and who graduated in the same school I went to. I was assigned to be an encoder, and when people are finished with the interview they would go through me first to submit their application before they leave and I can get access to their data, like age, hometown, and graduate school. After knowing that they came from the same school or the same hometown I was in, I immediately notify them, "Sir you graduated from JBLF too?" and that would create a short conversation between us and eventually we will become friends. Of course, that usually triggered into a relationship because of our similarities.

Now, the best way to find similarities between you and your target customers is to **talk about the same problems you are currently facing**. There could nothing be more effective than that. Bringing up the topic firsthand will greatly accelerate the probability of your target customers to like you and at best, your target customers will even help you in creating a solution because they know that both of you can benefit from it. Another one is if your idea is based on your self-interest. You could mention what your interests are and talk to them about it and if they also like it, most of the time they will like you.

Mediums of Connections

There are a number of ways to connect with your target customers and build relationships with them.

The list is ordered from least effective to most effective.

1. Email

The internet has enabled us to communicate with people from different places all around the world. The use of email is a normal medium of communication nowadays, especially among business transactions and inquiries. However, email has its own limitations, especially when talking to a complete stranger wherein you can be accused of a scam. Most of the scams are done over email, so emailing has a bad reputation nowadays. Nevertheless, it is not impossible to connect with your target customers and build relationships with them via email.

2. Text Messaging or Cold Calling

Have you ever been called by someone you don't know and attempts to sell his goods or services? That's an example of cold calling. In the past, cold calling was popular among salespeople (especially in call centers) calling random people hoping they would buy what they offer. Some people bought but most of them didn't. What makes it not-so-effective is because you as a caller or texter won't be recognized as a **legitimate person**. Trust is hard to build through phone or via digital means especially if you are talking to a complete stranger but it isn't impossible mainly if you got the person's interest. Cold calling still exists nowadays and is still a valid method for connecting to your target customers.

3. Social Networking

The advent of social networking really changed people's way of communicating with each other. Among the popular social networking platforms are Facebook, Whatsapp, and Twitter. Facebook is the most popular and most used platform with almost 2.5 billion monthly active users. I have yet to see a person that doesn't have a Facebook account (except children and grannies, and my uncle). Texting and calling through mobile numbers are becoming obsolete in exchange for chatting and video calls. A while ago, I said that connecting and building relationships are difficult to through phone or via digital means but social media lessens the level of difficulty because you can easily check if the person has a legitimate account or a made-up account just by checking his number of friends, photos and etc. You can connect to your target customers by simply chatting with them through messenger and perhaps calling them to further enhance your relationships with them.

4. Personal Meetups

Meeting a person face-to-face is the oldest yet the most effective medium of connecting and building relationships. Face-to-face meetings will allow you to catch their voice tones, reactions, and body language so that you can get immediate feedback from them regarding om the idea you are trying to sell to them. Personal meetups can be done meeting the person 1-on-1 or in groups if they are many. Try to meet up with your target customers if it's possible. This is the recommended way of pre-selling your idea since it is very effective. The only

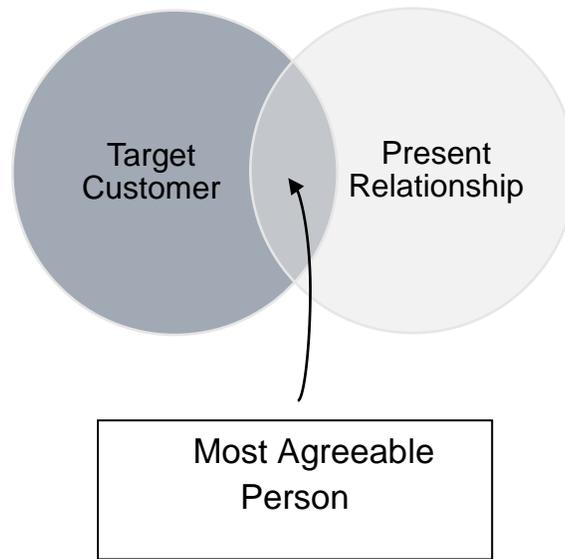
downside is you have to meet and talk to them which is time-consuming. A casual meeting with your target customers shall do the trick. You don't have to arrange a special meeting with them at Starbucks. You can simply go to and talk to them casually. This mostly goes if your target customers are complete strangers to you and yet to build a relationship with them.

Meeting a person face to face is the ideal medium when it comes to selling your idea. Building relationships is faster in doing this medium. However, if it's impossible to meet with the person face to face because of busy schedules or due geographical reasons then you can chat with them through messenger, compose an email conversation or cold calling them, but do this in a cautious manner. You don't want to break your first impression with them. Typing carefully, rewriting it when some typos occur and reviewing your message before sending and is crucial in relationship building. And lastly, make it more personal and casual - you don't want to sound like a slick salesperson or an AI in typing your messages. Yes, it might be time-consuming but it will pay off once you get it going.

Find your "Most Agreeable Person"

Selling your solution/idea to the "**Most Agreeable Person**" **first** is the key to be successful in pre-selling your idea. Finding the most agreeable person will help you later on when you pitch your idea to your target customers. The purpose of finding the most agreeable person is to use them as leverage, as supporters for the idea you are selling. But how do you find your most agreeable person? First of all, the most agreeable person **must be your target customer** and second, you must already have a **relationship** with them. Those two are the characteristics of your most agreeable customer.

Characteristics of the “Most Agreeable Person”

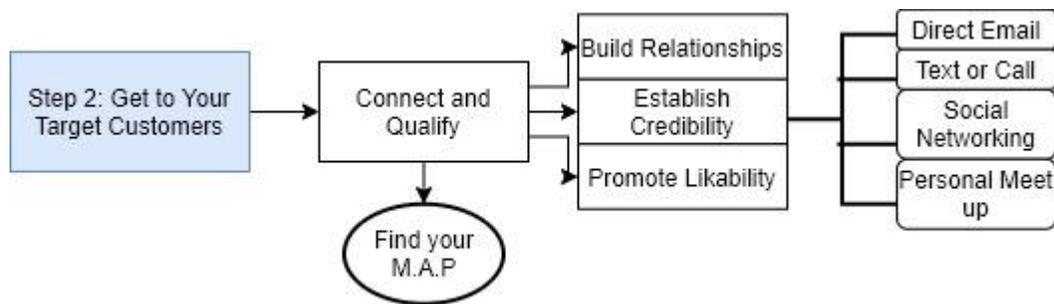


Basically, your “Most Agreeable Person” or MAP can be a member of your family, relatives or friends that has the problem you are trying to solve. Furthermore, your “Most Agreeable Person” can exceed than one which is better because the more Agreeable Person you have, the more likely your idea will be valid which ultimately leads to validating your idea and adding more funding in the process. In the last example, I used the cyclist as a sample target customer, so let's say one of the cyclists is your friend. immediately he/she would become your “Most Agreeable Person”. This applies if you are solving a problem but if the idea you are selling is based on your interest then your family, relatives or friends are your “Most Agreeable Person(s)” automatically. To convince them to support your idea, you have to sell your idea to them. You can straightforwardly say what your idea is all about, what benefits are they going to get and what your purpose of doing that. Get as many as MAP as you can – it is not only limited to one person. The more MAPs you can get the, more successful your idea selling will be.

What if you can't find your MAP?

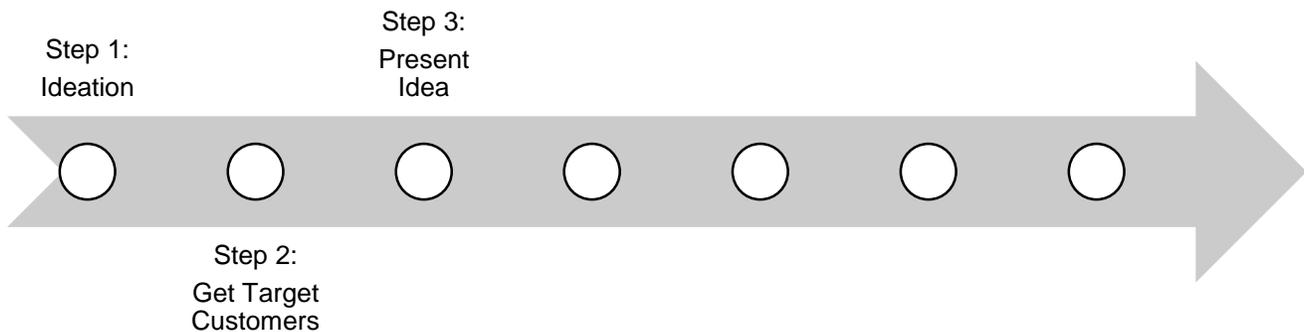
Well, it doesn't matter. The MAP is just there to support you later on and as leverage. If you don't find one don't force yourself to. Finding your MAP is optional. A MAP is kinda like vitamins – “a nice to have” but not like medicine which is “need to have”. So, move on to the next step whether or not you have your MAP.

Summary



- Step 2 is all about getting to your target customers. These are people who you think might be interested in your idea or solution.
- There are 4 ways to get your target customers if your idea is solution-problem based 1) from your current network. 2) Look within your current network's network 3) From strangers that you think has the problem and 4) Approach random people and try to ask them a survey
- On the other hand, if your idea is based on your personal interest then your friends and family are your target customers.
- Connect with your target customers to build a relationship with them.
- You can connect with your customers via **email, text messaging, social networking sites** and/or **personal meetups**
- Getting people's "yes" qualifies them to be your target customers.
- **Credibility** and **Likeability** are psychological triggers that can build instant trust with your customers.
- Sell your idea first to "**The Most Agreeable Person**" and use them as leverage later on
- MAP Qualifications: target customer + present relationship with them

Step 3: Present your Idea



Step 3 is done after you finished asking them about their problem or sharing your interest and qualifying them. Moreover, this where you are going to show your solution to your target customer's problem or your personal interest. This is also called the "**Pitch**". As discussed in the first chapter, the pitch is a selling technique wherein the salesperson presents the product or service to its prospective customers in an attempt to persuade them to buy. In selling there is always a part wherein the pitch goes. It is such a fascinating event to see because you will be amazed at how salespeople present their products to their customers and make them buy, without forcing them to.

First Things First

Now before we go on to pitch your product idea, let's first get things into the proper place. There are 2 things to do first in order to secure that you are on the right side of things. Each of these things will further help you boost your trust and qualifications for your target customers.

1. Get to Know About Them

In the previous step, you connected and validated your target customers by asking the line *"Hi, Do you also have a problem with XYZ?"* Or *"I have this new idea that I am going to build, are you interested in it?"* and their "yes" answer. Follow that up by asking questions related to the previous questions you asked. So for example, you use the line *"Hi, do you also have a problem with XYZ?"*, after your target customer said yes you can follow that up by *"Are you looking for a solution to this problem right now?"*, *"Are you currently looking for an alternative to this problem?"* or if you want to talk about your personal interest, say something like *"This idea of mine will greatly benefit others who might be interested as well. Will you be interested in hearing more about it?"*.

Setting up random follow up questions is a great way to build interest, but it's not only limited to questions related to their problems, but you can also ask them random topics you both have in common with. People do love to talk about themselves if they are given a chance, so ask along! Just engage in a normal conversation, you don't have to rehearse or stage your questions. Bring the natural flow of the conversation like you are talking to a friend. This can be also be done in a group setting wherein you ask the same question to all of them.

2. Honesty is the Best Policy

You are now getting close to presenting your solution to them. You have to be honest with your target customers. Tell them why you are having this conversation with them. It's always best to tell them your intentions straight up right away. Ask for their feedback regarding your product idea and tell them that it isn't built yet but if there is enough demand you will go and build it.

Being honest with your plans will make you more likable thus making your target customers trust you even more because of the fact that you are sharing something you want to build which could benefit them too. Moreover, they will think through how the solution will finally solve their problem which may sometimes lead to them to **collaborate** with you.

Psychological Trigger: Collaboration – It means “working together with something”. People are more likely to help you if what you tend to create will benefit them too. Imagine yourself coming across your mom who is making a cake, now if you love cakes you are more likely to help your mom bake because it can benefit you too – that means you get to eat it too.

PITCH

This is it! This is the time to make your pitch. Performing your pitch for the first may not be the way you will expect it to be. Pitching takes time to master and practice. There was one guy I saw on the reality TV show, Sharktank who practiced his sales pitch for months after hearing that he would be featured on the show with the potential to get investors. And the result? It was remarkable, it was like watching a live infomercial.

But you don't have to practice months before delivering it. You could practice just a couple of times and perform. The main goal of practicing your pitch is for you to be able to answer whatever questions and inquiries your target customers might ask. Make your pitch understandable by speaking with the language they speak; this means eliminating jargons – terms that people normally don't understand. But if you really have to, explain it in layman's term – use examples and metaphors so that your message can be understood. Making your pitch structured and well-thought-out is the key to make it successful. And in order to do that, you will be presenting your pitch using the **PCAN Model**.

The PCAN Model

The PCAN Model originated from the ancient philosophers of rhetoric, which used this structure as the best way to debate questions of policy. The acronym stands for **P**roblem, **C**ause, **A**nswer, and **N**et Benefits. The PCAN Model is used to convince an engaged audience, and in which case are your target customers. It is a simple selling technique that can work wonders when used properly.

Problem/Interest

You already did this back in “Step 2: Get to your Target Customers”. I don’t have to repeat this but I will give a tip: The problem/interest should be simple and straight to the point in order to not confuse your target customers. Your idea must be used as a “hook” to get your audience interest. To evaluate whether your idea is worth listening to, ask yourself “*why should my target customers listen to me?*”

Cause

Explain to them the cause of the problem or the reason why you want to pursue your interest. Explain to them in full detail why the problem was there in the first place. This will demonstrate the power of your credibility and that you dedicated in your time in investigating the cause of the problem. Previously, we talked about two types of credibility: Domain Authority and Expertise. We will discuss how you could apply these two in explaining your cause.

- **Make yourself Credible: Domain Authority and Expertise**

The purpose of this is to further enhance people to trust you and your abilities. Your credibility can come from two forms which are Domain Authority and Expertise. Your choice of credibility It all boils down to your preference. To utilize this properly you have to relate your product idea to your credibility. For example, you decided to use your Domain Authority as your credibility. So, let’s say you are a carpenter and you plan to build a wooden chair that aids people with back problems. Being a carpenter makes yourself qualified to build a wooden chair because you are a carpenter that’s what you do. Or let’s say you

use your Expertise. This is fairly simple, just talk about the problem in great detail explaining to them its root causes and telling them that you know someone who can make your proposed product idea. That someone might be a skilled individual or a manufacturer you talked to before (It's better to bring them along with you for proof). Take for instance, you plan to create a wooden chair that aids people with back problems but you are not a carpenter, so you did your research; searched for statistics and data regarding back problems, doctors' advice, and facts. Thereafter, you told them that you know a carpenter that can exactly do the job for you.

Making yourself credible means sharing a bit about yourself, who you are, what value you are capable of offering to them and why they should listen to you. Do remember that you don't want to excessively talk about yourself or brag about your achievements in the past. Doing so may lose their interest. Telling them why you want to solve their problem is enough. Remember people only want things that they can benefit from. "But what if I don't have any kind of credibility?" you might ask. Well, there is an answer to that and that is to use your M.A.P as a form of credibility.

- **Use your M.A.P as Credibility**

Some of you will have little or no credibility, but it isn't a problem, you can use the power of your MAP or **Most Agreeable Person** and leverage it as your credibility during your pitch. Your MAP will serve as an extra support during your pitch in order to convince people more effectively. Furthermore, your MAP will serve as your prime motivation when things turn out not as planned. They will help you push through despite the negativities and doubts you will be facing. As they say, "*two-heads [or more] are better than one*", nothing could be truer than that.

Answer

This is where you present to them your product idea. The answer is where you state that you can finally put an end to the problem you, they are facing right now – the solution. Show to them on how your solution can solve the problem and prove to them that it will actually work in the real world.

Many of your target customers will doubt on how your solution can be possible in the real-world. You can come up with a brilliant solution to a problem but the question is – will it actually work?

The Ferris wheel is a thrilling thing to ride, kids most likely enjoyed riding on the giant wheel. But before the very first Ferris wheel was invented, the inventor faced a big challenge when he tried to sell his idea of building a giant wheel. Gorge W. Ferris, an owner of an iron and railroad testing company stumbled upon an idea of building a giant revolving wheel when the chief architect for the fair issued a challenge to America’s engineers. Asking them to design something unique and amazing. Ferris took the challenge and worked with his team to calculate if it is possible to build such thing. After weeks of intense calculations, Ferris declared that it was possible. They went to the committee and luckily, they accepted Ferris’ proposal.

However, the next day the committee backed down saying that the design was “unsafe” and “unworkable”. But Ferris persevered, he continued to create detailed specifications of his work and even got investors to fund his idea. After 5 months he returned to the committee with his more detailed research to prove that his idea was possible to work on. This time, the committee approved their appeal and the rest his history.

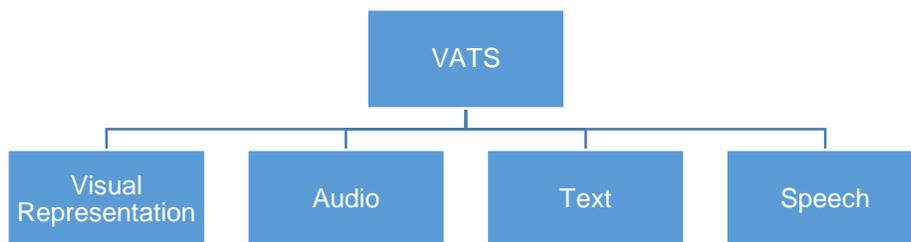
Therefore, you must make your presentation vivid to the eyes of your target customers so that they will easily understand what you are talking about and make it believable into their eyes. And in order to do that you have to demonstrate your idea using a **M.E.V.O.**

M.E.V.O

You are going to present your solution/interest to them through a M.E.V.O (pronounced as mee-vo) or **Minimum Economical Viable Offer** a term derived from the software startup world of Silicon Valley. A M.E.V.O is an offer of your proposed product, using **information** that discusses its specifications and benefits in order to convince people to buy in advance which we call “pre-orders”. Its main purpose is to first validate an idea by getting a payment from

people which we will call “early adopters”. To put it simply, a M.E.V.O is a basic prototype of your product idea which can be in a form **Visual Representation, Audio, Text, or Speech**. It is abbreviated as VATS.

Huge companies like Google use a form of M.E.V.O, which they call “paper prototype” when they try to create a new product. Even though the company is now worth billions, they don’t rush their developers to create a software that they would like to have. Instead, they first sketch their idea on a piece of paper and gauge if people are interested enough to use it. Then after they have proven that people actually use it that is the time, they built it.



Each form is ranked in no particular order.

- **Visual Representation**

In the prior chapter, we talked about visual representations which you will use to present to a manufacturer or a skilled individual to ask them if creating your product idea is possible. The good news is you can reuse it to pitch your target customers. Visual representations are the most effective form of a M.E.V.O usually because it paints a picture of what your product is going to look like. Again, visual representations can take a form of a sketch, blueprint, 3D Mockup, framework, or a physical prototype. For example, your product idea is a foldable chopping board, you can draw a sketch about it, use a 3D Mockup application like Photoshop or create a basic prototype model of it and present it to your audience.

- **Audio**

Audio can be used effectively if you have a product idea based on sound. Maybe your product idea could be a whistle, alarm, a music sample, your soundtrack, etc. Do you notice how some singers give a sample of their soundtrack and sell their album before releasing it? That's pre-sell in audio form in action! Let me give you a rough example of its application. Tony is afraid of dogs because he had trauma from the past. It was a big problem for him and he badly needed a solution. So he scoured the internet in search of whatever repels dogs. At last, he discovered that dogs are afraid of ultrasonic frequencies so he had an idea to make a dog repellent using ultrasonic frequency. He then demonstrated the audio recording to his target customers with dogs of course (humans can't actually hear ultrasonic sounds).

- **Text (with or without Images)**

Using text is very effective if you are selling **information**, like this book for instance. This book was pre-sold using only text and images to support it. Information can be in a form of, reports and analysis, text sheets, specialized documents, data, and books. Using text can be done if you don't have access to making visual representations like 3D rendering or layouts. Adding images adds a visual appeal to your target customers which makes the picture clearer on what you are trying to pitch to them.

- **Speech**

This is the simplest and most fundamental form of a M.E.VO. Never underestimate the power of words. Using speech is not just as effective compared to all the other forms above but telling someone about your idea is better than nothing at all. The secret for your speech to be successful is to tell a story. Telling a story paints a mental image in your customer's mind, that way it could be memorable and emotional. Think about politicians. They only use words to sell their idea - to sell themselves, yet people vote for them because of what they said. People hearing their speech generates a mental image of what the country would look like if they were the one in that position. Many deals have been done just by using speech to sell their idea. And oh, did I mention that you have already sold your idea to other people using only words?

Now, what you are going to do is pick one of the VATS that you want to use in your presentation. But you are not only going to choose one. Each of the forms can be combined into one another to make your idea more vivid. The more forms you combine the clearer the picture will be in your target customer's mind. You can combine speech and visual representations (as you should be), text and audio for a classier way, or you can even combine all four of them to make things very unforgettable!

Net Benefits

What will your target customers get after they get the product? Will it make them happier? Solve their problems? As I said before people will not be interested in your idea if it doesn't benefit them. Your benefits must be focused to them and not yourself. At this point of your pitch, you have to convince them that the idea you have now is better than other alternatives out there (if ever there are). Tell them what kind of value they will get if the product is to be made.

Each component of the PCAN Model serves a purpose and if you miss out on just one of the factors, your pitch might go flat. You may want to write down the model on a piece of paper so you can easily structure your pitch. Preparedness is key to a successful idea selling campaign.

Sample Pitch

Here I will be presenting you with a very simple sample pitch for you. This sample pitch will help you understand how to structure your pitch to your target customers.

Problem

Do you experience back problems whenever you are sitting?

Cause

Back pains can come from a lot of reasons, from birth defects to injuries and etc. But the most common cause of back pains is when you sit for a long period of time, especially when you sit in a bad posture. Sitting in a slouched position puts a lot of strain of the discs. The discs are kinda like cushions filled with water that protect the spines from

rubbing together. Your back pains can become worse if you have an underlying medical condition.

Answer

Luckily, I came up with a solution to your problem: The Posture Chair. The posture chair allows you to sit in a proper position preventing you from slouching your back when you sit. This diagram shows what will the chair look like. I have talked to local carpenters to see if it can be made and they said that it was possible.

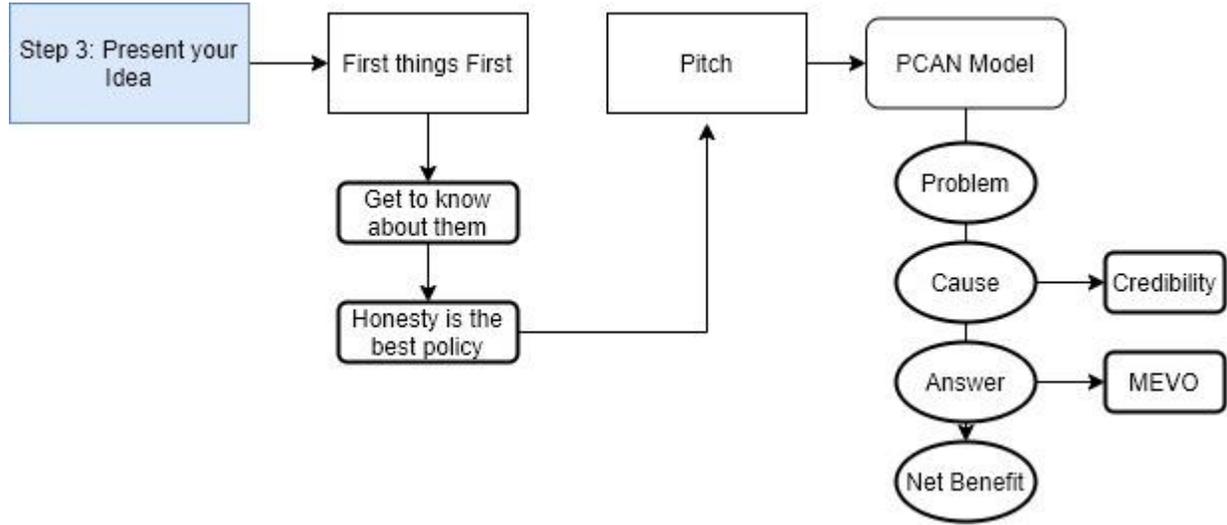
Net Benefits

With this chair, you can sit as long as you like without experiencing back pains anymore.

But What if I am Not Good at Speaking?

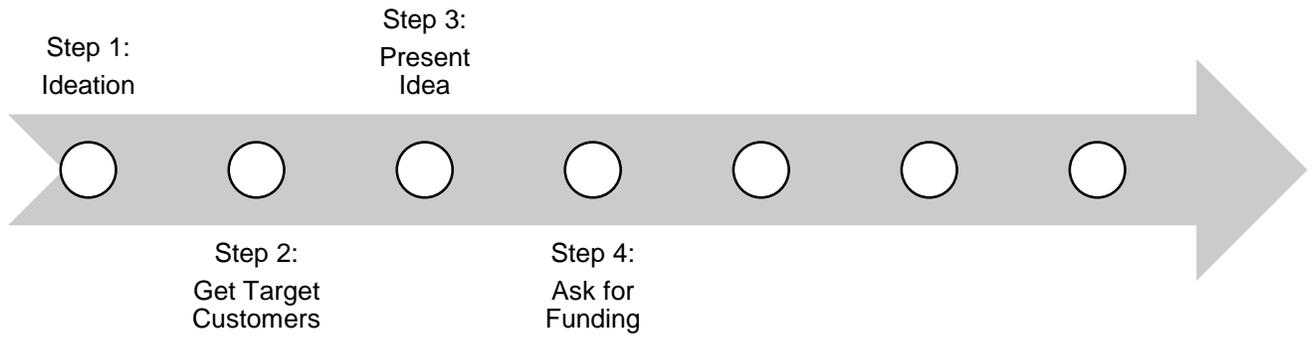
There are two ways to solve this: **1) Train Yourself to be good at speaking** and **2) Use your MAP (Most Agreeable Person)**. The second option is the quickest and the best way to address this, you have your MAP for a purpose. You can tell your MAP to do the talking instead of training yourself to be good at speaking which can take a lot of time to develop. This is especially true if you are a shy person and not very confident about yourself.

Summary



- Step 3 is all about presenting your idea which is called the “**pitch**”
- First, get to know about your target customers. Second, tell them honestly about your intentions
- Pitch you product idea to them using the **PCAN Model**.
- PCAN stands for **Problem, Cause, Answer** and **Net Benefits**
- Explain your Cause by demonstrating your **credibility**.
- Present your Answer using a **M.E.V.O**
- M.E.V.O means **Minimum Economical Viable Offer**. It is basically a rough representation of your product idea
- A M.E.V.O can be in a form of Visual Representation, Audio, Text and Speech
- If you are not good at talking you can solve this issue in two ways: **1) Train yourself to be good at speaking** and **2) Use your MAP**. The second option is the best option.

Step 4: Ask for Funding



Asking people for money on a product that isn't there yet might be the biggest challenge you will ever face. Step 4 is the hardest step of the process but also the most essential because it will decide whether or not you will continue making the product. Here is the thing, it might be uncomfortable asking people for money right after you built a relationship with them but if you were honest right from the start you don't have to worry about it. The main purpose of asking for funding is 1) To validate that there is a demand for your product and 2) to raise funds in building your product.

First Things First - Part 2

Before asking for payments from your target customers, you have to meet the requirements below first.

1. List the Number of your Target Customers

First, you have to list your target customers you have interacted with. You can either list them on a piece of paper on your phone or even in your mind. But writing it down and listing it is the best option since we sometimes cannot rely on our mind alone to remember accurate information. We will use this

information later on, to decide whether or not to pursue building your product idea or not.

2. Set a price point

Pricing depends on what product you will be creating; you will be the one who has to decide how to price your product. Use the pricing methods in the previous chapter if you are the one that will make your product. You can compare your price based on your competition, add all the cost for it to make and add your profit margin, or simply price the product based on how much you value it. If you assigned someone to manufacture your product then you can ask the manufacturer how much your product would cost to make.

3. Set a Deadline

Your deadline depends on how long the product has to be made. Also, make sure to tell them that you will return their money if you cannot deliver or haven't reached your **minimum number of paid customers** (discussed later). This is in order for your customers to know when they will receive the product, to erase the skepticism in their mind, ensure that their money is in good hands and also for you to actually make the product and avoid procrastinating. Setting a deadline is important in order to deliver your promise to your customers. It also sets the expectation that you are committing yourself in building that idea of yours. Creating a deadline sets in the psychological trigger called "**Anticipation**".

Psychological Trigger: Anticipation – Do you notice upcoming movie theaters that advertise "Coming Soon to Cinemas!". This leads to people talking about the movie for weeks and months before its release and as a result, people fall in line and buy tickets in advance just to see the movie first. Anticipation makes your customers excited about the idea you presented to them and look forward to its launch.

Collect Pre-orders

After you have the 3 steps, you are now ready to take pre-orders. There are two ways you can collect pre-orders. You can either ask for a **full advance payment** or an **initial down payment** which will be paid in full after you released your product. Both ways roots back to our previous discussion on the two methods of pre-selling which are Idea Validation and Idea funding. Again it depends on what your intention or goal is. If you don't have money to build the product and you want people to fund it then you ask for a full payment, on the other hand, if you don't need funding and only want to validate your idea to see if there is a demand for it, a.k.a "will people buy it?" then you ask for an initial down payment. No matter what kind of pre-selling method you take, it doesn't matter, the important part is to make your customers **commit** to your idea by paying in advance.

Psychological Trigger: Commitment – Commitment is a powerful sign that someone is willing to risk their money on a thing that doesn't exist yet. Moreover, It means to say that your idea is more valuable than the money they are holding right now.

After presenting your product idea you could ask them for payment right away or if they don't have the money yet follow-up with them the next day. It could be done whatever way you prefer. Collecting payments is very effective if you do it in a group setting because it triggers a psychological trigger called "**Social Proof**"

Psychological Trigger: Social Proof – is a psychological phenomenon where people follow the actions of others based on the assumption that those actions are reflective of the correct behavior.

There was an experiment in the 1960s wherein people entering the elevator were facing backwards and when the person (victim) entered first realized that all the people inside were facing backwards he also faced backwards thinking it was the correct thing to do. There is a video of it and it's quite hilarious if you

watch it. So how could social proof apply to you? Essentially, when you are talking to a group of people asking for payments, if one person hands out their money to you most likely others will follow too.

Give Pre-order Incentives to Encourage Them to Buy

Psychological Trigger: Pre-order Incentives – Marketing Statistics show that giving incentives increases the chance of purchasing a pre-order as much as 300% compared to not giving incentives during a pre-order campaign. In my opinion, this is the most powerful psychological trigger of all it is because it tempts the customer to buy a product without you pointing a gun on their head.

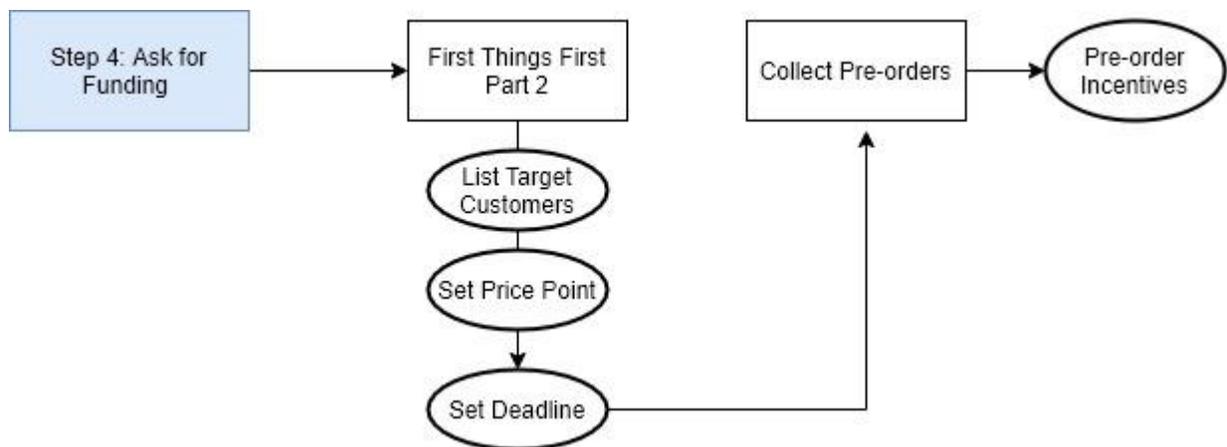
Giving your target customers an incentive is a great way to induce them to buy your product even before it is made. Incentives can be in a form of **freebies**, **bonuses**, **gifts**, and **discounts**. If you want to give an incentive as a gift make sure that it is related to your product. One author I know opened a pre-order of her book and she gave specialized bookmarks and postcards as an incentive. Another one is in the videogame industry. Call of Duty once announced a pre-order of their game and gave a specialized mission as a bonus to those who pre-ordered the game. Now, if you don't have anything to give as an incentive, a little discount can do the trick. You can offer 15%, 30% or 50% discount to those who purchase your product on a pre-order. Discounting triggers an anchoring effect on your customer's mind and making them think that the price of the product is way cheaper than the original price.

Psychological Trigger: Anchoring Effect – It is a type of cognitive bias wherein the person focuses on the initial information given to them when making a decision. For example, you saw a t-shirt priced at P250 and the other one P150. Seeing the P250 t-shirt first makes the P150 t-shirt cheaper. This can always be seen in malls when there is a sale. Marketers use anchoring in their price such as crossing out a bigger price and placing a lower price below it because they know it is a powerful trigger to make people buy their stuff.

Pre-order Sample Scenario

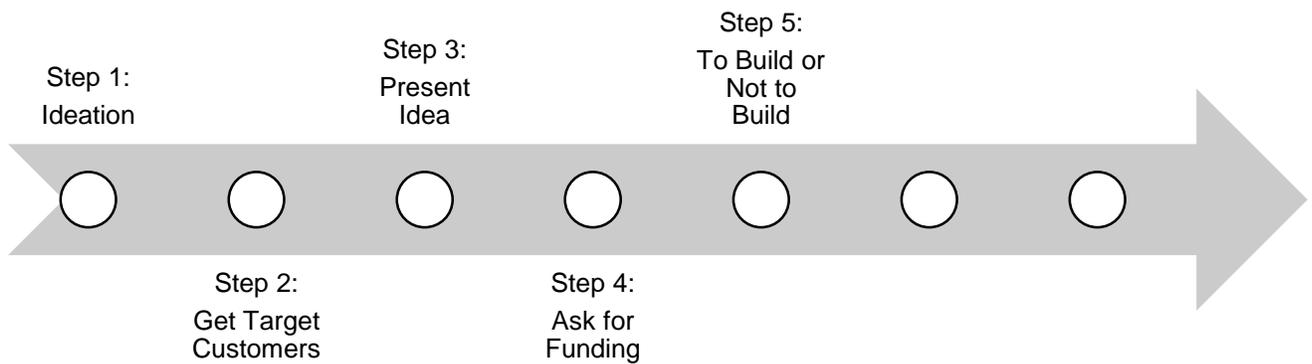
Let's say you finished pitching your product idea to them, you could say something like, *"It isn't built yet but I will build it if there enough people who will support me with this idea. You can show your support by paying for this in advance, this is in order for me to validate/fund this idea to make it real. The product will be priced at (insert amount) and I will give a special (insert pre-order incentive) to those who will place a pre-order now. I promise I will release the product on (insert day and month of your release) and if ever I do not deliver what I promise I will return your money back."*

Summary



- Before you ask for funding make sure to do these 3 things first: **1) List the Number of your Target Customers** **2) Set a Price Point** and **3) Set a Deadline**
- When asking for pre-orders, offer them pre-order incentives to increase the chance of them buying.
- Examples of pre-order incentives are – bonuses, gifts, freebies, and discounts

Step 5: To Build or Not to Build



After you ask for payment from your customers it's time to decide whether or not to pursue creating the product. It's very understandable that not all of your target customers will pay for your proposed idea and become customers. Maybe because they have no spare money at that time or maybe they just don't like your idea from the get-go. So, from your list of target customers how many of them paid for a pre-order of your product? Determining the green light to build your product solely depends on the **First Digit Law**.

The First Digit Law

The law states that *“In order to continue and make your product, the number of paid customers must correspond according to the number of the first digit of your target customers.”*



To get this into perspective, let me explain the law more clearly. Let's say your target customers are 10 in total. Take at the first digit which is 1. So you must have 1 paying customer before you proceed to create the product. What if you have 19 target customers? You will still proceed if you have only 1 paying customer because the first digit is 1. But how about if you have 26 target customers? Take the first digit, 2 and that is the minimum number of paying customers you must have before creating your product. Here is a rough benchmark on how to go to with this:

Number of Target Customers: 1-19
Minimum Number of Paid Customers: 1

Number of Target Customers: 20-29
Minimum Number of Paid Customers: 2

Number of Target Customers: 30-39
Minimum Number of Paid Customers: 3

What if you didn't get the minimum number of paid customers or nobody paid?

Let me tell you this personally, you are going to feel bad and disappointed about it. But on the bright side, it's not the end of the world yet. Take your failures as a learning experience to do better next time. Remember what I told you? "Nobody, no matter how good they are, will get it right the first time they try" it goes to you if it's your first time trying this out. You have two options if you didn't get your minimum number of paying customers.

1. Stick with It

If you really believe in your idea and you are really confident about it, then go ahead. Learn from your mistakes plan and try again. Let me remind you that don't do the same thing over and over again and expect different results - remember that's insanity you are doing. This means that they don't try and ask the same target customers the second time again. You can't force people to buy stuff they don't need or want. Assess what went wrong and try to change your sales pitch or target customers. Your failures are more likely to come from your chosen target customers.

2. Get Back to Square One

Accept that you are a failure, cut your losses and get back to Step 1. This means coming up with a brand-new idea. I know that you loved your idea like a baby, thinking that it's perfect however it doesn't matter if people don't love it too. The market speaks the truth. Customers are the one that gives you money and in order for them to give them money, you must give what is it that they love, and not the other way around. Coming up and honing another idea is hard and it takes time but sometimes it's the best action plan you can take.

It's up for you to decide which course of action to take. You are the one that controls your mind, not me. I am just only giving you different options to choose from. Taking any of the choices will still lead you to succeed because you learned to fail and failing means succeeding in the end.

What to do with target customers who didn't pre-order?

Ok first understand that making decisions takes time and there are people who are slow to decide (like me) because they want to think things through. This goes especially if your product idea is expensive and people are thinking if it's worth the wait to bet their money on it. Your customers are not animals, they know that they are taking a risk by putting their money to you, on a product that doesn't exist in this world yet.

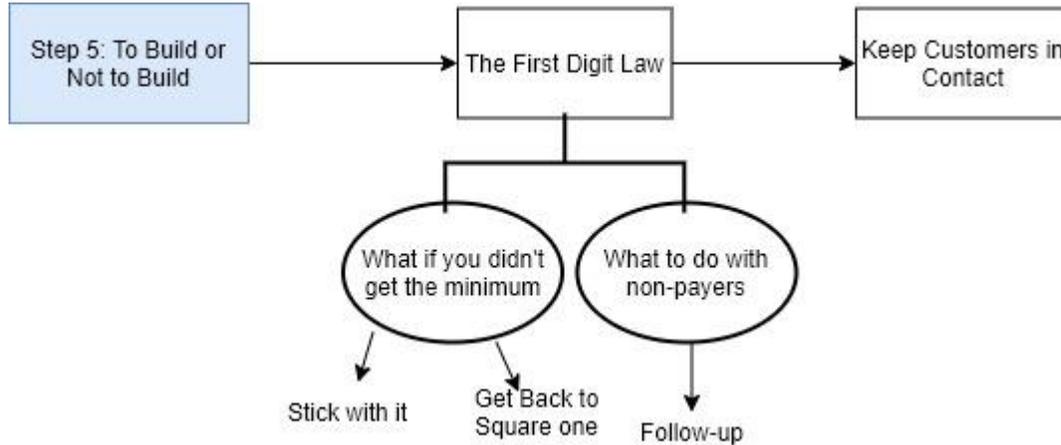
Therefore, you have to follow up with their pre-orders via text messaging, email or chat. Make sure you get the contact numbers of those who didn't pre-order if you are seeing them face to face so you can send them a message later on. Follow up with the pre-order payment **3 times**. If they don't respond or gives excuses for not placing their pre-order, accept that they will not pay you in the future and never mind them. Focus on your customers instead and make them secure and happy. It's better to put your time and effort into people who collaborate with you.

Keep Your Customers in Contact

The last thing you want to do is get your customer's money and leave them out of the dark after they pre-ordered. You don't want to do that to them, it will destroy your relationship and their trust with you. Contacting them is to make sure that you are actually going to pursue the idea and to ensure that their money is in the right hands. We'll because you have their money, right? It is still theirs until you actually deliver the product.

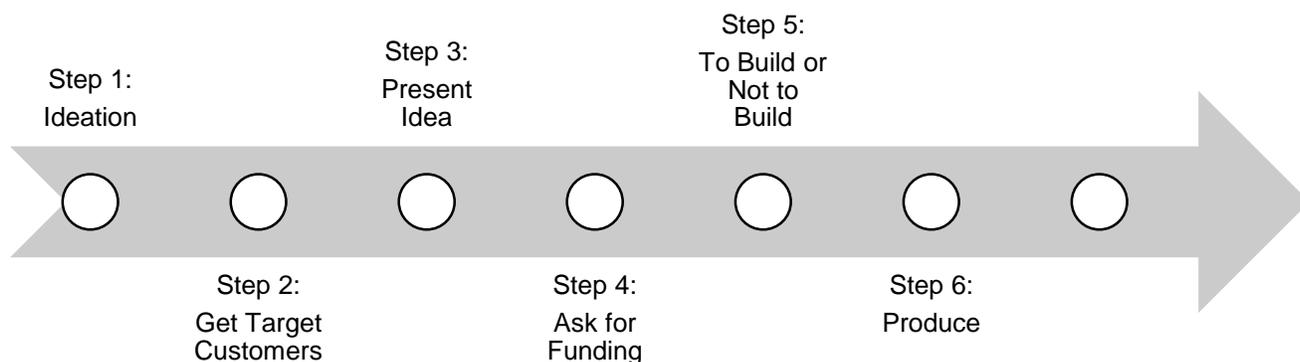
Get your paid customer's contact if you still haven't and send them a message or two every week. A text message or a chat from any social networking sites shall do it. Add them as a friend on Facebook, follow them on Instagram or Twitter to further strengthen your bond with them. The best way to do this is to **create a private group** or a **group chat**, like the one on Facebook, so they could interact with other members who face the same problem too. Share your progress by sending them photos and videos to get them updated on your project. This will make them excited and anticipate the date you finally release your product. In the end, fostering relationships with them pays tenfold.

Summary



- Step 5 is where you decide whether to build your product idea or not
- Use the **First Digit Law** to identify whether or not you will continue to build the product or not
- The First Digit Law states that *“In order to continue and make your product, the number of paid customers must correspond according to the number of the first digit of your target customers.”*
- You have two options if you didn’t reach the minimum number of paid customers required: **Stick with it** or **Get back to square one**.
- Keep your customers in contact with you. You don’t want to look like a sleazy salesman after they gave you their money.

Step 6: Produce



This is the stage where you now finally build your product. I know you have been waiting for this stage of the process and maybe you have been itching for it to be created. However, entering the validation phase first before building your product is the essential first step. You may use the funds you have gathered from your customers in building your product or to increase the amount of capital needed to make it. Also, the funding you got from your customers will not only help you create a product, but also a better one that meets their expectations.

Plan

Planning is basically a simple productivity hack. Productivity isn't something that is overly time-restricted. It's about getting things done effectively and orderly using a little amount of time as possible. Planning is one of the most important things to do in pre-selling because time is not on your side and you need to get your product done as quickly as possible. In business, everything has to be planned this is in order to identify goals and how to achieve them. This is especially true if you are working with a team, it allows all of you to be on the same page working towards a specific objective. You don't want to be in a scenario wherein you say "Ok. Gathering materials is now done, now what's next?" or worst "Ok I finished doing this and that, but oh I forgot to do A before

C.” Many people hate the idea of writing things down in their plan, they want things to be implanted in their head but it doesn’t work all the time.

Complex and long activities can’t be easily recalled the human mind, that’s why our ancestors invented writing in order for us to easily remember things. Try solving complex algebra mentally, I bet you can't do it because you need to write down solutions and concepts. It’s the same with creating your product. You need to list things down like what materials to buy, what equipment to use, how long should the hardening process be before coating another layer and so on. So list things down when planning. I regret not writing my ideas down when they pop in my head just because I think I can recall it later them or tomorrow when I usually can't. Below are the nuts and bolts of modes planning, which are **scheduling activities** and **making a checklist**. You can choose any of the two or maybe combine them both.

Schedule Activities

Scheduling activities is really simple. Keeping a schedule for your task will help you manage your time more efficiently. The goal of scheduling activities is to get more things done in a short amount of time. You may not get used to schedule if it's your first time doing it. But you will get a hang of it over time once you put it into habit.

I list schedules of my everyday task so I don't forget what I am supposed to do next if one task is done. Before, I wasn’t very efficient in managing my time and doing list of activities but when I started scheduling my task I immediately got more things done and had more time to spend doing things that I love like reading and playing videogames on my laptop.

Schedule your tasks using a calendar planner. This is to make sure you are in track of your progress and not get lost in an endless loophole of activities. You must have scheduled activities to do everyday – even your rest day. Here’s an example of how to schedule using a calendar planner.

| SUN | MON | TUE | WED | THU | FRI | SAT |
|-------------------------|-------------------------------|-----|-------------------|-----|--------------------|-------------------------|
| Gather Materials | | | | | → | Rest |
| Work on Project | | | | | | → |
| Rest | Test to Early Adopters | | | → | Learn | Rest |
| Alter | | → | Test again | | → | Learn and decide |
| Finalizing | | | | → | Launch Date | |

Download & Print Free Calendars From Wiki-Calendar.Com

Checklist

Engineers use checklists to build mountain tall skyscrapers. Surgeons use a checklist before, during and after the operation to reduce the risk of the patient dying. Pilots use a checklist before landing and before flying an airplane to prevent crashes. Checklists were designed to reduce errors and ensure the completeness of a certain given task. Checklist protects you from failures. Surprisingly a checklist can also be applied to boost your productivity ten-fold.

Atul Gawande, surgeon and author of the book Checklist Manifesto proved that checklists worked. It all began when the World Health Organization came to him to ask for help with a project targeted towards lowering the chance of death in surgeries and as you might have guessed, the solution was using a checklist – that was it, plain and simple. After nurses and surgeons adopted the use of the checklist, the complication rates dropped to 35% percent significantly in every hospital they went to. The death rates fell to an astounding 47% percent – that’s almost half the chance of a person dying due to operations.

The Army Airforce held a try out among aircraft companies for its new plane in 1935. The Boeing B-17 was the one they used for the tryout. The pilot found the plane difficult and complicated to maneuver prior to taking off because it was still new. Although the pilot was highly trained and experienced, the plane stalled, crashed and caught fire. The tragedy was a result of one forgotten routine and it was the checklist. Whether you are flying an airplane, cooking meals, or shopping for groceries missing one thing can result in a crucial mistake that will greatly affect your performance that's why a checklist is a must for each and every person doing any given task.

Making a checklist is not that complicated. There are two types of checklists and their must-have characteristics according to Atul.

2 Types of Checklist

1. Do-Confirm

This is when a task is done from memory and you confirm the task's completion by checking the list. For example, you have a checklist for cooking adobo. You do one step first and then check your list after it was carried out.

2. Read-Do

This type of checklist takes place when you read the task first before you carry it out. For example, You have a checklist for cooking adobo. You read step 1 first before doing it.

Characteristic of Every Checklist

- A checklist must be practical
- It must also be concise
- The number of items must only be 5-9 items.
- The wording should be simple and exact
- It must be only 1-page
- Use upper and lower-cases in your items list
- It must be tested in the real world.

Atul further reminds us that a checklist is only an aid and if it doesn't aid, it's not right. But if it does, we must be ready to embrace the possibilities.

Productivity Hack: The Parkinson's Law

During the Coronavirus outbreak in Wuhan, China last January 2020, hospitals in China were overly crowded with a shortage of medical kits, protective gears and beds. The city government was in total panic, thus they set to build a new hospital from scratch on January 23. The new hospital was just a few kilometers away from Wuhan and is projected to be finished on February 3 of the same year. A team of engineers, electricians, plumbers and construction workers works day in and day out in order to finish the hospital quickly. And just after 10 days, the hospital was finished with 1,000 beds on the said date. This feat isn't the first one to happen. The first one was during the SARS outbreak in 2003 when China built a hospital in just 6 days which broke a new record for the fastest hospital built.

But how did China managed to do that?

The secret of China's speedy infrastructure building phenomenon is fairly simple, it was the power of the **Parkinson's Law**. The Parkinson's Law is an adage that states, "*work expands so as to fill the time available for its completion*". If a project is set to be finished in 3 days, then it will be in 3 days. If a project is set to be done in 1 year, then it would take 1 year to finish. We set to finish a task based on the time we allotted to finish it and when the deadline approaches, we force ourselves to finish it on whatever time we have left. Accordingly, the time constraint forces us to focus on finishing the task using only what is needed and important to get it done. The Parkinson's Law always takes place in pre-selling because you always have to set a deadline on when the product will be ready or else. Plus, you will also be forced to work only on the bare essentials of your product in order to get it done fast, which is needed as you will learn in the build phase afterwards. But don't wait 3 days before the deadline and work on your product, that's procrastination – you have set a date for a reason.

The Build Phase

At this point with all the planning set you are now ready to start building your product. But not the fully finished product yet. You must first build an initial product first also known as an **MVP** or **Minimum Viable Product** in order for you to test your product to your customers for them to see if what you built meets their needs and wants. In the build phase, you need two things in order to get your product creation going, they are the **MVP** and the **Early Adopters**.

MVP

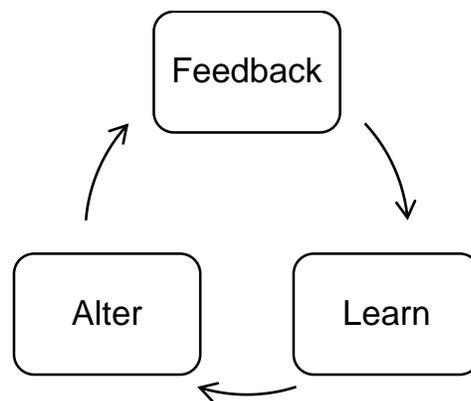
An MVP or **Minimum Viable Product** is a basic version of your product that has the functionality to address the customer's problems or needs. Additionally, an MVP is made to be altered at some point when you go through the **MVP Cycle** as we will discuss later on. The main purpose of an MVP is to gain insights about your product if it fits the customer's taste and expectations. Creating a finished product is time-consuming because you won't know whether your customers will like the product that you've built (even though your idea was validated beforehand). Adding unnecessary features in your product is just a waste of time, instead, just focus on the essentials - mainly the question that your product answers. Only build the solution that your product solves and only that.

If you are trying to bake a cookie, focus on its taste and give samples to see whether your **Early Adopter** likes it. Deal with the packaging, logo, and design later on - it's just a waste of time and additional unnecessary work. Reid Hoffman famously said, "If you're not embarrassed by the first version of your product, you've launched too late." Seriously, save the glitters and sparkles later on after you have learned enough if your offer is really of value to people.

Early Adopters

Early adopters are those people who are going to use your product first. Typically, your early adopters are your **paid customers**. You want your customers to use your MVP and get helpful feedback from them in order to make changes and further improve your product before the majority of people are able to use it for primetime.

The MVP Loop Cycle



After you have built your first MVP you are now ready to present it to your early adopters for them to use and for you to get data to get **feedback, learn** from it and be able to **alter** what needs to be improved, removed or changed. The MVP Loop Cycle is used to improve the product over a period of time. This is really important to execute because you really don't know what the market (customers) actually wants. So your solution must be fit-perfect and it could be done using this loop cycle.

Feedback

First and foremost, I would like to remind you that getting feedback is about your product and only your product. I have heard many times of people getting feedback from customers but get offended after they hear the word "this sucks".

Sure, there will be people who will say that to your product but don't take it personally, they are referring your product Not you.

As you get your customers to use your product ask them **open-ended questions**, these are questions that cannot be answered by either "yes" or "no". Ask questions like, "how does it feel to use it?" or "what is it that you like/dislike about this?". Usually, open-ended questions are W and H questions, which are "what", "where", "why" and "how". Using these kind questions are valuable later on as you will use the information to make changes to your product.

Learn

You will be using the information you gathered from your feedback. The data you have obtained from your customers will determine what areas of your product are lacking improvement, what needs to be changed and what needs to be kept. Maybe your customers want you to add a feature that they will love or maybe they want a feature to be removed because they don't like it. It all depends on what your customers really want from your product. Customers are your bosses anyway, so it's essential to listen to learn from what they are saying and giving to them what they want.

Alter

Time to Make the change. The best way to decide what to change is to seek "patterns" on the information you gathered from your customers in their feedback. Like for example, 5 out of 10 of your customers suggested that you change the shape of the handle of your innovative kitchen knife to maximize comfort and reduce hand strain. Immediately you want to modify that area of your product. It's like voting for someone in the election and the individual with the most votes sits in the new position. Altering your product in a number of different ways is one step to perfection wherein your product will be used by thousands of people.

After going through the cycle again, identify what needs to be changed again – what needs to be kept and what needs further improvement and how did people react to the change. You better do this as quickly as possible because you are in a

time-constrained project. It's optimal to document your data in order for you to track changes in your product and be able to roll back if things go south.

The Final Product

After your customers are fully satisfied with what you have made and there are no more or little complaints then that's the cue to finalize your product and let it go out into the market. Of course, you can still revise your product and "adapt" to new changes once time has passed. Your final product can go to the cycle again at any time you want as long as every change adds more value to your customers.

PMLD

PMLD? What does that mean?

It is an acronym that basically says **Plan, Make mistakes, Learn** and **Document** mistakes. I made that acronym so you won't forget the entire process of making your product.

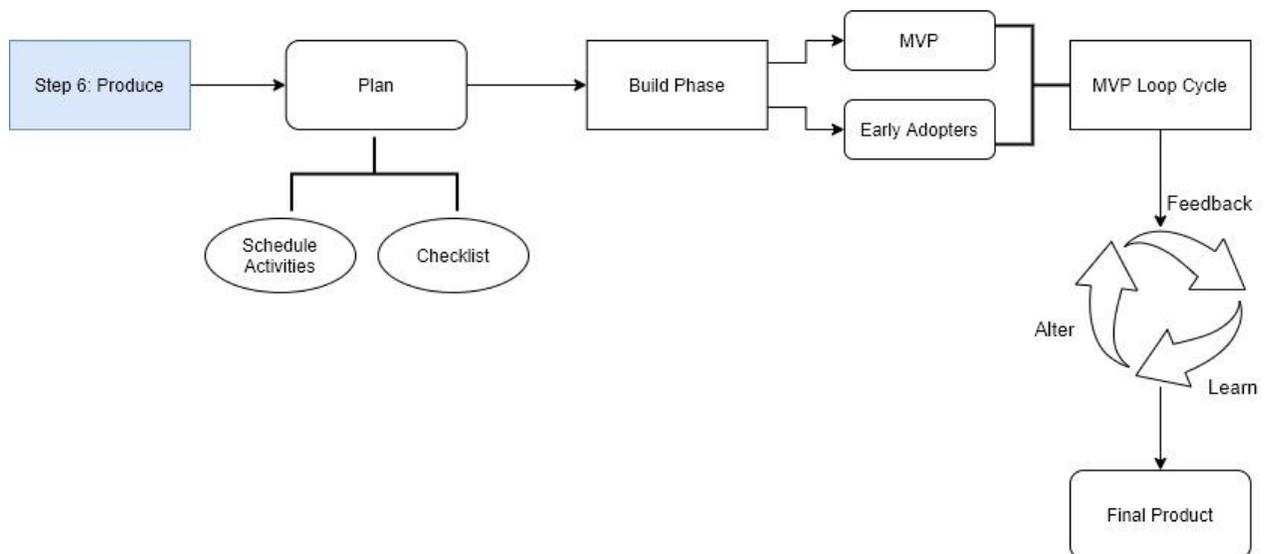
Plan - Planning is essential to navigate exactly where you will be going. A ship never leaves port without a voyage plan because what will you do in the middle of the ocean? Let waves drift you until you reached your destination?

Make mistakes - believe it or not, making mistakes is inevitable. We humans, are designed not to perfect. When building your product always expect to make mistakes. Whatever profession you are in now, even you have worked your butt off for over 40 years in there you will still make mistakes. Chefs still cut their hands with a knife. Ships still collide with one another even though the captain is very experienced. Pilots still crash their airplanes even if the pilot was recognized to be the best pilot ever.

Learn – Everything is learned, especially when we make mistakes. The worst mistakes are those mistakes that don't result in lessons and it's best to avoid those kinds of mistakes. Always remember that every mistake brings a learning path for you to be able to not make the mistake again over again.

Document Mistakes – Our memory sometimes doesn't remember what kinds of mistakes we have done in the past. That's why documenting each and every mistake we make is optimal. You will thank yourself in the future for documenting your mistakes and referring to them after encountering the same problem you faced before.

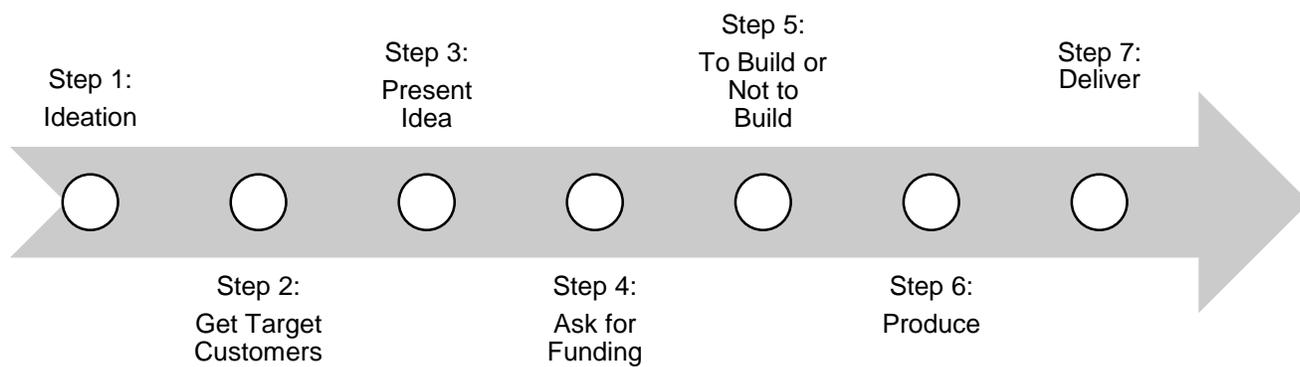
Summary



- You have to plan things accordingly in order for you to be productive and finish it in a short period of time with minimal effort
- **Planning** is important in pre-selling because time is not your friend. You need to finish it as quickly as possible before the deadline
- **Scheduling activities** and tasks are optimal so that you will not get lost in the process
- Having a **checklist** is protecting you from failure and helps you succeed in product building. Any missed step can result in a crucial mistake
- There are two-types of checklist: **Read-Do** and **Do-Confirm**

- **The Parkinson's Law** is a productivity hack that states "work expands so as to fill the time available for its completion".
- You need two things to go on with The Build Phase: **MVP** and **Early Adopters**
- An **MVP** is a basic version of your product which has the functionality to address the customer's problems or needs
- **Early Adopters** are basically your customers. They will be the ones who will be testing out your products first.
- Your MVP must go through the **Feedback, Learn** and **Alter Cycle** in order for it to develop into a finished product.
- A sign that your product is market-fit is if there are no more or little complaints about it which you can declare as your **Final Product**
- **PMLD** – Plan, Make mistakes, Learn and Document mistakes

Step 7: Deliver



Operation: Launch!

Congratulations! Now is time to release what you created into the world. Releasing your product comes from the date you have set before. There will be times where your final product is set to release earlier than the appointed date of your launch and that's ok. Your customers are more than happy to finally get the product that they have been longing for in their hands. But what if you don't deliver your final product on time? Luckily, I have the right answers just for you.

What if you don't deliver on time?

Answer: Compensate

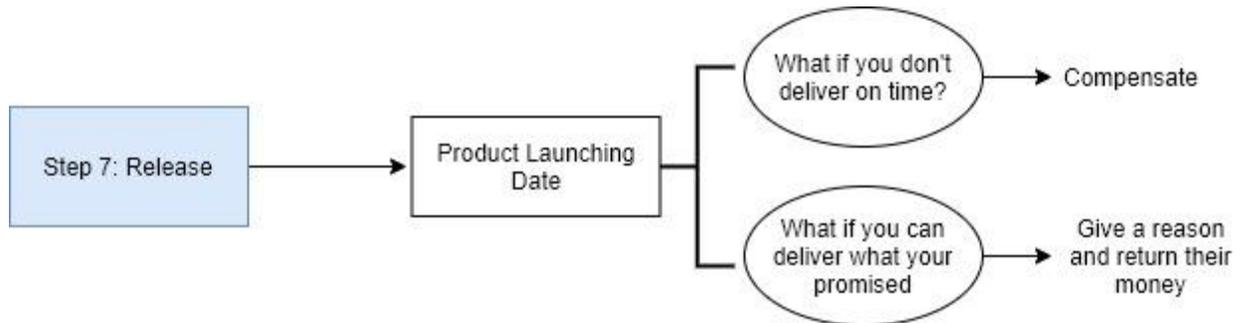
Give them a little something while you are finishing your product or waiting for the shipment to arrive. It can be a **gift**, like chocolates or flowers – if you prefer (just don't try to be cheesy with them). You can also give them something extra that you know they will like, like some sort of a **bonus**. I remembered when my mom told me that ZestAir had a lot of delayed flights but they give people

free meals onboard the airplane as an apology for the inconvenience and people happily accept the free meals because waiting for your flight can be starving at times, don't you think? Another way is simply writing a **note** saying *"Hi, sorry but we could not deliver the product today because of (insert your reason here). But we are 100% sure that it will be released on (insert target date here)"*. People aren't ogres, they know things will always go wrong, that's why saying sorry is acceptable and saying it is just as easy as putting a knife into butter.

But What if You Can't Deliver what you Promised?

Expect this thing to happen especially if you let someone create your product. Maybe the manufacturer had some technical issues regarding the creation of your product or it could be simply just cannot be created. Before you decide to forgo on your product idea make sure that it is humanly impossible to build it to avoid this mishap. That's why I recommend you to talk to a skilled individual first and consult him about your idea before you pre-sell it. But in the event that this happens, just apologize to your customers, **give them a reason why you can't deliver your product and return back their money** on whatever was left. You might be thinking that it will ruin your reputation and make people distrust you, but no. People will be disappointed about this but they will appreciate your honesty for telling them the truth about your product which will maintain your relationship with them. This is what I recommend you to do in case this happens, as opposed to hiding to your customers and hoping they will never see you again – this will ruin your relationship with them and even accuse you of thievery.

Summary



- You can release your final product prior to its appointed date of release
- Things will always go wrong so expect it
- If ever you are late in delivering your product make sure to compensate your customers by giving them gifts, bonuses or your sincere apology.
- If you really cannot deliver your product to the public just give them their money back and state the reason why your product hasn't been delivered

PRE-SELLING CASE STUDIES

In this chapter, you are going to learn how entrepreneurs executed the pre-selling strategy to validate their idea/start their own business and get pre-orders before they made the product itself. Each of the cases below are from established entrepreneurs down to aspiring entrepreneurs and each of their business ranges from different types of market. The steps they have taken aren't as the same as what we discussed in the book but the concept is still the same. I've been holding on to these case studies because I planned to put them in the introduction but its more important that you understand first the context of pre-selling before learning the case studies. The people in the case studies are mostly from the United States. The reason is because I had a hard time finding Filipino entrepreneurs who used the pre-selling strategy, but luckily the last person in the case study is a Filipino.

Case Study # 1: Elon Musk and the Telsa Truck

Ideation

Elon Musk had a big idea to build a truck, but not only just a truck – a cyber-truck of the future! The idea came around the year 2013 when musk discussed with his team the desire to build an electric truck to provide a sustainable-energy alternative for gas-powered trucks. But it was in 2016 that they started working on the truck. During the Tesla Semi and Tesla Roadster unveiling in November 2017, a picture of a "pickup truck that can carry a pickup truck" was displayed. This was intended to make rumors about the cyber truck that will be soon released. Musk predicted that the prototype for his truck will be soon ready to be shown to the public in 2019.

His cyber truck's "teaser show" prevailed again when Musk distributed a teaser image of a vehicle described as having a cyberpunk style with a futuristic design of an armored vehicle. His truck's rather amphibious design was based on a 1976 Lotus Esprit sports car that was used in the 1977 James Bond movie, "The Spy Who Loved Me. A "teaser" is a marketing campaign which reveals a little about the soon to be product. It is designed to arouse curiosity and excitement among avid consumers. Apple uses the same marketing technique before releasing their product to the public to get pre-sales.

As more and more people watched the teaser show, the more people inquired about the product's release date. Musk then stated that "We're close, but the magic is in the final details. Maybe 2 to 3 months" in late July. Then finally Musk scheduled their truck's unveiling date which was November 21, 2019, at the Tesla Studio Center in Los Angeles. Thousands of spectators and early adopters gathered during the launch as they anticipated the moment that they have been all waiting for.

The Presentation

The presentation began with a futuristic girl discussing the problems of the world is facing now - polluted air and people's oil addiction and then they presented the solution which was the cyber-truck. Later on, the girl introduced Elon Musk which opened a discussion that trucks had been the same for over a hundred years and he said he wanted to try something different that is not gas-powered (his statement speaks that he has a unique solution). He then finally unveiled the truck which resulted in mixed reactions among fans. In my opinion, when I first saw the car it looks like trash but because it was just a prototype, it will look slightly different when they will release the car in 2021. Elon then discussed the truck's features and demonstrated his truck's durability by calling out one of his partners with a sledgehammer.

They compared the strength of the cyber-truck's door versus a door of a regular truck. Musk first tested a regular truck's door by smashing it with a sledgehammer which left a dent, then it was cyber-trucks turn; his partner hammered it but it didn't leave any marks on it. Musk then pointed out to the truck's 9 mm thick glass which he claimed to be bulletproof. They then

demonstrated it out by dropping a metal ball on a regular glass and then on a sample glass of the cyber-truck, of course, the regular glass shattered but the cyber-truck's glass didn't. After that, Elon decided to test it out on the truck's front door glass. His partner threw the metal ball on the glass and it shattered, but the ball it didn't go through. Elon even jokingly said, "Man it didn't go through." Do you think that it resulted in people not to buying the truck? I don't think so.

Collecting Pre-orders

After discussing the truck's price which was around \$39,900 (slightly higher than the average price of a normal car in USA), he said that he would be accepting orders now via his website for \$100. He received 146,000 orders just after 1.5 days after his presentation and he tweeted "146k Cybertruck orders so far, with 42% choosing dual, 41% tri & 17% single motor." On November 27, just two days after, the orders increased to 250,000. Apparently, the broken glass didn't affect the number of pre-orders they received. The said truck was to be soon available in late 2021.

But before the trucks release, Elon was skeptical whether people would be interested in buying the truck as he said on his podcast, "I wasn't sure if nobody would buy it or if a lot of people would buy it." Elon further said, "I told the team, *"Listen, if nobody wants to buy this, we could always make one that looks like the other trucks."* Like *'OK, that was a weird failure, but now we'll make one that looks like the others.'*" Those pre-order sales he received proved that people were interested in buying the truck. But this isn't the first time Musk and his team have done this. In 2016, Tesla took in 134,000 pre-orders for the previously-revealed Model 3. They received 1800 pre-orders for the Model 3 each day according to Musk. However, I recently read an article that the \$100 deposit was not for pre-orders. Tesla said that if you want to pre-order the truck, you would have to sign a contract stating that you are committed to buying the vehicle. And of course, the deposit is refundable. But if you ask me if people wanted to buy the truck I would say *"Heck yeah they do!"*. The \$100 deposit is a great indicator that people are interested in buying the truck. I mean why would anyone give their \$100 to Elon Musk? Musk is already a billionaire and people aren't stupid to just give away their money to someone who is a billionaire unless he offers them

something of value (even if it doesn't exist yet). And that was what Musk did, he offered something of value that they will receive in the future. People could spend their \$100 on something else now that will give them actual value but Musk's offer was greater than the value of the \$100 that they had. That's why many people chose to pre-order the cybertruck even if they will not be using it until 2-3 years after.¹³

Case Study #2: James Park and Eric Friedman, founder of Fitbit

Fitbit is a technology company based in San Francisco, California, USA. Its products are activity trackers, wireless-enabled wearable technology devices that measure data such as the number of steps walked, heart rate, quality of sleep, steps climbed, and other personal metrics involved in fitness. Fitbit is considered the third-largest wearable company in shipments as of the third quarter of 2018, behind Xiaomi and Apple, according to an IDC report published on December 3, 2018.

How it Started

Like all other businesses out there, Fitbit started with a brilliant idea of using sensors in small wearable devices. The founders James Park and Eric Friedman thought of this idea and started their venture in 2007. The vision was clear, they envision a watch-like device that was tracker-sensor-fitted.

Soon they managed to raise around \$400,000 but soon realized that it wasn't enough even though it was a large amount of money already. So they thought of crowdfunding (a.k.a pre-sell) their business to get more funding and also to remove the risk and doubt in their mind of "*will people actually buy this?*" So, they set up a simple website that contained their M.E.V.O or a basic description of what their product offers, functionality and what it looks like. James Park recalled. "*Eric said I don't think more than five people will be stupid enough to give us their credit card. I said you're being too pessimistic, there will be 50 people.*"

Getting Pre-orders

Park and Friedman hoped to get 50 pre-orders, although Eric assumed the actual number would not be more than 5. However, both of their assumptions were wrong because they received 2,000 pre-orders in one day. How about that for validation. Their assumptions and expectations were not even close. They didn't expect that they would get 2,000 pre-orders in one day for a business that isn't even established yet. They also announced that they would ship it on Christmas, but they didn't say what year". Nevertheless, getting pre-orders wasn't much of a problem, the problem was the manufacturing as they don't have any prior experience with it. *"We probably spent about three months in Asia looking at suppliers, bringing up production lines. Several times, we were pretty close to being dead. Seven times we were close to death."* Friedman said.

After some time, they finally found a manufacturer but the problem didn't stop there. Their next problem was their device's antenna, *"In my hotel room I was thinking this is it. We're done. We literally took a piece of foam and put it on the circuit board to fix an antenna problem."* Park said. But despite all the challenges they faced it didn't stop them from launching their first ever product to the market in December of 2009. They shipped around 5,000 units directly to consumers and at that time they already had 25,000 pre-orders. The articles I found didn't specify the manufacturer that they had in contract with but my guess is in China because they mentioned the word Asia in the interview.¹⁴

Case Study #3: Jennifer Barcelos, founder of Namastream

Jennifer Barcelos is a lawyer by profession and devoted “yogi” – a person who is proficient in yoga. She decided to join a training program called The Foundation which helped her guide through the process of starting a new software company. Jennifer’s goal was to build a business that would fund her nonprofit work and help support her growing family.

Ideation: Looking for Problems and Getting Target

Customers

Jennifer didn’t know exactly what kind of business she wanted to start, so she emailed 188 small business owners in the yoga industry to ask what their major problems were. Luckily, she was able to contact most of them and she was able to call them to gather important information about their issues. Jennifer further enhanced her relationship with small business yoga owners by communicating and connecting with them frequently through phone calls. Now, before we get into the next part, lets first dissect how Jennifer came up with her idea. As we all know, Jennifer didn’t know what kind of business to start so she used the **Problem Hunting** method to discover what types of problems were there in her industry. The advantage with problem hunting is that the target customers are already given because you are already interacting with them in the first place. Jennifer’s method of communication was just cold calling aside from email. Previously I listed cold calling and emailing as a not-so-effective-medium of communication but hey, it worked for her.

Presenting Her Idea (and Getting an Unexpected Pre-order)

She then shared the idea among her target customers which were to put their yoga classes online to boost their business’ income. After sharing her idea, Jennifer then told them that she was going to build a software solution if enough people were interested in it. Luckily for her, she received a huge amount of money from one studio owner. And that instantly validated her idea. What’s

amazing is that she didn't present them with anything visual or tangible, only her words. That payment alone confirmed that a solution in that industry was badly needed. Jennifer then built a "wireframe" of the software, for her customers to see what it looked like and to show what she was talking about. She would eventually use this for her future pitches.

Getting Official Pre-orders

Jennifer soon reached out to several other business owners who faced the same problem that other business owners faced. She demonstrated her wireframe to them to make her presentation more understandable. What's interesting is that she learned more about what her product should eventually become during her interactions with them. After that, she successfully pre-sold her product idea to 10 paying customers for \$3600 in total or P 180,000 before actually building it.

Building the Product

With the huge amount of money Jennifer had, she hired a web software developer and started working on the project for 2 months. She tested out her first MVP with her early adopters, got feedback, learned, removed what was unnecessary and improved what was necessary until their product was finally tailored-fit. As of now, they are still improving their software, in fact, they recently launched the newest version of their software Namastream 2.0.

Today Jennifer's business continues to grow and serve yoga studios worldwide. The amazing part is that Jennifer started with no connections, no business skills and no sort of advantage whatsoever. She even said in an interview, *"I knew nothing about software or business, and no one in my circle of friends does anything like this."* Jennifer proved that business acumen and connections are not to be successful in business.¹⁵

Case Study #4: Arvin Orubia, founder of Karco

Finally, the main case study. Arvin Orubia is an entrepreneur who started his business with literally no money. But before that, he previously started 3 businesses but all of that failed. Ironically, the business that succeed was the one that he started without money and not the other three that he started with money.

His business is a t-shirt printing business for car enthusiasts, but not just an ordinary t-shirt printing business. They print t-shirts with their customer's car in it!

Ideation

This idea started when his friend Jet Umalig wanted to make a t-shirt that has a picture of a car that they have or desire to have. With the help of their 4 other friends, they started their business venture. Their business started when they challenged each one of them to sell 5 t-shirts to 20 target customers in total. They started with nothing - no printing machine, no designs, and no equipment. They prioritized selling first. They planned to sell their t-shirt to their friends and family members, but the catch is they have to sell each t-shirt 3 times the price of an original printed one which was P1000. And if ever nobody buys their t-shirt, they wouldn't continue their business. The reason being is that if they can't sell it at a higher price that means their idea sucks - no uniqueness and just the same as other t-shirts out there. Their twist was actually a good thing because they forced themselves to be different from other businesses which is a prerequisite when you start a new business.

Getting Pre-orders, Producing the Product and Delivering it

With a stroke of good fortune, they successfully sold their idea to 20 of their target customers which is a 100% conversion rate. They managed to raked P20,000 from their friends and family before they even made the t-shirt. They said to their customers (which were their own family and friends) that the t-shirt will be available within 30 days. After that, they went to a t-shirt printing company to do the work for them. Since the t-shirt processing only cost P300 in total and because of the high pricing they charged, they immediately gained profits. They spent P7,000 in total for printing 20 t-shirts which left them with still P13,000. What do you think they did with the money? Spend it to throw a party? Or keep it in their pockets? None of the above. They used it to purchase a cutter plotter - a machine that was an essential element in t-shirt printing. They finally launched their product to their customers after a month. After that, they asked them to take a picture of themselves wearing the t-shirt. They used this as their marketing strategy to get more customers on a wider scale.

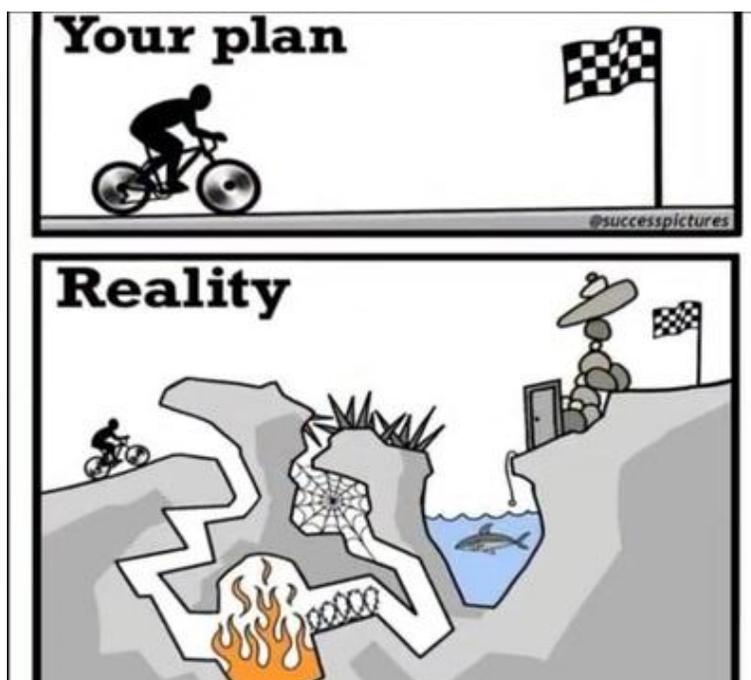
Reinvesting and Growing their Business

After their initial success, they bought more machinery and equipment from their profit and learned how to design the t-shirts themselves. Eventually, that made their business official because they no longer have to let t-shirt printing businesses to make the product for them. They constantly reinvested their profits back to their business to make it better and better. They also constantly learned and mastered the art of printing designs because they know they have the advantage of making better-looking designs. Arvin further said that they only kept 1,000 pesos for themselves as salary and the rest, they returned back into their business to grow it - buy better machines, invest in marketing, etc. They did that for 2 years and now they are running their business for 5 years already - and still counting. It all started with only a business idea, with no money.¹⁶

FINAL NOTES

Take Action Now!

Let me be brutally honest with you. The information in this book is useless, what you have learned in this book is useless – if you don't act upon it. There are many guides out there on how to become rich and many people are calling it a scam simply because they just read and do nothing about it. You cannot get results by just simply reading a book, you get results after you took action. Also, it is because of the process – the process of getting rich is hard, people want to get rich but they don't want to go through the process – they only want the end goal. People want to do things easily and if they think something is hard, they won't do it that's why they never succeed in life. It's the same in this book, I already have placed the dots for you and it's up to you to connect it. I know, many of you will not take action after reading this, but some of you will. And I congratulate those who will take action because you are already in step 0, and the next step is to proceed to step 1.



What you planned may not go accordingly

Things can go wrong in a lot of ways. The picture above illustrates what you will be facing as you plan and execute what you have learned throughout this book. This book might give you a step-by-step process but I do not guarantee that things will go exactly what this book says. I have experienced many things that didn't go according to what a certain type of guide said. There will always be a "minor difficulty" that will greatly hinder you through the process.

Like for example. Last month I decided to upgrade my laptop because it was slow and it wasted a lot of my time just waiting for an application to load. I researched articles on the internet on how to make it faster and I learned that changing its hardware storage can greatly increase its speed. So I ordered an SSD from an online store to replace the slow HDD on my laptop. I wanted to install it myself because I am a hands-on kind of guy and I want to save money rather than paying for a technician to install it. And there I was, watching Youtube videos on how to install an SSD into my laptop. I watched a couple of videos and I memorized the process just watching it. "It's just that easy to install an SSD drive into my laptop?! Why pay P500 when you can do it by myself?" I confidently said to myself.

Several days later, my SSD arrived and it was time for me to install it. I watched the video one last time and took action. The whole process, in a nutshell was: Step 1 - open the back of your laptop, Step 2 - find the SSD slot and insert it, Step 3 - re-screw the back of your laptop, Step 4 - open your laptop and migrate files and Step 5 - Reboot laptop and boot SSD. It's just that simple right? That's what I thought too. I was stuck at step 1 for more than half a day because I couldn't open the back of my laptop since there was a stuck screw. I again searched on the internet on how to remove the stubborn screw. My problem persisted until my father arrived and helped me remove the screw. However, that was not only the problem, at Step 2, I was confused about what angle to insert the SSD because I might break it. But not only that, the next problem was I don't have a Philips screw to secure the screw in place. Unfortunately, it was night time and stores were already close. It was the next morning that I continued my work. Then the next problem was in Step 4, which is migrating files. I encountered many minor problems like, what button to click next, what

software to migrate files and what if copying files fails. Again I searched on the internet for solutions and luckily after several hours, the installation was successful but it wasn't easy.

The process in this book is easy on paper but hard to execute. You will encounter tiny problems in your journey and it's not always to go according to plan. Sometimes you will deviate into another route and a lot of times you will encounter a brick wall that will stop you in your tracks. As many people say, "the devil is in the details". Nothing could be truer than that. However, those things are normal when you are doing things - especially things you are doing for the first time. But remember that in order to succeed you have to face challenges, obstacles and even failures along the way.

REVIEW REQUEST



Thanks for reading! I hope you loved reading this book as much as I enjoyed writing it.

If you did love it, would you be so kind to leave an honest review about this? I would greatly appreciate it if you do. Thanks in advance ☺

Just click the link here: <https://thefilipreneur.com/pre-sell-ebook-review/> to give us a review or if you prefer, just send me a personal message on [Facebook](#).

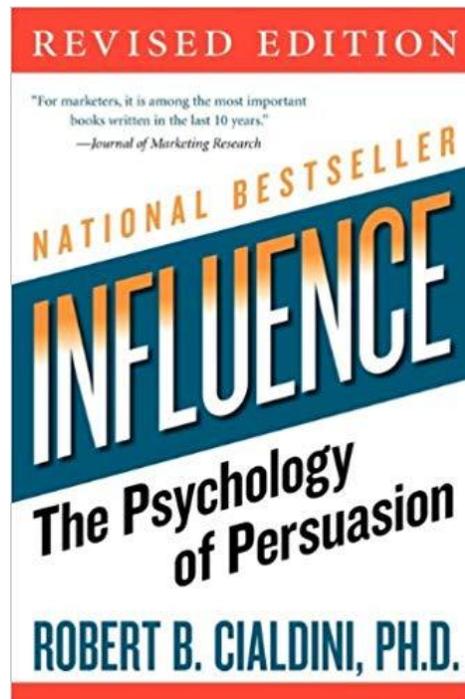
FURTHER READING

Here are my personal recommendations on what to read next to help you become successful in pre-selling. The books are from Amazon.com and you can only read them via the Kindle App. [Click here to download the Kindle App for free.](#)

*Important note: Always remember to purchase the book in Kindle format and **not paperback** (Shipping fees are too expensive).*

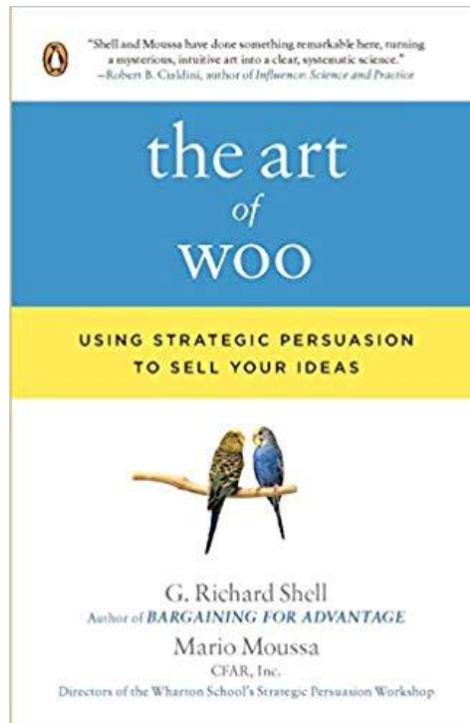
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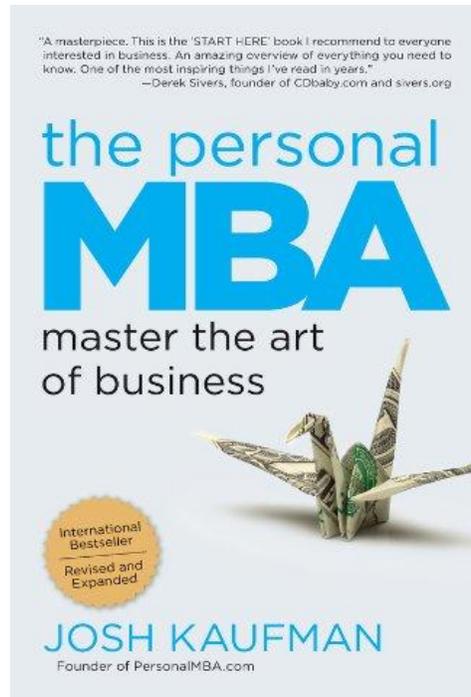
[Influence by Robert Cialdini, PH.D](#)

Pre-selling requires you to persuade your target customers and what better way to persuade them using psychological tactics? Robert Cialdini's book, Influence is the perfect book for you to learn more "psychological tactics" to convince people to buy your idea. In a nutshell, the book focuses on six core principles of influencing people, he calls "weapon of influence which are Social Proof, Scarcity, Consistency and Commitment, Reciprocity, Liking, and Authority. Additionally, you may also purchase his latest book titled [Pre-suasion](#) which teaches more advanced psychological triggers.



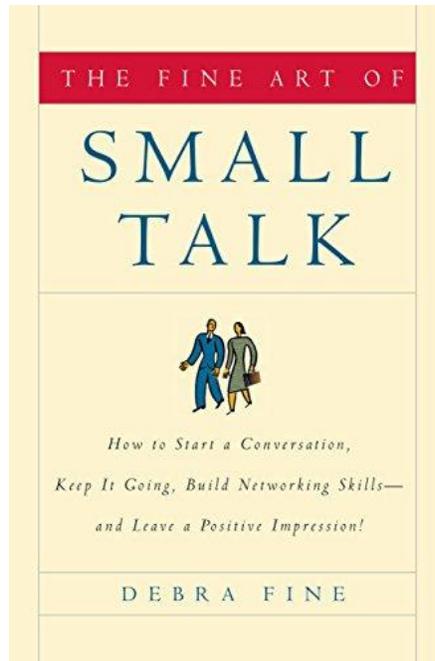
[The Art of Woo by G. Richard Shell](#)

The book *Art of Woo* focuses on selling your ideas. Woo or “Winning Over People” means the ability to win over people to sell your ideas using relationship-based persuasion techniques. This book is the closest one to pre-selling but this time it's only selling your ideas, not products. I have based many principles of the book on this one. Like the book *influence*, this book focuses on persuading people and influencing them to successfully sell your idea. The book dives deep into the process of building trust with people, persuasion styles, pitching your idea, and making it memorable.



[The Personal MBA: Master the Art of Business by Josh Kaufman](#)

Pre-selling a product not only results in cash but into a business. In chapter 1, I briefly discussed to you the 5 parts of the business and its components. I based Chapter 1 mainly on this book because it is important for you to know how a business works as a whole and not only the process of creating the product itself. The book might not delve deep into the intricate details about business but a general knowledge of how a business works is enough.



[The Fine Art of Small Talk: How To Start a Conversation, Keep It Going, Build Networking Skills -- and Leave a Positive Impression! By Debra Fine](#)

The book covers exactly how to strike a conversation with anybody without the awkwardness and while keeping the conversation alive. This is helpful if you are a shy person and you want to learn how to be a conversationalist. Debra, the author of this book, is one shy person but she managed to eliminate it and become a conversationalist, now she is teaching it into this book. Here are a few lessons about this book:

1. Take the first move and introduce yourself to a person.
2. Don't let the conversation die for a second, keep asking open-ended questions

3. Pay close attention to what the other person is saying, listen attentively, show that you are interested and leave a nice impression when ending the conversation.

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ABOUT THE AUTHOR



Lennard Dave M. Laxinto a.k.a “**Dave**” is the founder of thefilipreneur.com. He is a former Deck Cadet from a bulk carrier vessel. His mission is to educate aspiring Filipino business owners in starting a successful small business, bringing with him the knowledge, lessons, and experience he learned from their family’s business.

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