

Success secrets exposed

You can be a millionaire

Experience the wealth revolution

Design your destiny

Pillars of wealth

Inspirational & Motivational

MILLIONAIRE PHENOMENA™

Discover How To Catch The Millionaire
Virus And Live The Life Of Your Dreams

Wisdom from millionaire mentors

Create your own money tree

Achieve your life goals

Investment secrets of the rich

Multiple streams of cashflow

Live your life on your terms

JON GIAAN

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Disclaimer

It's sad that I have to include this, however we live in an environment that is continually being overlaid with legislation upon legislation when it comes to financial advice. Here's how bizarre our legislation is interpreted... If a self-made millionaire gives you a tip to buy XYZ shares at a BBQ, I don't know whether you know this or not, he is in fact breaking the law as it stands.

However, if a pimple-faced graduate straight out of financial planning school, with no trading experience (never bought a share in his life) gives you the same advice, that's OK. Obviously there is something wrong with our system, but it's the only one we've got. The bottom line is, if you become a millionaire as a result of this information - it's not our fault.

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Any perceived slights of specific people or organizations is unintentional.

Acknowledgment

My name may be on the cover of this book, however like all wealth-building activities, you have to have a first class team of experts behind you. The Millionaire Phenomena certainly has that.

No one-person could have such a diverse knowledge of all the wealth disciplines covered in this book. To make your experience more impactful and meaningful, we sought out specific specialists in our four chosen areas, business, real estate, stock market and Internet.

By virtue of their generosity to share their knowledge, experiences and secrets, they have brought this project to life and made it so much more than your typical paperback.

My tremendous appreciation and acknowledgment goes to the Millionaire Phenomena Wealth Team. Josh Hunt... Rick Otton... Dymphna Boholt... Stephen Jennings... David Galtieri... Andrew Baxter... Mike Filsaime... Christopher Guerriero... Brett McFall... Tom Hua. Thank you guys for your contribution and support.

You are all truly amazing individuals.

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The End: For You, The Beginning...

The Millionaire Phenomena

Introduction

There's an epidemic out there that is sweeping the planet. In fact, the spread of this epidemic is spreading faster in Australia than anywhere else in the world.

What's the epidemic I hear you ask?

Well, for most, the word epidemic itself may conjure up a negative spin in your mind. However, this epidemic has an amazingly soothing ring to it. Especially if you're suffering from it.

The epidemic of course is the Millionaire Phenomena. I don't know if you noticed, but millionaires are being created faster than any other time in Australia... And in Australia in 2005 (the latest available World Wealth Report figures) shows that a huge **17,000 individuals became bona-fide millionaires.**

That was a **14.8% increase on the numbers of the previous year.** In fact Australia is the fastest growing millionaire epidemic centre of any country in the world.

Faster than the U.S., U.K., China and even India.

The total number of millionaires in Australia is 151,000 based on the data from the World Wealth Report.

Here's something that I think you'll find interesting.

The numbers quoted here are conservative at best. The reason why is that the World Wealth Report was conducted by the huge Capgemini Financial Group and Meryl Lynch, and the data came out of financial planning services.

So, I estimate that there are probably a lot more millionaires out there than we even think.

So what, I hear you ask...

Here's my point. If you're not a millionaire, and there is an epidemic in Australia, where there's thousands of everyday Australians hitting that magical mark every year - then you're seriously missing out.

That's why the Millionaire Phenomena Project was born.

So what is the Millionaire Phenomena Project?

Well, let me tell you, it's no ordinary book. In fact, it's a seminar in a book.

It's an opportunity for you to **participate in the millionaire explosion** that is happening right now.

It was put together using content rich wealth information from various seminars conducted in the country over the last 12 and 24 months.

Some of these seminars cost anywhere between \$500 and \$2,500 to attend... So the value you have in your hands would far exceed any \$29 paperback.

It features multiple ways of becoming a millionaire. Property, shares, internet and business. It will inspire you, motivate you and give you specific action steps and how-to's to join and be part of the millionaire epidemic.

If you want to be rich, if you want your dreams to come alive and you want to be part of this fast-growing group, I believe you've never had a better chance in history to create the wealth and success you've always wanted.

A Word of Warning:

The Millionaire Phenomena "Seminar-In-A-Book" was put together by using the transcripts from actual events. So it's not perfect. There may be some issues regarding spelling, grammar and phrases. I've also decided not to use the Powerpoints from the presentations. When we had the Powerpoints in the book, it was over 700 pages long. (*Your printer would have a fit*). Anyway, if such things annoy you, then I suggest you do not begin this journey.

If I was looking to create a literary masterpiece, then the Millionaire Phenomena project would still be on the drawing board... Perhaps never to appear in public.

I thought it best to simply ready, fire, aim and get this

Millionaire Phenomena: INTRODUCTION (continued)

information out there as fast as I could. Whilst I'm making a small apology for its structure, I make no apologies for its wealth-rich information delivered by experts in their chosen field, practicing what they preach every day of the week.

The Millionaire Phenomena mission statement is simple.

To spread the “millionaire virus” one person at a time... Starting with you.

So what gives me the right to lead this project.. And why should you take someone like me seriously?

I started life with no family advantages or contacts. No university degree, in fact, I failed year 12 twice. I meandered into adulthood with no specific direction, no ambition, simply happy to live my life playing sport and music... Which ironically was earning me a reasonable income.

However, slowly but shortly I was conditioned out of following my passion and conditioned in to getting a real job.

I remember when I got my first pay packet working in the real world. It was \$183 for a 40 hour week. The irony was that I was earning 3 times that living my passion.

I suffered from the common curse of being average. You see, if you're dead broke you've got greater motivation to do something about it. When you're average, days roll in to months and months roll in to years before you realise you've achieved nothing.

I got to 36 years of age when I received my wake-up call. A wife, 2 kids and another on the way. I ran out of money. I had to sell furniture items simply to get some cash to buy groceries, with Christmas around the corner.

That was a point in my life where I told to myself I would never be in that situation again. I took massive action.

8 years later, I went from that low-point to over \$25 million in revenue. I now have a sizable property portfolio, invest in shares and a successful company. I live in one of the top-10 desirable suburbs in the country and drive fancy European cars.

I don't tell you this to brag. I have no need to do so. I tell you this to instill confidence that the Millionaire Phenomena is not based on theories and philosophies. It's based on real experience, delivered by real people getting massive results today.

How To Get The Maximum Impact Out Of The Millionaire Phenomena

The course is designed in five sections.

Section 1, Millionaire mindset Secrets. Having this opportunity to spend time with each contributor to this course, I've discovered that the rich think totally different to the poor. The impact of their thinking has been a major contributor to their huge success. I know you'd be keen to rush to some of the “How-To” sections, however I urge you to spend a moment and read through section one. It will set the foundation and make the Millionaire Phenomena experience a whole lot more profitable for you.

Section 2, Property Millionaire Secrets. Here we feature 3 diverse individuals. Dymphna Boholt, Rick Otton and Josh Hunt. Their stories are truly inspirational, as well as their strategies for real estate success. Even if you're starting from a humble base and don't have much money to begin, you'll be encouraged by what you discover in this section.

Section 3, Stock Market Secrets of The Rich. The stock market is certainly booming and has probably contributed to thousands of individuals wealth creation plans. Here we have three powerful traders and investors, Andrew Baxter, Stephen Jennings and David Galtieri who de mystify and simplify the key components to sustaining a consistent and predictable return from the market. If you are new to trading, then a must read section should be David Galtieri's presentation, where he pulls a complete novice out of the audience and within 20 minutes has that person picking profitable trades.

Section 4, Internet Millionaire Secrets. This is perhaps the section where wealth is being created faster than anything we've ever seen before. It's a great pleasure and honour to have 3 international gurus on making money fast using the internet. They are Mike Filsaime, Christopher Guerriero and Tom Hua. 3 - 5 years ago, some of these guys didn't even know the Internet existed... And today are pulling in millions of dollars and growing.

Millionaire Phenomena: INTRODUCTION (continued)

Section 5, Business Millionaire Secrets. This is my expertise. The ability to do millions of dollars in turnover year after year with my unique approach to marketing. I've always said that once you understand this, you will never be broke again. In this section, I cover 11 freedom steps as well as 5 of my favourite marketing secrets that have literally made me millions.

So there you have it. Five massive sections. You don't have to read the Millionaire Phenomena cover to cover, you can simply pick a chapter or a section and then go out, apply and implement the strategies... Or you can read it all, let it sink in, choose which strategies suit your personality the best and then set a path to joining the next crop of millionaires.

Rich Thinking, Poor Thinking - Which One Are You?

Part of the Millionaire Phenomena Series

Have you ever wondered why some people have the natural ability to easily attract and accumulate wealth, while others constantly struggle and never get anywhere?

Why some people do and others don't has fascinated me all my life, as have the underlying consciousness dynamics of 'rich' thinking and 'poor' thinking about success, money and abundance.

In my quest to uncover the reasons, I've read many books (Kiyosaki, etc etc etc) and have been an avid observer of people - the successful and not so successful.

The two groups of people have distinctly different mindsets, belief systems, and approaches to life and living. It's as though they see the world through two very different sets of colored glasses.

The good news is that you can change your mindset, with concerted and consistent focus and application.

Let's examine the key signs that differentiate both groups. In the process, let's take it a step further and I'd also like to offer some practical action steps you can take to change the way you think, what you do, and the results you achieve.

Be Very Clear about What You Want ~ Versus ~ Don't Know What You Want

When you have a 'rich' mindset, you have grand 'Vision' and see with crystal clarity what you want to achieve, and believe you will achieve it with all your heart. It starts at the ideas phase, you then nurture it, develop it, 'feel' it as if it's happening 'now', and live and breathe it, until it becomes your reality.

You get excited about it and your passion and natural enthusiasm is so infectious it rubs off on others and enables them to see your vision too, and they get swept-up in your excitement.

Conversely, with a 'poor' mentality you may not be

Meet Jon Gian



Eight years ago, I was searching for a fast way to create wealth. Whilst I had some success with property investing and shares, I quickly realised that I needed cash flow and lots of it, to accelerate my wealth.

I discovered a unique way of doing business and since that day I've never had to worry about creating money ever again. I've gone from humble beginnings to running a consistent multi-million dollar business for the last 5 years.

I'm regarded by many as the #1 player in my industry and often sought-after coach and mentor to many high-profile speakers and presenters.

clear, or even more sadly, you don't know what you want. You've succumbed to the conditioning about stereotypes and boxes you 'should' fit into that you've been fed throughout your life. This has blurred your connection with going for and achieving the best in your life.

You may entertain some dreams, but either you lack confidence in yourself, fear failure, or are concerned about what family and friends may say, or that they may shoot down or ridicule what you want to do - the "tall poppy syndrome".

Success Tip - It's the saddest thing to wander through life not knowing what you want. So, take the time to get clear and define what you want. Get visual and graphic about it by using a picture or vision board to compile your 'mind movie' about your dream life.

Have 'Positive Beliefs' around Money, Wealth and Abundance ~ Versus ~ 'Negative Beliefs'

We acquire our beliefs early in life from our parents, upbringing, peers, and environment. It takes a healthy level of self-awareness to know what beliefs drive and

Millionaire Phenomena: JON GIAAN (continued)

influence your life. It is oh so worthwhile taking the time to clarify this for yourself.

The 'rich' mindset rides high on the wavelength that believes - "everything I touch turns to gold", "there's plenty enough out there for all and I'm going to get mine", "money is easy and just energy, an exchange for value" ...

Negative beliefs about money may be along the lines of - "there's never enough", "it doesn't come my way", "as soon as it comes in, it goes out", "if only I just had enough to pay the bills" ...

Be aware - and beware - of potentially contradictory beliefs - "I want the success and wealth, but maybe I'll get stressed out, have to work too hard, get drawn into more than I want to and can do, I'll lose my freedom, maybe it'll go belly up, and then what?" Watch your 'buts' as they are clues to your inner conflicts.

This thinking sends confusing mixed messages out into the Universe that will be taken literally, dissipate your original intention, and get you more of the negative side of the equation coming your way.

Success Tip - Monitor your dialogue for a day or two, or even better, a week. Watch your thoughts, words and phrases you use, write them down in a journal, and analyze them intuitively. You could also get a trusted friend to monitor your dialogue and constructively feedback to you.

When you've identified your limiting beliefs, draw up two columns and write them in the left column. Then rephrase them positively in the right column, and notice the shift you feel.

This is a mindset thing that with concerted effort and reprogramming you can acquire, change or make adjustments to help you achieve your success plans.

'Winner' Mentality ~Versus ~'Battler' or 'Victim' Mentality

When you're in the 'winner' mindset, you have confidence in your abilities and you're self-assured. Your attitude is - "I can do it, I can do anything I set my mind to. Anything is possible. Bring it on. Let me find the best way to get there. It's a challenge and I love it"...

You take risks and get high on the adrenalin rush.

Whether you know it or not, you're tuned into your gut instinct, your intuition, you follow your hunches, and it drives the way you approach your business activities.

By contrast, if you're in the 'battler', 'victim' or 'poor' mentality, you're focused on surviving, security, protecting yourself, and minimizing or defending against bad things happening. You're in defense mode most of the time. It's a 'fear' and 'siege' mentality, which makes you want to 'close down shop' at the slightest threat of a bump in the road.

You're not a risk taker. It's best to do nothing than to risk failing, because that's too big a risk, devastating and bad. When presented with an opportunity or challenge, you go through the filing cabinet in your mind of all the things that could go wrong, that have gone wrong in the past, to justify not taking action.

With a 'rich' mindset, you will approach a problem as a challenge to overcome and tackle it head on. In the 'poor' mindset, you will see it as an insurmountable problem that is the bane of your life. "Oh 'poor' me" - and literally.

Success Tip - Focus on the 'rewards' rather than the 'risks'. It's all about how you perceive and approach an opportunity, issue or problem - with the mindset that you can do it, and solve it, no problem at all. It's like switching between the two sets of colored glasses, or changing gears in your car.

Totally Committed to Success ~ Versus ~ Ready to 'Wimp-Out' Anytime

When you have the 'rich' mindset, you're totally Committed to Success. You go the extra mile, and do whatever it takes to get there. You have clear, unwavering focus and dedication.

You don't let doubts enter, and never allow them to take sway. You're determined, persistent and focused on action to move forward. Whatever gets you the success you want are the only things in which you're interested.

By contrast, the 'poor' mindset will see you being half-hearted and lacking tenacity, endurance and staying power, so you tend to give up as soon as the going gets tough, or you have to step out of your comfort zone, because it's all too hard, really.

Millionaire Phenomena: JON GIAAN (continued)

Think Big, Dream Big, See No Limitations ~ Versus ~ Pull in the Reigns

When you're in the 'rich' mindset, with your big visions and dreams, you focus on doing what you love and are passionate about. Having fun and doing things that exhilarate you are utmost important values to you.

You believe that you can always invent or generate money on demand by creating new ventures, products and services that provide value to others.

You're 'rich' not only in your ability to attract money and material things, but also in understanding human beings, market demands and needs, state-of-the-art trends, and in providing value and serving others.

As Zig Ziglar says - *"The best way to get what you want is to help as many other people get what they want."* How true is that?

If you're stuck in the 'poor' mindset, you tend to under-rate and sell yourself short. You look for the easiest thing to do and opt for what you can do comfortably at the most basic level, or get some minimal skills training so you can do it.

Sometimes you may even operate on automatic pilot without a plan, or by default, and just 'settle' for whatever turns up. It'll do, it's good enough.

Successful people constantly raise the bar and aspire to greater things. They also invest in their personal development and ongoing learning and see it as a life long journey.

Success Tip - Focus on your passion and commitment - it will override your programming. Focus on your higher vision and purpose and do something you're passionate about. Do what you love and love what you do.

Take Responsibility ~ Versus ~ Blame Everyone and Everything Else

When you have the 'rich' mindset, you may fear failure, but you're so intently focused on succeeding, that you see nothing else. Nothing else matters except for achieving the end goal. You take responsibility and step up to the plate, and revel in it.

If you're in the 'poor' mindset, you fear failure. You may also fear success and the responsibility that comes with it. You most likely will undermine or sabotage succeeding and say - "see I told you so, I knew it wouldn't work." Or blame external forces or other people.

'Fear' is the greatest repellent to getting what you want and attracting what you desire.

Take Action ~ Versus ~ Procrastination

With the 'rich' mindset, you act with speed. You aren't overly perturbed when something doesn't work or fails. You see it as a way to de-bug what you've been doing so you can perfect and get a step closer to succeeding.

You have less emotional attachment, which frees you up to try more things, in spite of the risks. It's a numbers game for you, with percentage hits.

In the 'poor' mindset, because you lack confidence and fear failure as well as success, it all gets too hard, so you delay taking action and procrastinate. You miss out in terms of timing, and the opportunity goes elsewhere to find a more ready and eager participant.

Success Tip - "Fail forward fast." The faster you can fail forward, the faster you will succeed. Think about it ...

If you have some or many of 'rich' thinking qualities above, congratulations, you're on your way. If you haven't yet, rest assured not all is lost, as you can cultivate it with persistent commitment and application.

"5 Major False Beliefs About Money You Need to Tackle and Transform"

Your beliefs about money form early in life by what you see and experience around you. Things your parents said about money, conflicts in the home about money, what teachers said, and your own early experiences around money.

It's really not your fault. But, once you know this, it's your responsibility to change and reprogram your thinking and belief system. You owe it to yourself.

Here's a major test - think back as far as you can about your earliest memories about money. What was the context, the situation? What did you hear said about

Millionaire Phenomena: JON GIAAN (continued)

money? What were the messages you received about money? How did you 'feel'?

What you believe about money is how you see the world and will determine the experiences you have with it. Like a self-fulfilling prophecy, your beliefs around money will result in what you experience.

Your beliefs may 'feel' true and real for you, but it's not necessarily the truth or fact in reality.

Here's another test - If money is not showing up, it's a reflection of what's going on in your 'inner' world - how you see yourself, your own self worth. It means you need to do some work on your 'inner' world. If you don't go within, you go without...

Money is a great teacher and an insightful coach about YOU - if you will listen closely and learn, and use the experience to shift yourself in your relationship with money.

There are many erroneous beliefs about money - let's examine 5 of them.

There's Not Enough For All of Us

This belief is based in the 'scarcity' mentality or 'poverty' consciousness. Resources are scarce and in limited supply, and you have to scramble over each other in 'dog-eat-dog' fashion and compete to get those limited resources.

The truth is that money is just energy, an exchange for value.

If you make the mental shift that money is limitless, that it can be invented, created and generated on demand, in line with the value you provide, it will open up all sorts of possibilities. So it's only your beliefs, imagination and creativity that limit you. How liberating is that?

Rich People are Bad

Well, that has to be one of the biggest falsehoods I've ever heard. It's based in a mixture of envy, suspicion and mystery - "How come they can do it, and I can't? What do they know and do, that I don't know? They must have done something shady or deceitful to get their money."

Sure, there are some who do it that way. Equally, there are less than desirable characters among the ranks of

the less than wealthy too.

Another justification is - Good people, spiritual people don't chase after money. It's wrong to have money and focus on accumulating material things.

The fact is, whatever spiritual or religious beliefs you follow, it is your birthright to live an abundant life and your higher purpose and vision. With abundance, you have more options, resources, freedom, flexibility, and abilities to live your best life to its fullest potential, and help others achieve the same.

You Have to Work Hard to Make Money

This belief is anchored in the simplistic linear view that the harder you work the more money you make. Well, that's just plain not true!

You are remunerated in direct correlation with how much value and service you provide, not how many hours you work.

Successful people know that working 'smarter' not harder is the way to go and is totally achievable. We were not meant to toil, struggle or suffer.

Here's a Tip - whether you're starting your business, building it further, or taking it to its next growth level, always be looking for the best ways to automate the activities in your business.

Create 'set it and forget it' automated systems that systematize your client acquisition, contact and selling process. Technological developments such as auto-responders and a range of software applications have done wonders for automating routine time-consuming tasks.

Leverage your time. Shift away from trading time for money. Focus on doing what you do best. The truly wealthy put their money and the efforts of other people to work for them, and outsource tasks that are not natural talents for them. Like a virtual army always marching forward, advancing your interests.

A successful life is a balanced life with time for work and play. Otherwise, what is the point of working hard if you don't enjoy yourself and get the benefits that flow from your work?

You Have to Spend Money to Make

Millionaire Phenomena: JON GIAAN (continued)

Money

Wherever you look, stories abound about people who started their businesses in their garage, spare room, even their car.

Anything is possible, if you believe it, and set your mind to achieving the task, and taking the ACTION to make it happen.

With the internet, this is even more so. Technology has enabled minimal and no start-up money requirements. The huge growth in the home business sector has meant minimal overheads.

Sure, it's great to have some money to seed fund your business, but it's the other elements that are far more important, like your success mindset, entrepreneurial creativity, taking ACTION at the right time, repetition, persistence, and the flexibility and resilience to bounce back quickly to try the next thing that will bring success.

You Have to Have Educational Qualifications to Make Lots of Money

Not true at all. How many wealthy teachers or university lecturers have you seen lately? Their salaries leave much to be desired.

In recent times, we have seen more internet marketing made millionaires than we've seen previously in other business sectors, and many with very little or no formal education.

What they have is an entrepreneurial, risk taking spirit, action orientation, and persistence to succeed at all costs.

In fact, too much formal education can be a hindrance as you may end up set in your ways with a standardized 'cookie cutter' approach to seeing the world that you will have to 'un-train'.

Another issue is that you can make the mistake of going on an endless quest of doing more courses to acquire further knowledge, always on the lookout for the next piece of the puzzle that hopefully will be the 'jackpot' answer.

Without adequate APPLICATION, there is no success. Success comes from applying your knowledge 'full

circle' and seeing it through to the absolute degree of completion with dogged determination.

The most successful people come to business and making money with an open mind, egalitarian in nature, and willing to try new things. A success mindset and attitude are all important, as is the ability to see and act quickly upon opportunities with great timing.

When you know which particular false and limiting beliefs you may have about money, you can go about changing and reprogramming those beliefs so that you can move closer to achieving the success you so richly deserve. I wish you well on your journey.

What is Money? What is Wealth? 5 Key Life Changing Insights

Money and Wealth can be such a mystery for those who don't have it, yet so natural a process for those who do. Why is that? Where does money and wealth come from? How do we create our money reality and destiny?

If you're ready, confronting these perplexing questions 'head-on' will enlighten, educate and change your self-awareness around your money energy, and help you increase your understanding of who you are and what's controlling your money reality and destiny.

Let's explore 5 key insights about money and wealth.

1. Money is Energy

Everything in our world is made of energy. All humans as well as inanimate objects emit energy waves. They're invisible to the eye, but if you can imagine if they were visible you would see energy waves of varying intensity emanating from everything around you.

Money has its own energy frequency. It's like tuning into a radio wave frequency. So if you aren't tuning into money's energy frequency, you'll have a difficult relationship with it.

Conversely, if you're able to connect with the energy frequency of money and be on its wavelength, your relationship with it will be easy. You'll attract it effortlessly, accumulate it, and when you acquire it, you'll be able to keep it and grow it further.

Millionaire Phenomena: JON GIAAN (continued)

You've heard the saying - "he/she has good vibes" - what this means is that they're projecting good energy vibrations. Now apply this to wealth and money - if you emanate positive energy vibrations about money, you'll connect with and attract it to you easily.

Once you learn how the world works, that everything is energy, you can then free yourself to believe that anything is possible.

2. Money is a Symbol of Exchange For 'Value'

Money is simply currency, legal tender, an exchange for value provided.

Before money was invented, people used a bartering system to exchange value, where one person exchanged what they had to offer with that of another person who had something else to offer also, both needing what each other offered (for example, a cow in exchange for two pigs).

'Value' is also perception. We place 'value' on the material things in our lives, and we set the marker up or down. Money is the physical representation of value in the form of paper notes or figures in your bank account balance. It's notional, not actually real.

When you shift your focus onto the 'value' you provide, and others provide to you, the interchange between you, rather than the 'illusion' of paper money, you'll find that money will flow more naturally. It un-kinks and debunks the flow in the process.

If you believe you have great value to offer other people, and the 'sky's the limit', you can easily create products and services that meet the needs of many other people, and thereby invent or generate money and wealth, at will and on demand.

3. Money and Wealth ~ or ~ Wealth and Money? Which Comes First?

It's important to differentiate between money and wealth - money is the outward symbol of your 'inner' wealth. What does this mean?

Money is the surface, symbolic, visual, representational level. Wealth goes much deeper, down inside you at the level of your beliefs, conscious and sub-conscious. This is at the very heart of this issue. Pay close attention.

Wealth consciousness is your level of self-awareness about the wealth parts of your 'inner' self. Wealth emanates from this part inside you and manifests as money, so it's important to identify it and then go about expanding it.

The wealth part inside you is either lying dormant, not connected, activated but on low, or turned up on high. It's very adjustable, if you choose to do the work.

If you're not experiencing wealth, you either have chosen not to, consciously or sub-consciously, or don't yet have the knowledge, insights, or skills, to connect with it.

Therefore, the first step to achieving success, wealth and money is to become actively wealth conscious and aware. Once you make the choice to experience wealth and shift your mindset you can tap into that part within you and develop and cultivate it further.

4. Money and Wealth are a Reflection of Who You Are

Your 'outer world' is a reflection of your 'inner world' - your 'experience' with wealth is in direct relationship to your 'inner' view about money and wealth. They're a mirror, a reflector of what's going on inside you in relationship to them. It's like a 'wealth' department within you.

In other words, a person with a healthy relationship with money and wealth has a higher 'internal value' and exercises and uses a higher proportion of this 'internal value' where wealth consciousness is concerned.

Your 'inner value' that relates to this wealth 'department' inside you is what creates money (please note this is not the same thing as your self worth).

When you consider that many 'forces' have fed into, influence, and shape your money and wealth reality, you realize you may have much to undo and reprogram.

These 'forces' include family background, upbringing, teachers, schooling, friends, social conditioning, our resulting beliefs we perpetuate cyclically, like get a good

Millionaire Phenomena: JON GIAAN (continued)

education, get a good 'job', work hard and climb the corporate ladder, the middle-class trap, man-made social structures, and so many more as the story unfolds ...

You may have much to reprogram. It's a mindset shift thing.

You can learn to reprogram and turn up the volume if you choose, make it work for you, or continue to not fully understand it, and perpetuate the merry-go-round of the victim/battler mentality in relation to money. It's totally your choice. You choose.

5. Money is a Great Teacher and Coach

'Money' knows all the answers - look to it for the answers, the clues, the lessons it can teach you. You have to be an open and willing student ready to apply your new learning.

Let me take this a step further. All the answers are actually inside of you. Money is simply the instrument, the vehicle, the energy source that guides and facilitates the answers from within you, if you're willing to look. Are you with me?

When you realize how powerful you are and that by changing your thinking and "being", you can change your experience - success, money and wealth will come to you effortlessly.

Make the decision that you're already wealthy. Ignite a mindset and paradigm shift within you. Remember - 'If you don't go within yourself, you go without'.

Do yourself a big favor and discover that wealth part that's residing within you that you can change if you decide to.

"How To Go 'Full Circle' To Making Money and Creating Wealth - 3 Vital Ingredients"

Making Money and Creating Wealth is a process that requires several ingredients working together in sync as a combined package.

That's why some people find it easy, and others struggle, live in lack, and never experience plentiful money and wealth.

James Ray refers to it as "Going "3 for 3" - Thoughts, Feelings, Actions". Bill Harris refers to it as "Attention, Action, and Action of Value to the world, to someone".

So, if you align your thoughts, and feelings, with action - you have a very powerful force propelling you forward. The momentum will build and carry you, success will flow more easily and effortlessly, and you may even find yourself on an unstoppable path.

Your thoughts plus your emotion creates your 'feelings' - and the 'feelings' are the vibration, the energy current you send out there, that either attracts to you what you want and desire, or pushes it further away.

There has been quite a bit of controversy in the aftermath of "The Secret" movie about the

'Law of Attraction' - that it focused solely on the visualizing and materialistic aspects, and ignored the rest of the formula, as though there was some kind of conspiracy at play.

In fact, the featured teachers (like James Ray, Bill Harris and others) do talk about the full package of ingredients. It seems the critics probably just chose to see and hear what they wanted, or that which fitted their level of development and own life experience.

Those who are genuinely successful know these ingredients, even if some only know it intuitively, or recognize it retrospectively as they look back and analyze what they did.

One thing is certain - they definitely practice the vital ingredients as a natural automatic way of life and living.

Anyway, let's dive into the necessary vital ingredients you need to become a powerful and effective moneymaker, attractor, and wealth creator.

1. You Have to Focus Your Thoughts and Intentions

You have to know exactly what you want with unequivocal conviction. There's no room to be 'wishy-washy' or half-hearted.

You have to focus your thoughts and intentions with crystal, clear clarity and with the sharp, piercing precision of a laser beam.

Millionaire Phenomena: JON GIAAN (continued)

When you do focus unwaveringly, the power of your thoughts and intentions, in concert with the energy systems around you, in the Universe, start rearranging themselves and lining up to help you achieve your goals.

You've got to get your head space right. Make sure you don't harbor contradictory and negative thoughts and beliefs, and eliminate any doubts - no ifs, no buts. When you think contradictory and negative thoughts, you send out mixed signals that dilute the power and clarity of what you want. Your ability to manifest weakens.

Don't make the mistake of believing that just because your thoughts are private to you, that they don't count out there. They certainly do and each thought has its own powerful energy system.

When you also ask the right questions, you provide a focus for the answers and ideas to come to you. Questions like - how can I attract more money, more income? What do I need to do? How can I generate the right ideas to make this a major success? How can I make this venture even better and bigger, so it's even more successful? How can I make this venture as valuable to others as possible?

The questions go out there in search of answers - the Universe responds to the questions and loves to line up the answers to solve and complete the puzzle.

2. You Must Take Action to Get What You Want and Desire

There's no point in wishful thinking, dreaming and fantasizing if you don't go 'full circle' and take the required actions and steps to make it all happen and manifest.

Yes, do create that Vision Board or Picture Board with images of all the things you desire. That's fun and stimulating. Yes, do stick that \$100,000 or \$1 Million Dollar cheque or note to your ceiling over your bed so you see it when you go to sleep and awake, or on your fridge, bathroom mirror, or by your computer. Whatever takes your fancy...

Those images and visual reminders are important and give your intentions power, and heighten your good 'feelings'.

But they're not enough on their own. You've got to get off your behind and mobilize into action.

You have to be resourceful and take the step-by-step actions to help those wished for items materialize. You have to listen to the inspired ideas that come to you to help you put into motion and manifest what you want. Look for the clues - helpful people who appear and come into your life, the phone call that comes about a new opportunity, a resource that presents. An idea that beckons ...

Looking at the happenings in your life in this way is inspiring, exhilarating, positive and mind shifting. It's eye opening ...

It's your job then to take up the challenge, work out and dissect the individual steps required to move you toward achieving your goal, and having the pieces come together to deliver you the outcome.

And with all these things, don't delay, act with speed. Be a doer, a mover and shaker, otherwise the idea and opportunity is just as likely to go elsewhere and land in the hands and energy system of the next willing person to grab, run with, implement and achieve.

3. Make Sure Your Actions Provide Value to Others

Every single person has a gift to offer, don't under-rate yourself. Everyone has a skill or a talent that can be of benefit to others. Everyone knows something about a topic that others would be interested in learning more about. Get out there and share it with the world.

Find a 'gap' in the marketplace - a need that has been identified, but currently is not being filled or satisfied. In marketing terms, this is called 'market gap analyses'. Identify the gap and be inventive about using your skills to create a solution to the needs, problems and pain of others.

This is where you can be really creative and entrepreneurial and use your gifts, or even involve and co-ordinate the gifts of others into services or products that provide value to others. When you do this, you can create and generate money on demand.

According to the 'Law of Income' - you are paid in

Millionaire Phenomena: JON GIAAN (continued)

direct relationship to the value you provide to others.

If your work and actions are such that they can help increase the ability of others to succeed and live better lives, your value contribution can soar significantly.

This is how the world works in 'full circle' - to receive value yourself you have to give value. This is how the 'Law of Attraction' works - you get back what you put out.

If you align yourself, your thoughts and actions, with your life purpose, you have a powerful formula to live a successful, rich, abundant, fulfilling and happy life.

And if that formula is directed at genuinely helping other people succeed more in their lives, on as grand a scale as you can, you will be seen as a role model others will aspire to be like. You can live an exemplary life experiencing all the riches that are your natural birthright, if you choose to claim them.

So, remember - always combine the 3 vital ingredients of Thought, Action and Providing Value - and when you master that, you'll be able to generate, create and print money on demand.

Chances are that if you're not succeeding at the level that you believe you should, then the problems lie within your own wealth blue-print.

What I've covered in this chapter are specific tools which you can use to change your wealth blue-print dramatically.

Let me say this...

Developing yourself as a person is an ongoing responsibility that you have. You never stop learning and developing your wealth muscles. With that said, let's now move on to the tactical part of the Millionaire Phenomena... And that is, the strategies, investment formulas and specific systems that have all contributed to the explosion of millionaires across the country.

How To Make Serious Money In Today's Real Estate Market - Even If The Professionals And Your Friends Say It's Impossible...

Part of the Millionaire Phenomena Series

I hear it everywhere I go. People say that you can't make money out of real estate in a flat market or you can't make money in a booming market, it's too late. Whatever your excuse is for not getting started, let me say this to you right now. Some of the best opportunities to make money in real estate exist today! Hence, this chapter was written to give you ideas, secrets and strategies that many of my clients have used in the last 12-24 months to get out of the rat race forever using real estate.

In this chapter, you will notice that I have a bias towards cash flow real estate initially. The reason why is because that's exactly how I started and it enabled me to buy back 40-60 hours a week. Why is that important? It gave me time to focus on investing and creating not just further cash flow, but capital growth as well full-time.

You'll discover in this chapter many different ways on how to replace your income in the next 356 days, as well as build growth and equity that will enable you to create a balanced portfolio that never runs out of money.

Understanding this simple fact will teach you volumes about what you can do to turn your life around. Real estate is the one investment that can give you an instant cash flow, that will continue to grow over years to come and even if you really stuff up in the real estate market, if you hang on to something long enough your stuff up will become a good investment. In my opinion, no other investment is as forgiving and gives you the security that real estate does.

Yes I'm biased.

I guess the reason I'm biased is because real estate has made me literally millions of dollars. But more importantly real estate has made my clients and students millions of dollars. Millions of dollars on their own are really not that important. It's what those millions of dollars can

Meet Dymphna Boholt

Dymphna is widely recognised as being one of Australia's most successful property investors, and leading real estate strategist and educator specialising in tax, asset protection and international investment, it's no wonder Dymphna Boholt is known by many professional and personal contacts as Dymphna the Dynamo!



She focused on properties that brought in more than they cost her. Within just one year she had accumulated a \$3.5 million property portfolio, boasting \$1.55 million in equity and totally replacing the income she was earning as an accountant working 40 to 60 hours per week. Through just one property purchase, she managed to generate a passive income greater than the average Australian wage.

The now happily married mother of three lives on the beautiful Sunshine Coast on her 32 acre piece of paradise, completely surrounded by rain forest, birds, creeks and other wild life.

mean for you in terms of lifestyle, choice and freedom that really makes a difference. For many it's the ability to have choices. Choices to stay at home and be with your kids. Choices to do voluntary work. Choices to work part time, or not at all. Choices which allow you to literally live the life you intentionally designed (and desire).

Is It Really Possible To Break Out Of The Rat Race?

What most people don't realise is that they have many options to increase their wealth dramatically. They don't realise that they can become their own banks and stop paying extortionate bank fees and be at the mercy of their bank manager. That they can pay as little as 9.5

Millionaire Phenomena - Property: DYMPHNA BOHOLT (continued)

cents per tax dollar, (even if they are earning \$100,000 a year), if they are maximising all their tax benefits. That even if they are only 18 years old, they can realistically look to move out of home and into a property they own if they play a few simple cards right. That they can retire comfortably – with more than the \$29,000 a year most Australians in our current state of affairs stand to rely on.

It's very easy to get caught up in the realities of every day living particularly when your life is, let's say... 'Comfortable'. I call this comfort zone, this level of complacency the 'comfy couch syndrome'. When you are doing okay financially, but not brilliantly, it's very easy to always 'do what you've always done'. And guess what? That's going to always 'get you what you've always got'. It usually takes a major trigger, a major life event or situation, to kick somebody off that comfy couch and get them to take significant positive action in order to get significant positive financial results in their future.

Significant positive results give you choices, lifestyle, time freedom – whatever it is you want in your life. For everybody this is going to be a different thing. If someone is in dire straits i.e. they have GOT NOTHING TO LOSE, they are normally prepared to try anything. To be resourceful. To give it a go. You'll often find in history it's the people who have come from the hardest backgrounds, and experienced the most devastating circumstances that make the biggest changes in their lives, and later the most money, that means they become the seriously wealthy.

Being comfortable and suffering from the 'comfy couch syndrome' might just be your biggest obstacle to achieving the level of financial and personal wealth you desire.

If you are reading this whilst sitting on your 'comfy couch' or 'comfy work chair' you can rest assured that you are not alone. Australia is a nation of complacent comfy couch potatoes.

We have a high tax regime, yet we do nothing about it. Our rent return on investment (yield), are some of the lowest in the Western world, yet we do nothing about it. Our education system is inadequate, yet we do little to rectify this. A large percentage of our population is financially illiterate, yet we do nothing about it. Only a small percentage ever seek out financial education and an even smaller percentage of that small amount of people actually act upon it.

Well there's good news. The 'comfy couch syndrome' is entirely curable through natural non-drug related self-medication.

Every day, millions of innocent people are forced from their homes by a disaster called work.

Who wants to change that situation? Well that's exactly what this chapter is about. how you can accumulate the wealth you need in order to retire in the near future. Now to give you a better insight into where I'm coming from, I want to tell you a little bit more about me.

Who The Hell Is Dymphna Boholt?

I grew up in Central Queensland and I grew up in a traditional country family unit where the father controlled all of the finances and the females really didn't have a say in any of that sort of thing. I was pretty lucky in that I was a fairly smart kid and I started my first business at the age of four, where I negotiated the purchase of Blackie the Cow.

Blackie the Cow was an old milking cow owned by a neighbour who I convinced he should sell it to me for a certain price, I can't even remember right now what it was, but it was something very paltry. She became my first investment because she was an income-producing cow. She had calves that were worth something. I kept the heifers and I sold the steers, over time I built up my herd. I even convinced a few of the neighbours to lend me their bulls.

Over time, this taught me the principles of a profit and loss which I've grown to become very familiar with. Basically if you're buying something, regardless of whether it's a piece of real estate or whether it's a business, if it doesn't make you any money, you've got to question why you're buying it.

Hundreds of people every day go out there and buy negatively geared property that doesn't make them any money. In fact, they cost them money, week after week, they're costing them money out of their pocket. Admittedly my entrepreneurial ability didn't stick with me in my 20's, I went a bit ridiculous and did all the normal things that twenty year olds do, including getting married and running around and spending a lot of money on my first husband.

Millionaire Phenomena - Property: DYMPHNA BOHOLT (continued)

Too Busy In Survival Mode To Even Think About Investing? A Common Problem...

However, I found myself in my early 30's in a situation where I was going through a very messy divorce and I had a toddler and was also heavily pregnant. So I was in a situation where I had given up all work to try and make things work. I had foolishly sold all the properties that I had owned previously to buy cars and toys and useless stuff, I had no job, a mortgage and two little beings that I had to support.

It was at that point in time things really started to hit home and I wondered what I was going to do? So I went into survival mode.

Now survival mode to me was to go back to what I found really easy, which was accounting, and that's actually when I moved up to the Sunshine Coast in Queensland as prior to that I was living in New South Wales. I moved up to the Sunshine Coast and I set up an accountancy practice. I walked the streets, heavily pregnant and all, you can just imagine it ... I looked absolutely beautiful ... I walked the streets and I introduced myself to business owners and I said, "If you want a second opinion on anything, come and talk to me. I'm setting up a practice, etc..." And my fledgling accountancy practice blossomed from there.

When I Discovered That Property Investing Was The Answer For Me...

I don't consult anymore because some years ago I got to the stage where I was sitting on the comfy couch again. I had the practice running at a stage where I worked in the practice and it was hard work, but I had enough income coming in, I had the kids taken care of and things were happening. I was actually speaking on stage and I was talking about asset protection and taxation which I'd become an expert in and a public speaker on, I walked off stage and this little guy walked on stage, he was the next speaker after me, and I hadn't met him before. I knew nothing about him and I thought I'd hang around and see what he had to say. He was speaking on property, and within the very first ten minutes or so he said something that really hit home to me.

It was about trading time for money, and even though I'd rebuilt myself up, I'd regrown, things were going well,

I was still trading time for money, even if it was my business.

It was still time for money.

I still had to be at that accountancy practice, seeing clients for some 40-60 hours a week and my kids used to come to me and say, "Mummy can you come to my sports day?" Or "I've got a reading day..." Or I've got a whatever. I'd have to say, "No honey, I've got clients, I've got responsibilities, Mummy has to work."

And it was at that point in time, my focus changed. I realised that, yes I was successful in what I was doing there but I needed to extract myself out of that business and I needed to have passive income coming into me that I didn't have to work for. It needed to come in regardless of whether I was sitting by the pool, watching a sports day carnival of my kids, I was sitting on the beach, whether I was sailing or whatever else I might like to do.

To me, the result of that was property. Now that gentleman's name was Dr Dolf De Roos who I have become great friends with and he supports me in a lot of things that I do, including my mentoring program called Wildly Wealthy Women.

So Why Am I Sharing This Information With You?

As a result of my property investing, if I choose to, I no longer need to work ever again. I don't need to go out and speak to people at seminars and events, I don't need to write chapters like this, or produce home-study programs. But here's why I do it: I have a burning desire to make a difference. When I worked as an accountant I could only affect one person's life and I could only ever feasibly fit in six or seven clients per day for an hour slot each. That's six or seven people I could help per day, and only around 30 per week.

Now that I am an educator, speaker, and author I can affect thousands of lives and I love that.

Through my work I come into contact with a wide variety of people from varying backgrounds, education and financial strength and through a process of motivation, education and support I see the dramatic effect my work has on them, not just as individuals, but also the pebble in the pond effect, of everyone that they are associated

Millionaire Phenomena - Property: DYMPHNA BOHOLT (continued)

with.

Whilst I'm no social worker I know many social problems experienced in Australia stem from financial insecurity and the lack of personal empowerment. By bringing that personal empowerment back to its roots, financial independence can follow not just for the individual, but for the whole Australian economy – really!

Already, I have seen the result of my input impacting thousands of lives thereby giving them the confidence and know-how to then help their extended family, friends and communities.

I know through hard core economic calculations that if I can help one individual family unit to achieve both their personal and financial goals the ripple effect that this has on their family, friends, and community, not just financially but in attitude as well can change the financial and spiritual wealth of whole economies.

Get Serious, What Are You Really Worth – The Truth

Here's a little exercise for you. No matter if you're an accountant, a lawyer, high-flying business person, teacher or a factory worker, this little exercise will work wonders if you take it seriously.

The only truth is the result. It doesn't matter to me how much you know about anything, especially when it comes to investing. The only truth is what results are you getting right now in the market?

This is going to hurt a little bit at first, but what it will do for you long-term will be worth going through the exercise. As you can see, I've put in a little box. What is this all about? Simple.

All you have to do, is put in the space what you are earning passively right now, without having to work. For some of you, it won't take you long to add a figure.

If it's a zero, don't be deterred, take stock of the reality of your position and recognise you need to make serious changes and take massive action right now. Your goal in the next 365 days is to put a figure in this box that completely replaces your income. Impossible? I'm going to share with you the strategies, right here that will get

you there.

We're Richer Than We've Ever Been – So Where's The Money Going?

Although Australia has experienced high growth in the economic sector over the past 10 years, few Australians have capitalised on the opportunity to increase their personal wealth by using that growth to invest in assets that will grow in the future. Much of this personal wealth increase has gone instead on consumable and lifestyle items such as new cars, plasma screen TVs, holidays, swimming pools, jet-skis and other luxury items.

The past decade of economic growth has bred a population of complacent Australians who expect this easy money and easy growth to continue indefinitely.

Clearly this is not necessarily going to happen and the complacency and comfy couch syndrome is a dangerous mentality for Australian investors to have.

What happens when the unexpected happens?

The vast majority of Australians are ill equipped to handle unexpected expenses or interruptions to their income stream due to sickness or illness or other life circumstances. In fact the Australian Bureau of Statistics has estimated that 70% of the Australian population is likely to be out of work for a period of six months or more some time during their working life due to sickness or injury.

How would you or your spouse fare if you were forced out of the workplace due to sickness or illness for six months or more? Would you have the savings, the passive income or even the income protection insurance to fall back on to see you through a period of no income and possibly extraordinary expenses such as medical and travel expenses?

How Long Could You Support Yourself And Your Family If Your Income Stream Stopped Tomorrow?

It may not be as a result of sickness or injury. It may be due to a decline in the economy, restructuring, job cuts, supply shortages – it could be for any number of reasons. How long could you last?

Millionaire Phenomena - Property: DYMPHNA BOHOLT (continued)

Would it be a year?

Would it be six months?

Would it be a month?

Or would it be next week....

Even as an accountant, economist and public speaker I thought there wasn't too much that could stop me from doing the work that I love. After all, much of my work involves communicating verbally with others e.g. running my property investment portfolio, standing on stage and speaking etc. Clearly I was wrong. A couple of years ago my son accidentally hit me in the jaw with a golf club and broke my jaw (I've now given up golf instructing as part of my career path). Having to eat through a straw and unable to move my jaw meant I was rendered incapacitated and unable to work. Fortunately not only did I have the savings in place to see me through any down time, I also had income protection in place which kicked into gear soon after the accident.

Income protection insurance is payable at a rate of 75% of your current income stream and kicks into place if you have a sickness or injury in or out of the work place which renders you unable to work. Pretty good piece of mind huh?

Getting things as essential as income protection insurance into place and other basic financial management is not difficult. It might be boring and something we tend to put off until later, but it is something anyone and everyone could and should do, and regularly.

Our Education System Has Failed Us Miserably

Historically, our education system has failed us miserably when it comes to equipping us with the financial management skills we need to achieve financial freedom. Thankfully, the wheels of change are starting to turn and our education authorities are finally starting to introduce some basic money management skills as part of the curriculum of our primary schools. Talk about overdue! All those years of teaching kids subjects like geography, history, calculus, stats which is all very well and good to a certain degree, but although they might know an algebra equation they didn't know how to apply that mathematics to every day life such as balancing a cheque book and

basic budgeting!

It is going to take a long time before the financial literacy education being introduced now will start to have an impact on our society, and in the meantime there are still vast tracts of the Australian population who remain uneducated when it comes to personal finance, property and getting ahead financially.

Where I believe an immediate impact can be made is to encourage the educators and trainers themselves to improve their attitude to wealth and their personal financial situation, so that they can not only set an example for those they are teaching, but so they can better convey to their students through their own life experience and successes how to create financial wealth and success from the grass roots up.

One of the most important life teachings that we can pass on to the next generation is one of attitude towards success, money and wealth. Success and wealth after all, is a positive thing. Especially when our next generation truly gets the impact that wealth and success can have and the amount of good that can be done when they come from a position of financial strength rather than weakness.

Finding The Right Person to Help You Get Off The Comfy Couch – Or Out Of The Gutter!

Getting started and finding the right person to take you to where you want to be is only the start of the journey. When confronted with anyone suggesting that they can help you get rich it is important to work out whether the person selling you the idea or concept is actually close enough to the source to know whether what they are telling you is the truth or whether they themselves are rich, and practice what they preach.

I've seen many people hurt financially, myself included, by often well-meaning people selling a concept or investment which they believe in 100%. The trouble is that they themselves have in turn been misled or sold a concept fraught with lies or errors.

As hard as it was to learn my early lessons, I consider myself lucky to have learnt the lessons I did when I had little money to lose, rather than later on when the stakes would've been higher and more money could have been lost.

Millionaire Phenomena - Property: DYMPHNA BOHOLT (continued)

If you're starting from the bottom the only way is up!

Education and ongoing training is something that I consider to be paramount for everybody at every level. Once you have some education under your belt at least you have the tools at your disposal to start working with.

Not A Property Millionaire Yet? Maybe This Will Help You...

Now for every single one of you, that decision is going to come to you in a different form. For every one of you, you're going to have a trigger and that trigger might be this book. It might be something that's said at a barbecue, it might be something that you hear me or somebody else say, that makes you think, "You know, that's right, and that applies to me. And if I don't make those decisions and if I don't make those changes now, then in ten years time or five years time or whatever else it might be, then I'm still going to be in the same situation I'm in now. So what has to change?"

From the moment I made that decision, it took me 18 months to totally replace the income that I was earning through the accountancy practice by being there 40-60 hours a week, passively, not having to get out of bed. And I did that purely through investing in property.

I focussed on property that most people don't even look at. I'm a girl from the country. It doesn't bother me if I invest in the country. Nice people live in the country, believe it or not. Whereas most investors, particularly if they're city investors, they think, "I live in this particular suburb and I'm a nice person so if I buy in this particular suburb, well nice people are going to live in my house and that's safe and secure for me". Ratbags live everywhere, so do nice people. The difference is, how good your property manager is.

Now if you take on the role of property manager, well then you've got to make sure that you're armed with the knowledge, the strength and the guts to be able to actually manage those properties effectively. I don't do that. I find that's not an effective use of my time. I prefer to manage my managers because I have property all around Australia and in fact the world. If I spend my time managing my managers, and they do the wrong thing by me or my tenants, then they know about it. So that's a more effective use of my time. But in saying that, the types of properties that I focussed on were properties

that produced a positive income, regardless of what else I did. There were properties that, from the day I bought them, they put more money in my pocket than they were costing me. And I'm going to show you some of those in this chapter.

In my home study courses I go through many, many strategies as to how you can actually implement strategies and make money for yourself, through real estate. Clearly, I'm qualified on a number of counts. I can talk about tax, I can talk about asset protection, I can talk about superannuation, I can talk about investing in whatever else. I can talk about how you should structure for tax, I can talk about how you should structure for GST and all that sort of stuff, but from personal experience I can talk about how to make passive income work for you. I can see what strategies have worked for me and for other people, other clients. I know in detail what went wrong and why it went wrong or why things worked.

You Can Stuff Up Real Estate and Still Make Money... I Love It!

Investing in real estate is one of the safest investments you can make. There's a lot of room for stuffing up. You can make a really bad property investment and so long as you keep it long enough, you'll still make money, whereas if you're smart and you know the style of property that suits your portfolio, you can make serious income, passive income and growth very, very quickly. In that 18 months time span that I totally replaced my accountancy income, I spent the first six months thinking.

You might tell me I'm a slow thinker, perhaps I am, but also I was planning it. It was deciding on what strategies were going to work. It was putting into place things to get me market ready, as I wasn't market ready. I didn't have my loan structures in place so I could act tomorrow if the right deal came along. I didn't have my tax returns done. Remember the old story about the painter's house is always the worst painted house in the street and the plumber's always has leaky taps? Well your accountant always has the late tax return because they're busy doing everybody else's.

So I had to get myself in a market ready situation, so in reality that passive income was created in a 12-month period. Any one of you can do that.

Millionaire Phenomena - Property: DYMPHNA BOHOLT (continued)

The Millionaire Makeover Is Possible For You...

In one of my mentoring programs, I remember I did a Millionaire Makeover on a lady who had \$300,000 worth of equity. That's what she was starting with. I just pulled her out of the crowd and said, "OK, show me your details, what have you got?" And then I put up real deals and the whole audience could work through and see whether they would buy that property or not.

Now they were deals that I had either pulled off the internet, found through my agents and sources that I deal with all the time, or properties that clients of mine had bought in the last six months so they were all real, live deals.

I threw them on the screen and said, you know, "Would you buy this, can you buy it, how would you structure it, how do you finance it, is this a deal that's in your comfort zone or not?" And she made yes/no decisions or even sometimes she was too late and missed it. If she dithered around and carried on too much or maybe she didn't do enough due-diligence, she got a dud.

So I didn't only put in good properties, I put in bad properties as well, and over that period of what she COULD buy in a 12 month period, she accumulated in excess of \$100,000 in passive income through the properties that I put up. She also accumulated over \$700,000 worth of equity in the properties.

Now clearly, I selected properties that were going to produce her income or were going to produce her growth in a short period of time but I also threw some duds in there to see whether she'd take them or not. Now that is not unachievable, with the correct education and knowing what you can do.

From 0 To \$250,000 In Equity Growth PLUS A Bonus \$16,000 Per Annum Passive Income In Just... 12 Months.

I know what you are probably saying to yourself right now... "I don't have have \$300,000 worth of equity."

If you have the knowledge, you can start with nothing. Here's an example. One client who had recently came out of divorce and she had no money at all, incidentally, when I came out of divorce, I had \$40,000 in my back pocket and that was it. So everything has been built from

that \$40,000.

She was in a situation at the beginning of the program where she was one of the students that I actually took on and personally mentored. She accumulated in excess of \$16,000 in passive income in that year but her focus was growth. She had nothing to start with, remember, and she had over \$254,000 worth of equity by the end of the nine-month program. We had ladies that became millionaires in that nine-month program.

Social Security Mum Makes \$160,000 In Record Time Legally And Breaks The Poverty Cycle

We had ladies who bought their very, very first property. We had a lady who was a third generation social security mum who broke the cycle. She bought a property, she renovated it, she lived in that property, she lived through the bearers and the joists stage and the walls that were hanging down and everything else but she made \$160,000 and I said to her at the last event, "Could you have made that money any other way", and she was actually very heavily pregnant with her second child and said, "Well, not legally".

So, what I'm trying to get across right now is that it can be done, it is something that if you make that decision, if that trigger happens for you while reading this chapter, it is something you can act on next week. You can make serious difference for yourself but it all comes back to the knowledge of what the plan is for you, and selecting the properties that are right for you, that next move for you. There might be a great deal out there but if it doesn't suit your portfolio, it's wrong for you. So it's a matter of being able to put that plan together for yourself and the only way you're going to do that is to know what's out there and what else you can do.

So let's have a look at some of the things that you might be able to do.

- Strata titling
- Buying off the plan
- External forces
- Buying, immediate growth
- Mortgagee sales

Millionaire Phenomena - Property: DYMPHNA BOHOLT (continued)

- Deceased estate
- Rates defaulters
- Public perception
- Emerging economies
- Prime locations
- Speculative building
- Speculative land deals
- Developments
- Subdivisions
- Flips
- Options
- Commercial
- Equity drawdown
- DA and BA approvals
- Lease and sublease
- Dual occupancy use
- Renovations
- Creative management
- Creative contracts
- Vendor Financing
- Lease Option & Wraps
- Re-zonings
- Cash cows

Cash Flow Will Give You Your Dream Lifestyle And Growth Will Make You Rich

What I'm going to go through are things in broad terms and just pull out a few of those that I think might interest you. But first you've got to understand exactly what growth is? A growth property is going to produce you wealth. It's going to produce you equity that you can use to borrow against. It's going to give you the ability to have security to go out there and buy the next property.

But it's not going to give you lifestyle. It's income that's actually going to give you lifestyle.

It's income, cash flow coming in that says, "I don't have to get out of bed today. I've got my money coming in that I would normally need to go out and work for, coming in passively". It's the one that says, "I can go on a three month holiday". It's the thing that says to the doctor client of mine, "I can take three months off and go and work for the tsunami appeal, because I want to, because I can". Previously when they were focussing on growth property, they were not in a position to do that, which is something that they really, really wanted to do. It gives you the ability to be able to implement some of the more community-related things that affect you.

Most of you reading this at the moment will be sitting there, thinking...

"This chapter is all about making money."

...And yes, you're right, it is. However, there's a point that I hope you experience down the track by following my strategies here where you don't have to focus on selling your time for money and doing what your totally passionate about. That's total freedom, and that's why I keep teaching these strategies.

You'll get to a stage where me's taken care of and then you'll get to a stage where you ask, "What else do I want to do? What difference do I want to make? What's the mark that I want to leave on this earth?" There's a particular client of mine who comes to mind and I always get a little bit teary when I think about this girl, but, four years ago she came to me and we started to work through a few issues with her and her passion was property, through her real estate investing, what she's been able to do is set up orphanages in China.

She'd had an experience where her business partner was Chinese, and they were over in China and she saw first-hand, outside the tourist route, what happens to babies, particularly baby girls. In China you're only allowed to have the one child so the second child is often killed. And today, that girl is rescuing hundreds and hundreds of babies lives because of her efforts, because of what she wanted to do what she decided to do. Now that's the impact of one person. If you can affect one person, if you can get it right for me, for the you, the individual, you can affect your whole community. You can affect everyone around you.

Millionaire Phenomena - Property: DYMPHNA BOHOLT (continued)

Have you read *The Richest Man in Babylon*? It's a beautiful book. I give it to my kids to read. The underlying message behind it is, save 10% of your income. But if you look at it a little bit deeper, it's about whole economies. I'm actually an economist, and it goes through the economics of how one person's wealth can change a whole community. Now I know by changing your financial wealth, I can not only make a difference in your life, but also in the lives of everyone you interact with – everyone you spend money with, everyone you communicate with. Just like the pebble in the pond and the ripples that filter out over the entire pond, whole economies are affected. You may not realise it, but from an economics perspective, it does. And that's why I'm writing this chapter. Because I know the difference I can make if you let me.

The Perfect Time For Cash Cows Is Now...

So what's a cash cow?

Where can we find these cash cows, where do you buy a property and it produces you more income than it cost you? Well a cash cow, basically, if you take all of the income, less than all the expenses, and it's still positive, then that's a cash cow. That's the kind of property we're looking for. So how do we do that when we're out searching for a property?

Well there's a little thing called The Rule 2 that I use.

Now this is only a rule of thumb, but basically if you're looking at a property and you want to know how much rent you need to make the property positively geared then this is what you do. You take the purchase price of the property and multiply it by two and divided by 1,000, this then gives you the weekly rent required to make the property start to be positive cash flow. If it's anything more than that, it's an even better cash cow. So if you're buying a property for \$200,000 and it produces \$400 a week rent, that meets the rule two. It's a cash cow. Now obviously rates vary from council to council, so do interest rates, so do other charges and things that you might have but just as a general rule of thumb, if it comes close to that, you're getting to the stage where you're starting to look at something that's going to be positive cash flow to you.

Now that's after you've paid your agent's commissions, and after you've paid interest on 100% of the mortgage. Now the reason I'm saying 100% of the mortgage is

because, if you've got your principle place of residence and it's worth \$400,000 and you get a line of credit on it which at 80% be \$320,000. But let's say your mortgage is only \$100,000. So what you've got there is \$220,000 worth of available equity. This is on your PPR, principal place of residence.

Now you might say, "OK, that's where I'm starting from." You might form, for instance, a company and a trust that goes out and buys its first property. Now let's say that first property was a \$200,000 property. What you would do is go and get a loan on that property of 80% which means you'd be borrowing \$160,000 secured on that property. Where's the rest of that money going to come from? It comes from your available equity, your big credit card that you've got sitting there available to you secured by your PPR.

So in order for that property to be a cash cow, it has to support the interest on not only the \$160,000 but also on the \$40,000. That's a cash cow. There are a lot of agents, salesmen, people out there that will sell you negatively-geared properties based on a deduction for tax purposes that you might, after claiming the deduction for depreciation might be marginally positively cash flowed. My definition of a cash cow is one that is positively cash flowed on a cash-on-cash basis. Forget the tax, I want to be making money, real money, and that's how you calculate a real cash cow. Anything above the rule of two minimum means you're better off.

How Do You Find Cash Cows And Even Better, Multiple-Income Cash Cows?

So where do we look for these kinds of cash cows? Well they're going to have certain characteristics. They might be in a regional area and I'll show you some of those that I've bought. They might be a dual occupancy property where upstairs and downstairs are both rented out separately or where you've got a granny flat to rent in addition to the main house, or you've added a second residence to the property or it might be a duplex or a triplex or a four-plex. It might be a six-pack or an eight pack. Go to the United States and it might be a 57-pack. Their developments over there are huge. But that's great. It just means there's more money to be made.

So what are multi-income stream cash cows? Here's how they work. You've got multiple income streams com-

Millionaire Phenomena - Property: DYMPHNA BOHOLT (continued)

ing from the same piece of land that you've purchased. It might be a shopping centre. It might be a development or an office development. It might be an industrial warehouse development where you've got a number of different incomes coming from it. You might buy a piece of real estate and you say, OK, how else can I increase the income on that property? I might be able to sell signage, I might be able to rent out the back. I might be able to do something else. How else can you get that extra income coming in?

Here's an example of a multi-income stream cash cow. Simple, easy, anyone can do this. This particular cash cow cost me \$250,000. Most of you reading this chapter could have bought this property. Here are the figures on it. It cost me \$8,000 in purchasing costs and it has a rental income of \$52,000 a year, which is \$200 per week in the five units. It's a block of five. My costs on it are only \$24,000, which means that this property puts a passive income in my pocket, every week of \$527.00. And that's \$527.00 that I no longer have to go out and work for. It's passive.

Do I have to pay tax on that? Yes but if I went out and worked for the income, I'd have to pay tax on it anyway. Do I have to pay tax on all of that? No, because I know my tax laws. I know that I can get a quantity surveyor in there and maximise my tax deductions. I know that I can go and visit it and claim it as a tax deduction. I know all the appropriate tax deductions that I can claim by sitting in my office and not going anywhere near it. So no, I won't be paying tax on all of the income whereas if I go out and work, chances are, for that same \$527 a week, I would be paying tax on all of it. And if I'm working for somebody else, then I'll get the tax taken out first, thanks very much, and then have to prove that I need some of it back. That's how it works.

Retire Rich, Retire Early - If You Want

So if I can get one thing across to you, this is the way to go. This is what you need to be doing, because income, regardless of whether you love your job and you think, "This is wonderful. I've got the best job in the world and I don't want to leave it". That's great. But what happens if you can't do it? What happens if in five years time you want to have a baby? Not men obviously, but, what happens if you decide to have a midlife crisis

and go sailing? Then you've got this as a backstop coming in.

Now this may not be your plan right now but ultimately it is going to be and it is this positive cash flow that will make your retirement a whole lot easier.

Now when I say retirement, most of you think, "Oh, that's too far out, I don't even want to think about that". Well think again! Retirement could be next year. You know, there doesn't have to be a specific age requirement that the institutions like to put on us. When you're financially able, you can retire any time you like. Now, retirement is not something that is actually desirable to me. It's not something I'm actually going out and chasing because I love doing what I'm doing, but I do want that passive income so I've got a safety net in case I change my mind.

Multiple income stream properties are properties like blocks of units. I love blocks of units. The reason I love blocks of units is because I've got multiple income streams coming in from the one purchase. It's in the residential market which means it is easy to get into and it's one of the first investments that most of you will make. Most of you won't jump out there and go and buy a commercial property up-front, even though commercial properties do have a higher income yield than other properties. In the commercial world you've got to know a little bit more and be a little bit more aware when you're buying commercial properties.

When we look at multiple income stream residential properties, you're talking about having an amount of income coming in from a number of sources so if any one of the units is vacant, then chances are you've still got enough coming in from the rental of the other units to make your repayments and other costs. In fact you can actually work out your break-even point.

You can also manufacture a multiple income stream property, and I'll tell you about a couple of clients that have done exactly that.

I've got a client in Bendigo, Victoria who bought a two street frontages property. It was an old house at the front, which they renovated and then rented it out. They then put storage facility units at the back, put a fence down the middle and guess what? They've now got an passive income producing property. They could only fit six storage units on the block, but six storage units rented

Millionaire Phenomena - Property: DYMPHNA BOHOLT (continued)

out at \$25 per week makes a whole lot of difference to the passive income of that property.

I had another client who bought a block of three up in Nanango. Same kind of situation. He actually bought it in his superannuation fund so he had to buy the property outright with no borrowings as superannuation funds can't borrow. It cost him a grand total of \$68,000. The income that came from that property each year was sufficient to allow him to build a few storage units on the block every year. So every year he builds a few more storage units with the passive income the property produces and every year his income gets more and more and more. He decided to do it completely inside his superannuation fund. That wasn't something that he had to do but he figured that he was a better manager of his money doing something like that than putting it with a fund manager. That was his decision.

I've got another client that runs a golf driving range, and he was sitting one day, thinking, and he noticed that the golfers never ever hit the balls down to the end of his property. So he thought, what else can I do with this? How else can I make money on my golf course? So he decided to put industrial sheds at the end of the golf driving range with a laneway down the side. He painted a big circle on one of the industrial sheds and he pays the golfers an extra bonus of a free lesson and some golf balls if they hit the circle of the shed. None of them do. They still can't hit the ball to the end of the property but at least now he's got some commercial properties down the end that produce him more income.

How To Create Your Own Bank And Leverage

Now this strategy is a double-edged sword because not only is the property producing more income, it's also worth more which means he can borrow more against it which means he has more equity available for him to invest in more deals.

By doing this, you are creating your own bank, a bank of equity that can be used for further investment. Taking this concept a step further, your own equity bank can then start to take second mortgages on your properties in exchange for the lending and that's the situation you want to be in. Where you're accumulating your wealth and, over time, you'll pay taxes through your 'bucket

company' (because you will have exhausted all of your other avenues to minimise your tax) and your bucket company will then be the company that lends money to other structures and it takes registered second mortgages on your property for asset protection reasons. Not only are you protecting your assets, you are being tax efficient and smart with your money. You're using your money, over and over again, and you're getting a tax deduction for it. But that's a whole other story!

More Cash Flow Property Strategies That Can Make You Rich

Properties like strip shops, and I don't mean "strip" shops - I mean a strip of shops, have multiple income streams coming in as well. Office blocks, shopping centres, (I love shopping centres even though they're more expensive than some of the others) are all examples of multiple income stream properties. But you don't have to start with the biggies, you can start with a duplex, or you can start with a triplex or a block of four... As most of you will once you start to really see the figures and how they can impact your finances.

I've got a block of four in Central Queensland. I've got a couple up there actually, but one in particular I bought for \$176,000 and there are four units. Each of them earns an income every week of \$120 a week rent. Is that a cash cow? Well, do the figures. Four times \$120 is \$480. What did I buy it for? \$176,000. Does it meet the rule of 2? Yes, it's a cash cow. In fact, it produces about \$5,000 to \$8,000 a year positive cash flow.

Now that is just as sweet as the other one I showed you. And if you have a number of those, you accumulate that \$2,000, that \$3,000, that \$5,000, that \$8,000 or \$10,000 or \$15,000 worth of passive income, then it suddenly makes a whole lot of difference to your lifestyle.

Everyone Saw It, But No One Bought It...

I was speaking to a group up in Yeppoon a couple of years ago and this ad was in the local paper, the Morning Bulletin, and it said "House divided into four units, all returning \$100 a week, urgent sale \$135,000". Is that a cash cow? Yes.

This came in the paper on the Saturday and I was speaking on the Monday night and I put this up on the

Millionaire Phenomena - Property: DYMPHNA BOHOLT (continued)

screen and I said, "So, who saw this ad?". And about $\frac{3}{4}$ of the room put up their hand. I said, "So which one of you bought it?". They all went down. "Which one of you rang up about it?" Not a single person. "Why not?" "Oh, this was on" or "It sounded too good to be true" or whatever else.

The fact is that this property put \$11,400 a year, per annum, into your pocket. Not just the first year when you buy it but every year. This thing is an annuity. This is like buying a pension, and all you have to do, to get that pension, is fill out a whole heap of forms, bend down and pick it up, and come back next year and bend down and pick it up again. That's what cash cows do. They have so much passive income coming through that you just accumulate it, year after year and it becomes your income. That is your lifestyle. This stuff happens all over the place. Just about everywhere I speak, I can pull out properties that will produce income, passive income, and people don't realise, they don't know where they are, they don't know how to look.

They may not be standing out there with a sign on them saying "I'm a cash cow, come and buy me". Sometimes you have to make them into a cash cow. Sometimes you might have to increase the income by doing things to them.

How You Can Creatively Manufacture A Cash Cow...

I had a student who bought a block of four units in Toowoomba. She bought them for \$230,000 and they produce \$440 a week rent. Is that a cash cow? Not really, but it's getting close.

After buying the property she decided she would manufacture a cash cow. What she did was put in four washing machines, four driers, a pinball machine, a coke machine, a chocolate machine and a space invader machine. And she did this in a little lean-to that was out the back that she carpeted and did up a little bit. As most of her tenants were students, they threw in an old TV and an old lounge, and the old lean to became a little epi-centre for the students. Mates come around there and they played space invader machines and did their washing. On average each week, out of those machines, she collects \$500 in coins. Now that's creating a cash cow.

There are lots of ways you can be a little bit creative

and manufacture additional income. That's one of them. Here's some more...

Things like negotiating commissions and starting to reduce your expenses on a property. If you have a property that only has one water meter, get them separated amongst all of the tenants because otherwise you're paying for the water, not your tenant. Same thing with the electricity. You can have services provided that cost you X amount that you can charge out at a higher amount. Services like cable TV, high-speed internet. It depends on your client as to what they consider to be desirable.

In some places where I've got properties, having cable TV is something that's the norm. How could you possibly rent something that doesn't have cable TV, my goodness! There's nothing else to do out here. However, there are other ones where high-speed internet is really what's important. It's a matter of understanding your tenants and working out how you can produce more income out of your properties. Here's another good example...

If a carport costs you, say, \$5,000 to put on but you're going to get an extra \$20 a week rent if you rent it with a carport, roughly speaking that's \$1,000 a year extra that you're going to get in rent. Now you've paid \$5,000 for the carport, so what's your return on money invested? 20%. Is that a good investment? Can you get 20% somewhere else? May be not.

The fact is it's actually higher than 20% because you've probably increased the value of your property as well. So what you need to do, before you spend money out of your pocket, on your properties, you have to look at it on a cost-benefit analysis. You need to do your own little feasibility study, if I spend this money, then what return am I getting on it? Is it worth my while spending that \$5,000 on the carport, or is it not? What's my income yield coming from it, what's my potential growth coming from it?

No Money... No Problem.

Use Someone Else's Money And Create Cash flow...

When you're at a stage when you're capable of doing things like that yourself, then you would be astounded at some of the deals you could start to put together. I had a lady out of Sydney that, I'm sort of calling the vendor

Millionaire Phenomena - Property: DYMPHNA BOHOLT (continued)

finance queen. She buys commercial property with no money down. She did her first one by approaching a developer and it was the last in an industrial warehouse estate that he wanted to get rid of and she convinced the broker that she needed to talk to the developer herself. Two hours later, she had a contract in place that said that he was going to vendor finance her, 30% of the value of the property over two years.

She subsequently got a tenant, she got it rented out, it is positively cash flowed, she's done improvements to the property, so in two years' time she will be easily able to revalue that property, in fact she can do it now and pay out the developer. Did the developer even think that he was going to sell it that way? Under no circumstances. "I'm not a bank", he said. But she was able, through her knowledge, to present such a good argument to this guy that she was in a situation to be able to seal the deal and she's done it over and over again thereafter.

\$25,000 In 2 Weeks Flipping Property Strategy

Flips are buying and selling a property with in quick succession and making a profit. What you need to recognize is when a property is undervalue and what it is really worth the whether you can on-sell it relatively quickly. This means you have to know your market. Sometimes you can even organise a simultaneous settlement, that means that you're buying and selling the property on the same day. So all you're effectively doing is taking the profit margin.

However, I will caution you that you must have your finance in place to be able to settle on the property if anything goes wrong. This is an example of a little flip that a mate of mine did in Maroochydore. It was a two bedroom, one bath, lock-up garage, 6 year old unit. The property was listed for \$165,000 and he bought it for \$163,888 – the seller was Chinese and had this thing about numbers. He paid her a \$500 deposit and he had in his contract a clause that said, "able to show the property to potential occupants during the settlement period". Now what that meant was that during that period he was able to bring other tenants through, other occupants through.

Now the selling party thought he was getting tenants through and that he was going to rent out the property.

In reality what happened was, he on-sold the property to a third party because he knew that property was undervalue. This is what happened. He actually on-sold the property in two weeks for \$195,000 which incidentally was a little under market value as well because he wanted a quick sale. He made a profit of about \$25,000 in his pocket. He did a simultaneous settlement. He paid stamp duty when he bought the property and the new owner who paid \$195,000 also paid stamp duty when they bought the property. Had he bought the property under an option contract, he would have been able to sell his option contract and not paid stamp duty. So it depends on the contract and how it is worded as to whether double stamp duty kicks into place or not. Either way, he needed to be in a financially secure situation so that if anything went wrong, he was able to buy the property anyway, and then on-sell it at some point in time in the future.

How To Create Positive Cash flow From Real Estate Without Owning It With A Little-Known Sub-Lease Strategy

The reason I talk about leasing and sub-leasing is because you'll probably hear it from someone else so I may as well give you the whole story and not just the rose coloured glasses story. I have a business associate in America who has perfected this to the T - and on speaking to him, he was talking about how he started with no money. You can do this with no money, but believe me you need to be exceptionally gutsy. He signed a commercial lease on an ugly, vacant commercial building and he then went about sourcing tenants for his ugly, vacant commercial building. He had the gift of the gab. He knew his market, he was in the business of gaining tenants for properties anyway. He signed the master lease, and in the master lease, he had the ability to sublease. He signed it over a long period of time I might add, where he had the only option to renew, not the sub-leasees. He also physically improved the property through renovation to make the property more attractive than the current owner did.

One of the great things about the real estate market, is that it is imperfect. In an imperfect market place, you've got opportunities to make money because not everybody knows what you know. Not everybody is working from the same level playing field. The current owner of that

Millionaire Phenomena - Property: DYMPHNA BOHOLT (continued)

property was probably not very good at managing his properties. The current owner of that property didn't realise with a few subtle changes the property would be more desirable to tenants. It was information he didn't have whereas this business associate of mine did. The sub-leasees paid him more than he had to pay on the master lease and he made himself a tidy passive cash flow. He went on to repeat this process many times.

He'd get an ugly building, normally vacant but not always, sign a long lease, and he'd sublease it at a margin to other tenants, so it didn't actually cost him any money. As he moved forward, he actually got a little smarter and took out options to purchase in a five year time span at an agreed value which meant that any time in that five year time span he was able to buy the property at an agreed value which meant if the market shifted and went up in value, he'd exercise his option at the lower value and buy that property.

He told me his income from his lease and sub-lease business, let alone his landlord business, was around about \$100,000 per month. He's been doing it a long time and when I say a long time, he's been in it for six years which really I guess is not a long time but he's now in a secure situation where he can afford to make a mistake.

But if you intend to implement this strategy up front, you can't afford to make a mistake on your first deal. So keep that in mind. Whilst it is a strategy that you can do without any money at all it can be risky if you are unable to lease out on sub-lease contract as you are still stuck with the responsibility of the master lease.

You know, in leasing an ugly, vacant building, generally speaking, you can get big periods of time rent-free, so long as you're prepared to sign a long lease. Well it's that period of time that he uses to actually get his tenants in and renovate the property if necessary. But I caution you, it's not for everybody.

More Strategies For Manufacturing Cash Cows

This is like the lady that I spoke about who puts in the washing machines and the driers. It's all a matter of analysing your property and working out how you can increase the value of this property. Just think what are some of the things that you might be able to do? And if

your going to spend money on the property, then what's that going to mean to you on a cost benefit analysis? If you spend the money, what's your benefit and how much is it going to cost you?

Maybe look at things like the sale of signage. I was speaking in Sydney a couple of weeks ago and a gentleman was telling me about a property in Melbourne where a telephone tower was stuck on the top of a commercial building which produced a ridiculous amount of \$28,000 a month additional income just for having a Telecommunications tower sitting on top. Those are the types of things that you need to be constantly thinking of.

I've got a block of units up in Rockhampton that's a block of five. It is property that, on its own, is a cash cow. It puts about \$6,000 or \$7,000 a year positive cash flow in my pocket. It's obviously gone up in value and I can re-borrow against it to go and do the next thing. But on its own, it put about \$6,000 or \$7,000 income in my pocket. But on top of that, the land is also big enough to build another four units on the back, possibly strata title and even sub-divide. You see you've got to constantly be active. Once you've got a property, you don't sit back and go "Oh phew, that was hard. Done it now, got my annuity". That might be the case, but the fact is there might be a whole lot more that you're missing out on if you're not active on the properties that you already have.

How To Buy Property At A Massive Discount That Very Few People Even Know About

The public trustees and the perpetual trustees are private and government organisations that sell off properties from deceased estates where either there isn't a will in place or that the deceased has elected to have a public authority settle their estate.

Now the public trustee sites are particularly interesting because they do it themselves. In Queensland for instance, they list every month the auctions that are coming up, which is similar to the process in all the other States except they are all autonomous and are different bodies in each State, but they all work pretty much the same. Now there's a gentleman in Brisbane who looks after all of Queensland, and it's the same in all the other States. One man can't possibly know what the current market value is on all of those properties all around the State that go up for auction.

Some of them are sold by auction on the site itself and

Millionaire Phenomena - Property: DYMPHNA BOHOLT (continued)

others are just listed for sale. A little while ago I missed an absolute bargain and I was so annoyed. If you know the Sunshine Coast, there's a little area there before you get to Nambour and the land up there is relatively valuable. It has views and it's rural and it's beautiful. There was a ten acre property, which had an old house on it and the land had been subdivided into four blocks, about 2½ acre blocks. Now a 2½ acre block up there would sell for around about \$400,000 / \$440,000 thereabouts. The whole parcel already subdivided, sold for \$550,000. Do the maths on that one, and I missed it. Never mind, there's more out there.

But that's the sort of thing, if you know your market, you can pick up deals significantly undervalue and I can give you countless cases of those types of situations. It's all about buying immediate equity. Sometimes you do have to do things to those properties to improve the value. Sometimes you don't. It really depends on the circumstance, so have a look at that sort of thing. Normal deceased estates, are dealt with by the executors of the estate. Now sometimes that's a solicitor or an accountant. They usually put the property through the real estate agents. Some of them don't. Some of them do it themselves.

How To Buy At A Discount With Deceased Estate Opportunities

Here's what to look for when you're looking at deceased estates.

The more beneficiaries there are, the more bargaining power you have - so you must always find out how many kids are involved. The bigger the number of kids, the less differential it's going to make per-child in a negotiation. Now what I mean by that is, if there's say ten kids and you're negotiating a \$20,000 discount on the property, that's only \$2,000 each. It's not so much. Oh, just get rid of the house, I'd rather have the money, it's only \$2,000 is the usual reaction per beneficiary. Don't worry about it. The greater the number of beneficiaries also means they are harder to deal with as everyone usually has to agree. So, make sure you understand all the background behind these properties when you're buying them but also understand if you buy at an auction, you're buying under auction conditions which means that it's a 30 day unconditional contract, you need 10% normally within 24 to 48 hours to be able to settle on the prop-

erty. So if you're going in with limited funds, you need to make sure that you're able to settle.

I remember a case, it was a property that a young guy was looking at down the Gold Coast and he found out all the information behind the unit sale and why the seller was selling. In this particular unit, it was an old guy who owned it. He was moving into a nursing home so the young guy asked, "Since you are moving into a smaller unit, do you need all the money now?" And he said, "Well, I probably don't but you know, why are you asking?" He said, "Look, I'm only young, I haven't got a lot of money. Why don't you leave some of your money in the property. Why don't you leave in, say 30%, I can borrow the rest from the bank, I can improve the property and I can pay you a good interest rate on the money you leave in. At the bank, you're only going to get 5% at best. I'll pay you 8%." A relationship was born. That young student bought his first house. He was able to improve the property, renovate it and revalue the property, and he's off. I think he's got about four others since then. But the old guy still keeps his money in the property because the young guy goes to see him all the time. He takes him his cheque for the interest and he buys him his smokes and whatever else he wants and they're mates now. They've helped each other out. The old guy's getting more than he would have at the bank anyway. So don't be afraid to ask. The "no" you've already got. Whereas if you ask, you might just get a "yes". You never know.

There's lots of those kinds of circumstances where you can turn things around and by being a little bit creative, particularly now the market has changed, there's a lot of deals out there that can be bought on terms rather than dollars. Things are starting to get a little bit harder to sell, particularly when you're dealing with the bigger people. The end of the line of an estate, the industrial stuff, the commercial stuff, the ugly stuff. The ones that have been on the market for a little bit of time. I know of a property in Brisbane that was on the market initially for over a million dollars. It had been on the market and nobody even bid on it. I know for a fact that a contract went on that property for \$354,000 because the seller was desperate - but who would normally even think to offer such a low amount on a property that was initially listed for over one million dollars.

I've got a mate who religiously offers 70-80% of list price, doesn't matter what it is, doesn't care whether he buys it or not. It's called the scatter technique. 70-80%

Millionaire Phenomena - Property: DYMPHNA BOHOLT (continued)

of list price, buy it or not. You would be surprised how many times he gets laughed out of real estate agents' offices only to be called back the next day. He says he can't believe it. They accepted. Never hurts to ask.

Where To Find Real Estate At 50-75% Discounts With Little Known Rate-Default Auctions

A rates defaulter is basically when somebody can't afford to pay their rates on a property. The Council, normally after three years, sells up the property for whatever they can get for it. The council usually advertises the property about three months prior to coming up to auction, and you have to be there on the day, with your money, to buy the property, normally 10%, settles in 30 days.

In some States they are called Sheriff Auctions or Bailiff Auctions. Then in other States, particularly in New South Wales, you can actually get what's coming up in a few months off the State Government web-site, where properties are listed and then cleared every Friday, so you have to be quick. In Queensland, you can't do that. You've actually got to talk to the local Councils or search through the newspapers.

On a particular property that a girlfriend of mine bought in Caboolture. She really didn't intend to buy it. She actually just wanted to go to the auction to see what happened but she couldn't believe how much it was going for. She bought the property for \$52,000. Now if you know the Caboolture market, that is exceptionally cheap, no matter how bad it is. She didn't get inside, there was no inspection on this property. It was a drive past, like it or not. So she bought it for \$52,000.

Out of her own money it cost her \$8,000. This was the deposit she put in and she borrowed the rest. Normally speaking, when you buy a rates default auction, you are buying someone else's problem. They are either in jail, they are mentally insane, they are dead (which is the best option), there can be squatters in the property which was sort of the case with my girl friends property. Well he actually owned the property but he had a mental condition, and didn't understand the auction process. The plumber that came in to fix the toilet said that particular room had not been used for about five years, so you could imagine what happened in there. It was disgusting.

However, she did the right thing because he was still living there and he did have a problem. She went to him and said, "Look you understand that I've bought this property now and you can't stay here." And he sort of said yes. She said, "What I'm going to do is I'm going to find you another place to live" which is what she was most concerned about. She had contacted the Salvation Army and he moved into their hostel and he now has a bath every day, he now gets three meals a day, he now gets the pension that he didn't know he was entitled to. And he's as happy as Larry. This is the best thing that could have ever happened to him. She on the other hand, got industrial cleaners in, painters, scrapers, put in a new kitchen, bathroom, not an expensive one though, it cost her \$12,000 all up and she revalued the property.

The property revalue for \$115,000. This property is obviously worth a lot more than that now but she rented it out then at \$165 a week and she put about \$36,000 tax free in her pocket. The property is still positive geared by \$2 a week and she's got \$36,000 a year, thank you very much, plus the potential growth on the property into the future. That's how rates defaulters work.

Some people say that these properties no longer exist. Well, one of my mentoring students found out that there was one in Ipswich coming up and I suggested attend it. So I said, well go out and see what happens. It's a good experience for you, so she went out there and when she came back she said, it was good. It was a vacant block of land. I said, "So, did it sell?"

"Yeah, yeah, it sold."

I said, "What did it go for?"

"Five thousand dollars."

I said, "So, did you buy it?"

She replied, "You didn't tell me I had to buy it!"

You have got to be kidding!

Five thousand dollars for a block of land in Ipswich. Now admittedly it did have its problems. It was beside the cemetery but it was still only \$5,000.

Another mentoring student bought a unit on the Gold Coast for \$42,000 through a rates default auction.

Another student of mine missed out on an auction because she didn't think she was in a position to buy it.

Millionaire Phenomena - Property: DYMPHNA BOHOLT (continued)

The reality was, she was. This particular property was worth about \$140,000. At auction it sold for \$65,000. However she redeemed herself because she got the next one that came up and she bought it for \$65,000 too and she's now living in that as her principal place of residence. It needed renovation but she made good money on it. It's now worth about \$175,000 with the renovation in place.

Another client of mine bought a vacant block of land out at Roma. Now you all know where Roma is, west of Brisbane, about 8-10 hours, for \$600. Now, you laugh but vacant blocks in Roma at the time of this purchase were really only worth about \$20,000. Did he want a vacant block of land in Roma? No. What he wanted was to buy a place in Maroochydore but he didn't have the money to do it, he didn't have the deposit.

So he bought this place out at Roma and he waltzed up to the bank after he found his place at Maroochydore. He said, "OK, I want to buy this place in Maroochydore".

And they said, "Ooh, what have you got for security?"

He said, "Well, I haven't got much saved but what I have got is this block of land, it's a house block out at Roma that I could put up as security".

They said, "Is there any mortgage on it?"

"No, no, I own it outright". He paid cash at the auction. So because he owned the block of land out there and he uses that as his deposit for his place in Maroochydore, he got a \$20,000 benefit for a \$600 outlay.

But please make sure if you're going to go down this track, that you ring up the rates department of the Council on the Friday afternoon and make sure that that property or properties are going to auction the next day. They're normally on a Saturday and if they are, then sometimes you have to jump in the car or take a plane to go to wherever it is to attend the auction and see. It's only Johnny on the spot that ever gets the opportunity to buy these things so if it's your daughter's wedding or Great Aunt Bertha's birthday party that's on at the same time, you have to make a decision as to which is more important to you.

Get Instant Capital Growth With Cheap Renovation Strategies

Renovating is an excellent way to accelerate growth. But let me tell you this, renovating is a business. Regardless of whether it's an investment property or even your principal place of residence, you could be caught for capital gains tax and/or income tax depending on how long you hold that property in the renovation process.

I won't go through this in this chapter, but I do have a lot of clients who specialise in renovations and some earn a very tidy income as well as accumulate a significant wealth portfolio in the process.

The advent of shows such as Ground Force and Location Location and Auction Squad, have meant that the renovating industry has become a \$3.6 billion industry in this country. That is huge, and it's something that you certainly can make some money out in. Be careful with the GST issues and the capital gains tax issues though as there are a few traps and remember with capital gains tax, if you're buying and selling a property, it goes from contract date to contract date, not settlement date to settlement date.

Here's a couple of properties that we did. This property had a 12' carpet snake in the ceiling, it had lantana growing over it. I can't understand how people can actually live in these conditions.

It was about a \$100,000 renovation profit on that one.

\$1,200 Spend Creates A Huge \$68,000 Return...

A mentoring student from Western Australia bought a waterfront property in Port Hedland. She bought it for around \$220,000 and rented it out for \$300 a week. It's not positive cash flow but the renovation on the property is what made her the money. The renovation only cost her \$1,200 and a lot of hard work.

Well that's what she told me on the phone. However when I went across to Port Hedland to check out what she'd actually done on this property, she'd only painted the front of the house, not all the way around.

"We don't do that in Port Hedland, you only paint the front." was her retort.

Uh huh. But she did have it revalued after her \$1,200 and hard work and it was still valued at \$300,000 so she made \$68,800 on the property in a short space of time.

Millionaire Phenomena - Property: DYMPHNA BOHOLT (continued)

So, it can be done. It's something anyone can do. Obviously for a lot of you, if you're just starting out, maybe this is what you're going to have to do, and you might have to do it yourself. As you move forward and you find it's something you absolutely love, then you might get to a stage where you're actually using contractors to do all the work. Just one word of advice with contractors, now I shouldn't have to say this but I feel I do, be nice to your tradesmen. You get far better results, it is much nicer, they like working for you, they will come back and work for you again especially if you bring them a case of beer on a Friday afternoon.

And the other thing is, things that contractors generally hate is paperwork so if you can make their job easier, you're going to get a better deal. Identify the job, write it out, detail out exactly what you want done because that's half their quote done. All they've got to do is fill in a figure. Whereas if you leave it up to them to write it out, that's paperwork. Nobody likes doing paperwork. Not even accountants like doing paperwork so the more you can do for them, the better the results you're actually going to get.

How You Can Make Big, Big Profits In Real Estate With Just A Bit Of Paper Work

I love this strategy. It's the fastest way to create instant capital growth without getting your hands dirty. It's called, Strata Titling. This is the process of taking a property on one title and applying to the local council to have it broken down into individual titles so can either sell them off individually or have them revalued at a higher price because they are individually titled. So if you buy a six pack and you break it down into individual titles, it means from a banking perspective, that the property is a lower risk property to the bank when it is on individual titles as they can sell the property more easily and to more people than if the property was all on one title. When the property is on one title the only buyer is an investor, whereas on individual titles anyone could buy the individual units separately, even owner occupiers.

So the banks market for on-selling the property is limited when the property is on one title and because they've got the additional risk, in their opinion, then they don't lend you as much on that property, generally speaking. They might only lend you 70% or maybe 65% whereas if it's a single block, they're more inclined to lend you more

even 90% or 95% if you pay mortgage insurance. By applying to the Council to have that property broken down into individual titles (and that cost varies depending on your local council and your State – some States are horrendous), then the value of that property goes up in value, simply because you've used your knowledge and your pen to create some growth on that property.

This is called manufacturing growth. This is where you buy a property and you do your due-diligence on it. You can cost out the whole feasibility study on the property even before you sign the contract. I don't like to rely on external growth. Growth is something that happens in the market place that you have no control over, whilst I can show you how to do due-diligence and how you can look for transition zones and how you can look at market trends and the economy and supply and demand, and all these other things that give you better odds, it's still gambling, in my opinion.

I like to have certainty in what I do. So if I'm going to have a growth component in my portfolio, I will try and look for something where my odds are exceptionally good or they're guaranteed. Now when you look for results where your growth is guaranteed, strata titling would have to be right up there on the list. You can do all that due-diligence before you ever buy it. You know what that property would be worth in today's market, not relying on any increase in the value of the property through market trends. How much that property would be worth if it sat there today and it had individual titles on it as opposed to one title. How much you could sell each one of those individually AND you've got the ability to borrow more on it which means you've got more available equity to borrow and invest somewhere else, in perhaps a cash cow that's going to produce you more income.

You see, it's this balancing act. I'm all about balance. I'm all about diversification. I'm all about knowing what your business plan should be for you, and being able to take into account your risk profile and what that means to you, and how much you need in a safety buffer in case interest rates rise, or in case this happens or that happens.

You know if you need \$5,000 sitting in a bank or if it needs to be \$100,000. Is it a year's income, sitting there just in case things go against you, or is three months sufficient? I can't answer what that safety buffer is because it's going to be different for every one of you. But strategies such as this for those of you who are a little bit more faint

Millionaire Phenomena - Property: DYMPHNA BOHOLT (continued)

hearted when it comes to investing in the property market, where the results are a little more guaranteed because you know at the outset, how much you're going to make on the property are certainly worth the effort of learning. Barring the market crashing, you'll know your minimum profit. So basically, with strata titling, the result is your property will be worth more, you will have more equity to borrow against, and potentially you get a tax-free growth profit. If you don't sell it, it's tax-free profit. You don't pay tax on that money until you sell it.

Here's one that one of my mentoring students bought in Mt Isa. It was a sweet little block of four for \$275,000, it's rented out at \$600 a week. On this particular block the units were all on separate meters, they all had separate water meters and electrical meters so none of that had to be changed.

The firewalls in between each of the units went right up to the ceiling. These are all the things that you need to know and understand if you're going to go down this track. But it's not that hard. On this deal strata titling only cost \$10,000 and that was for a consultant to do it for her.

That included all of her council fees and everything else. She didn't actually even have to do any of the paper work and post strata titling each individual unit was worth \$95,000 each. That's \$380,000 for the block which is a manufactured growth of \$95,000. Now, is it a cash cow? Yes, it is. She paid \$275,000 for it and she had \$600 a week rent. Is it a manufactured growth deal? Yes it is. She made \$95,000 profit for signing a few papers.

It's all about knowledge. You don't know what you don't know till you know what you didn't know.

That is so, so true.

You're One Deal Away From Making An Absolute Killing...

Amazing True Story Of How One Of My Clients Turned \$25,000 In To \$15 Million

I had a guy come to me who was a new Australian, he's from Germany and he was in property back in Germany and he told me about a deal he was doing where he was investing in a business. He was buying a quarry. It just so happened that this particular quarry was on

waterfront land. It happened to sit on a piece of land 160 acres that happened to run onto the beach. But the owners were so fixated that they were selling their quarry. They had figures on how much ore body was there and this machine had this much capacity and the productivity of the employees was this, that and everything else.

So he went along with them, he put down an option fee. Now I love options, it's how you can get a Development Approval (DA) and a Building Approval (BA) without actually spending much money. He put down an option fee for the right to buy the property any time in the next 6 months and in that 6-month period he could buy that property at an agreed price. He did his due-diligence. He also applied to the council to have the 160 acres broken down into 250 land lots. He was knocked back. They only granted him 200. That property was then immediately worth a whole lot more than he was paying for it. His option was for \$1.4 million.

He said, "OK, I can't do this development alone, I need someone to help me out because I don't have that amount of money." He opened up the financial review, and decided to talk to Lend Lease. He sold half of the development which was a \$250 million development in the end, for \$15 million. He put down a \$25,000 option fee for a \$15 million return on half the project. That's how land subdivisions can work. It might be a small one. It might be breaking a property in half. There are lots of client situations where I can they have used these strategies that I teach and how the figures panned out, but I'm afraid this chapter is too short for that.

Putting Investing into Perspective

Regardless of any strategy you undertake, here's the process that I and all the students I mentor go through to see whether a particular investment strategy will work. I believe individual investors need to base their decisions on my test and measure formula called The P.I.T.A Test. This formula puts into perspective the way an investment should be analysed.

The 'P' stands for Personality. Any investment must first suit the investor's personality. Many strategies work well for certain people but not necessarily for others. It's a matter of finding a strategy that suits you.

'I' stands for Investment. If you are buying a piece of real estate it needs to be a good investment. Does the

Millionaire Phenomena - Property: DYMPHNA BOHOLT (continued)

investment make sense? Do the numbers stack up? Does the due diligence indicate that it is a good investment?

'T' stands for Taxation – I don't believe an investment should be bought purely for taxation reasons. Taxation and the most tax effective way to buy something only becomes important after the investment has first passed the test of suiting your personality and being a good investment.

Finally, 'A' stands for Asset Protection which is something I am really big on. It is no good building up a substantial amount of assets, only to have them taken away through frivolous law suits – something I have sadly seen happen many times over. When buying an investment asset protection is just something you do. It's like brushing your teeth. It should be a part of astute investing.

Too many investors get hung up on all the wrong things and in the wrong order. For instance, they invest purely for tax purposes when the investment they are going into is questionable. Or they get hung up on the asset protection issues and fail to look at the big picture of whether the investment really suits their portfolio. It's so important for investors to never lose sight of the big picture.

Why Some Students Succeed and Produce Incredible Results and Others Fail Miserably...

I have spent quite a lot of time considering this question, talking to seminar attendees, those that buy my home study courses and those that I have mentored and spent time with, even those that I have worked with for a matter of weeks.

What I have found is that although attending a fantastic seminar or purchasing a home-study package and thoroughly going through all the materials may leave you feeling completely hyped up and motivated, the fact is many people soon go back to sitting on the comfy couch watching the idiot box (i.e. the TV), doing their weekly groceries, paying their monthly bills, getting up and working from 9am until 5pm (or more) and gradually they are lulled back into inaction mode.

The weeks, then the months, then the years pass and suddenly they realise that they are 10 years older and still in exactly the same position they were 10 years ago because they are doing the same things they were doing 10 years before, except now they are 10 years older!

What I wish is that people could decide to take action on their own accord without having to have a major life event or life trigger shock them into taking action. I wish more people would stop and really think about what it is they really want and commit to making a change and not get caught up in the busyness of everyday life.

A Magic Formula That Works

In my experience, those that actively seek out education to provide them with the momentum and strategies to kick start their wealth creation journey are half way there. However what is even more interesting is that those who attend seminars tend to have lower success rates than those who have engaged in longer term mentoring support programs. I've experienced this first-hand.

On average only 5-10% of the people who attend seminars actually take action from what they have learned.

You have to be steely determined to walk out the doors of the seminar venue and start making changes on your own accord. Even if you have got what it takes to do this, you may find that you have a few wobbly moments when you find yourself doubting your abilities, questioning yourself when the good old fear monster starts to creep into play or the nagging voice of your husband, wife friends or family gets the better of you.

By engaging in a longer term mentoring program, you are immediately increasing your chances of succeeding. Straight away you are surrounding yourself with like-minded positive people who are out there achieving the things that you are doing. Sharing information with your mentor and others helps you to put into perspective what you are doing, stay focused and achieve what you really want.

Mentors of course can also offer you advice and be your voice of reason as you make decisions along the way.

The great thing about mentoring programs is that they also usually utilize a range of learning methods. So if you know you're not the type to soak up information in a classroom environment, being part of a mentoring program offers you the opportunity to learn via the written word, audios, tele-classes, doing exercises, question and answer AND seminars.

As an educator and a speaker I know I can teach

Millionaire Phenomena - Property: DYMPHNA BOHOLT (continued)

people a lot more when I have them with me over a longer period of time because they have the ability to absorb information, process the information, act on the information and then come back with questions based on real life experiences rather than just accept what is said from stage when they're in a false environment of excitement and motivation.

Real life doesn't happen in a staged environment.

The fantastic thing about STAGED learning is that results are shared, analysed and processed, improved upon, practiced and ultimately magnified by joining together in a staged learning experience over a period of time.

What I've put together here is a chapter that is giving you multiple ways which you can use to get started in the real estate market right now. At the moment, we're at the accumulation stage of the cycle. What I mean by this, is that now is the time to start to build a portfolio, just before the next cycle kicks in.

How do I know this?

I'm out there every day, looking at real estate and I get lots of people offering me stock. Vendors are nervous, they're not quite sure what's going to happen in the next 12 - 24 months. Wherever there is fear, you can profit. There are plenty of deals right now that were not around 2 years ago, with large developers holding off on putting new stock on the market and rentals increasing, there will be a point in time where novice investors will start entering the market again.

You need to get ahead of the pack and start right now. You'll thank me in the long-term.

Good luck guys. I'm sure it's all going to be a breeze for you, but please, please take action next week because that means I've done my job.

Amazing True Story of How An Aussie Surf-Bum Went From Zero to Multi-Millionaire Property Investor in Just 9 Short Years...

Part of the Millionaire Phenomena Series

It's good to be here folks, let me start off by saying that there is an amazing buzz in the room at the moment. Obviously everybody has had a very inspiring weekend so far. So I'm going to get straight in to it.

You know, the thing that's very important for us to understand is that I am no better than you. We're all different and you know what this whole weekend is about is about education and inspiration and all the rest of it.

I think something that's very important for us to do, and that is don't try and be Keith Grisman. Don't try and be Josh Hunt. Don't try and be Dymphna, don't try and be anyone else other than you.

So what you do, you actually take bits and pieces from different people's lives and you mould them together and say, this is who I am and this is what I'm going to do because you're going to ask for failure if you're going to try and become somebody that you're not.

You've got to be who you are. That's why I'm up here with jeans on because it's who I am and I don't want to try and portray something to you that I'm not. This is just who I am and what I do.

What I do I hope – I've done a lot of property stuff and I've done a lot of business things and hopefully I can give you some keys over the next little while that will actually help you do what you want to do.

It probably won't look exactly like what I do but you need to take some things and say, I'll have that piece and I'll have that piece and I'll have that piece and it'll make it into me. The plan for me to come to things like this is not because I like to do professional public speaking but what I like to do is help people get the best out of their life.

Meet Josh Hunt

Josh Hunt was at the cross-roads 9 years ago with the bank and creditors knocking on his door, his traditional small business was spiralling out of control after a major customer decided to change its business direction.

Josh was financially exposed and totally left out in the cold...

Fast-forward to 2007 where Josh appeared on national television receiving nation-wide acclaim for his purchase of Fitzroy Island for \$100,000,000.00.

How does someone go from literally ZERO to building a massive multi million-dollar real estate empire in just 9 years?

Josh reveals his humble beginnings on how he got started with zero cash to buy his first property and how he quickly got to 30 properties... All with no money.



The beauty about it is the reason I will speak at things like these is because you have made an investment in yourself. That's the first big step. If you can sort of say, I want to become a better person, I want to become a bigger person, a more successful person, you're a large part of the way there of actually going there.

So let me give you a bit of background on who I am.

You just saw some of the companies and stuff that we run and some of the things that we do. But to give you a bit of an idea, because you need to understand my perspective and the way that I look at things to see whether you look at things or you can say, well, I think Josh is a

Millionaire Phenomena - Property: JOSH HUNT (continued)

bit screwed up in his head and that's the reason why, so that you know.

I grew up with mum and dad and a brother and sister and we travelled around in a caravan starting churches. That's what my dad did and so I was the annex putter-upper until the age of about 11 or 12 when we settled down in Newcastle where I got right into the surf scene which was fantastic.

About four years after that, or three years after that when I was about 14, we moved to Broken Hill. Now, Broken Hill didn't go down real well with me. It was a bit far from the beach. Have you ever been to Broken Hill? It's a really great place to stay for about three to six hours. Beyond that it really gets a bit bizarre.

One thing that you find from Broken Hill if you're talking to someone from Broken Hill, they'll say, where are you from? You don't need to tell them which part of the country or internationally, geographic location you come from.

It's you're either from Broken Hill or from away. It's bizarre. You say, I'm from Sydney. Oh, away. Either you've got to say a street within Broken Hill or you're from away. So we came from away and moved to Broken Hill and away people didn't fit real well into Broken Hill and so I got into a little bit of trouble.

I was involved in the wrong crowd and so anyway, one day when I was 15 years of age, I found myself back in Newcastle, which is not far from here. Just up there. I was with my mate and 15 years of age and we had a car that we borrowed from a local car yard.

A guy became a good friend of mine because I had to wash his cars for a long time afterwards. We were really quite close. But you know, my claim to fame when I was growing up was that Angry Anderson, a lot of years ago, we're talking 20 years ago, he came on the TV and he said, if you're homeless – there was this big thing about homeless kids – him and Greyhound, we'll get you home.

We were the first two kids to actually use that but we didn't really want to go home but anyway, that was us. So I got into a bit of trouble but it brought me to a T intersection in my life. It was really, very important for me to hit that T intersection at an age of 15.

I say it's better to hit it at 15 than to hit it at 35. The earlier you can hit this T intersection, the better and what

I found is that I really had to ask myself, is this what I want for my life?

The person that I ran away from home with, his mum was a counsellor to the police force. And the police found us in Newcastle and we're 15 years of age and they put us in the paddy wagon and they took us to the police station and divided us up and I spent three days and three nights in gaol, separated from my friend.

Now, I don't think that's actually legal but you know, when your mum works in the police force, they can do whatever they want. When you're 15 years of age, you're really not going to argue with them, are you?

But it really brought me to a decision, a point in my life where I said, well, what am I going to do with my life and so what I did, I moved out of Broken Hill, with my parents' blessing. This time I left with my parents' blessing and I moved to Ballarat and did an aircraft engineering apprenticeship. So I left home at 15.

Anyway, that's the first thing I ever did well in my life. Up until then, I was a kid and an idiot and then after five years, I was a qualified idiot. I became really good at it.

So at the age of 20, I was a qualified aircraft engineer. I had a wife and a child on the way – started young – quite young. I thought I'm going to do the responsible thing and resign from my aircraft engineer and I'm going to work for myself because I thought I'll make heaps of money. Yes, right.

I think for the first six months, I was on unemployment benefits, making heaps of money, convincing a guy that I was looking for a job, but it was interesting.

Then I went into business for myself.

I did some kitchens and kitchen design and I got stuck into that and it was funny because I got caught up in a world that I thought was profitable but it wasn't really. So I worked, worked, worked and we did this for about five years and I came to T intersection number two. You know, you're going to come to a lot of T intersections in your life and you choose at that point which way you're going to go.

We came to this point where all of a sudden what we were doing, we had kitchen designers all around the country and we were working very, very hard in business

Millionaire Phenomena - Property: JOSH HUNT (continued)

with some other large businesses. They made some decisions and basically what I had is I had too many of my balls in one court.

What they decided to do was actually say, well, we're going to sort of slow this area of the business down and it was devastating for my section of the business.

When you're reliant on just one or two forms or streams of income and they make a decision to change direction, all of a sudden you don't have many choices.

So I was very young in business and found myself in a position where it was best just to close the doors. And that was devastating for us because we'd sort of worked all this time and we went up and we felt we were doing really well for a while and then we went back down and went back to zero.

So about eight or 9 years ago, we were at that point, zero. I like zero. It's a good place. You can think clearly at zero. Often you find, don't despise zero. Zero will actually do numbers of things for you. I'll talk about those a little bit later.

What I'm going to do, I'm going to tell you about my journey over the past 8 years, from zero to where I am today and hopefully you can get something from that.

What we do, I work very hard. It's like, you know, retirement – people say retirement. People confuse working for yourself and retirement.

I don't work because I have to. I work because I love it. I guess that's the difference.

You see that Lotto ad or Powerball – they're all the same thing but whatever it is, where it says, work as if you think you don't need to. Well, that's fantastic, that's what I do. I work as if I don't need to. That doesn't mean there aren't things during my day that I don't like doing.

At the moment, I'm working with the insurance broker. So I'm on the phone and I'm crunching this guy, right, because he sends me this bill for an added – I extended the premium over this property for four months and he's sent me a \$23,000 bill for four month's worth of extra insurance cover. I said, you've got to be joking and

he's got this nervous cough.

You know, when you start putting pressure on some of these guys, they have this [coughs] and he gets about one word out between every cough and it's really annoying. I said, well, maybe you should have something for your throat. Give me a call back.

But anyway, what I'm going to do, I'm going to talk to you about my journey and what's happened over these past things.

And I've got a couple of points for you and what I'm going to do, I'm going to give you practical point, I'm going to give you personal points and then we'll tie some business strategy in with it.

So I'll give you personal things and say, this is what we've got to do and then I'll give you some very practical things about development and what we did and the way that we structured it so that will hopefully help you as well.

A Major Revelation

So I've bought myself to this point and I read this quote. I thought it was very interesting. Let me read it to you. It was an article in The Bulletin by Mr Rodney Adler – who knows who he is? Currently in gaol.

Anyway, this was around the whole HIA insurance collapse and what he was doing, he was – this article was interviewing Rodney Adler and he said, you don't understand the pressures and expectations and the disadvantages in coming from a rich family. I thought, isn't that interesting? Isn't it funny that we always want to be on the other side of the street?

I grew up in a fantastic, loving family that had nothing. I was just a kid, I didn't think that why don't I have steak rather than sausages? I was happy with sausages. I'd never had steak. I didn't realise what I was missing. I was just growing up.

But here I read this article when I was back to zero where Rodney Adler is saying, you don't understand the disadvantages of the pressures coming from a rich family.

I thought, you know, one thing that I've got to do and you need to write this down.

Millionaire Phenomena - Property: JOSH HUNT (continued)

If you're going to be successful in life or make a killing in the property market, I've got some timely advice for you... Stop playing the "Blame Game".

No matter what point of view you have, no matter where you find yourself in life, you can always play the blame game and Rodney Adler is playing the blame game saying, you don't understand what it's like to come from a rich family.

Then there's other people that are making nothing of their life and they're saying, well, I've got nothing.

So we've got both opposite ends of the spectrum and the scale saying, if I was in the other person's shoes, I'd be able to do something with my life.

We have people say, well, my eyes are too close together, my mother's too ugly, my dad was on the dole.

We can all find excuses and what we find, we put so much effort into finding quality excuses of why we can't do something when we should be putting our efforts towards finding a solution to the problem that we are currently in.

Stop playing the blame game.

Take Responsibility

I had to come to a point in my life when I was 26 years of age, about nine years ago, where I said, I am going to take responsibility for the position that I find myself.

Someone said to me this quote and I believe it and I don't like it but you have today exactly the amount of money you deserve. You don't deserve any more money than what you currently have. You have the amount of money that you deserve.

I have the amount of money that I deserve and I really dislike that because I think I deserve more. You probably are in the same category. We think we deserve more money but the fact is, it's skill, education, commitment, desire, work and time.

I don't want to win the lottery. I don't even – sometimes I go to the casino. I go to the casino for enjoyment.

I don't go to the casino to win because I normally don't.

Learn to Create Money

But I don't go in the lottery because I don't want to win money. I want to learn how to create it.

Money is like water. You've got to learn how to direct it, like what Keith done. Keith, he's very good at what he's done and what he does, he learns how to direct money in his favour. Well, I want to do that. I want to learn that skill, rather than be the type of person that needs to win something to bail me out of my next problem.

That's not the skill that I'd like to be working on. We've got to stop playing the blame game. We've got to move beyond that point and say, I'm going to take responsibility for who I am and I'm going to make it happen.

So once I came to that point, here I am on the Sunshine Coast with nothing. I had no family that lived on the Sunshine Coast, I had no money but I had a job and what I also had was a desire, passions, skill, health. There are so much that we do have.

Don't focus on what you don't have. Focus on what you do have.

What I started to do, I had this job and I've never been a very good employee. I like to think I'm a better employer but employee has never been one of my, you know, right up there skill sets.

So anyway, I had a job and I really didn't like it but I was putting in a lot of work and so I got nothing and I thought, how am I going to build beyond this point? Now, what you've got to understand, prior to this, I had a company that had about 60 staff around the country. We were really doing very well.

So, I had a lot of experience but I had no money. So anyway, I came up with this idea but the bank would never give me money for my business.

At one stage, we were turning over something like 14 million bucks a year or something stupid and that was all just in small turnover. So we had a lot of turnover, a lot of staff, but the bank would never give me any money for

Millionaire Phenomena - Property: JOSH HUNT (continued)

business.

My Move into Property

But I found that the bank would give me money for property. When they told me they'd give me 80 per cent. I thought that's fantastic because that means I've only got 20 per cent left to find. I'm just about there.

So I thought what I'm going to do, I'm going to go into the property sector. I'm not going to sell it. I'm going to find a way to actually get this extra 20 per cent and I'm going to get the bank to give me the rest.

So what I did, I went to – I found this property on Buderim Hill. Now, if you know the Sunshine Coast, Buderim Hill is a nice place and there were a couple of limiting factors with this. It was an absolute renovator's delight and had some big trees in the back yard and it was a real mess.

So what I did, I went and I negotiated the deal with the vendor.

Now, this is when the property market was dead. Property wasn't moving. It gets back to the blame game. Yes, the market's booming, you can't do that now, the market's booming or you can't do that now, the market's dead.

There's always an excuse why you can't do something. Stop making excuses, starting finding solutions. That's what we've got to do. Move beyond that point.

So anyway, the market was dead but I thought 80 per cent. I can make a go of this property thing, it'd be all right.

So what I did, I went and negotiated with this vendor and I said, there's a couple of things that I want to do. I want to buy your property, I'm going to buy it at the list price and he thought, that's fantastic, it's been on the market for a while.

I said, but it's got to have four things. No deposit, six months settlement, I want the first six months rent free -- because I had no money and then the last one was you've got to give me the approval to do renovations, because I thought what I've got is cash flow from my job.

So me and my wife were off working and we were working long hours. We were working 10 hours every

day and I thought I'll go and – anyway, I came up with this fantastic plan and the vendor actually agreed with it. He said, yes, no worries, you're on. So he thought he's going to get his price and all the rest of it.

So all of a sudden I'm in the property market. Now, what I've got to do, I've got six months and so I work out in this six months, what do I need to do to actually increase this property's value by at least 20 per cent so that I can actually buy it.

So I worked out my time lines and my renovations and all this sort of stuff and I came up with this fantastic plan and this is my third point.

I went and saw my solicitor. I didn't actually know what a solicitor did at this point of my life as far as property conveyancing is concerned. I knew of plenty of other solicitors. The correspondence that I've ever had from a solicitor up to this point was always negative – pay me, you bastard, you know, this sort of stuff.

So I went to this solicitor, I looked him up and I went and said, I've got this plan and I told him this is how I want to do it. He says, Josh, that's not legal. I said, okay.

You know how like you come up with a really good one-liner, like it's normally a day late? You should've thought, if I was quicker, I could've just cut the guy down at this. So I thought about that a day later. So I went back to my solicitor the next day and I said exactly the same thing verbatim and he thought he was in some form of time warp like, didn't you say this yesterday?

But today I had a come back because I wanted to bring him to the same point where I had a come back. I had to bring him to the same point. So I thought to bring him to the point, I've got to go through the whole thing again. He says, Josh, didn't we have this conversation yesterday? That's not legal.

I said to him, have you just not done it before or have you looked into it and you know it's not legal? Then I said to him, I'm going to give you two days to come up with the answer and I'll come back and see you. I no longer use this solicitor.

Don't Take No For An Answer - If You Want Something Bad Enough, You'll Find a Way to Do It

Millionaire Phenomena - Property: JOSH HUNT (continued)

So anyway, I come out of the solicitor and I go back two days later and he says, Josh, I found a way. Fantastic. The first thing you've got to do, don't take no for an answer.

You know, the thing is if you want something bad enough, you'll find a way to do it.

A lot of times you'll come up with problems when you're doing property deals and all the rest of it. I just refuse to take no for an answer. I heard this stat once that 98 per cent is why and only 2 per cent is how. In other words, if you know why you want something, you'll find a way how to do it. Don't take the no for an answer. Often you'll go to your solicitor or go to your accountant.

Now, my accountant is not here. It's just fantastic. Accountants take the crap out of me. Do you know why? Because we're out there doing decent deals. I do deals that my accountant could never even dream of doing. But then you go to him for financial advice. I don't want to drive the car that he drives. I don't want to live at the standard that he lives but then you ask him for financial advice on how I should run my affairs.

I normally have a fairly rocky relationship with my accountant because he says you can't do something and we are good friends. But we're always like this because I think there's got to be a give and take because these guys have sat down in a room with a text book and they have their degree and they say, this is what you are allowed to do.

Well, it doesn't gel with me. You've got to push. Don't take no for an answer. You know, the thing that I love about where we live, is we live in Australia and it's not illegal for you to own everything.

Serious, it's not. There is not a law that says you own too much and you can't go beyond that point. We live in a free country.

What you do and how successful you are is totally reliant on you. You've just to get out and make it happen but don't take no for an answer. If my solicitor says no, then I come back a couple of days later – see, I could have left at that point and who knows where I would be today purely because a solicitor said, no, you can't do that.

You're always going to come up with hurdles and this is the thing. When you're doing property deals, let me tell you, the hurdles are massive. This thing said I've just bought an island. You should have seen the flipping

hurdles with that.

I always have this thought that if anyone can do it, I can do it. Now, that's probably pretty arrogant but you've got to have self-belief and there were times during this transaction that I thought I don't even know if this is possible. The hurdles are just massive but you can't take no for an answer. You've got to push, push, push.

If you're going to make it happen, you've got to make it happen. Don't take no for an answer.

So anyway, we signed this property up and we moved beyond the point. The next thing you've got to do, after you don't take no for an answer and you sign a deal up, a lot of people think – like I'm talking to this girl yesterday who's trying to pull off this property transaction that is ten times beyond her.

Anyway, she thinks that just because the vendor has accepted her offer and that she's got it under contract, that she's going to make the money.

Let me tell you, just because you've got it under contract, there's a lot more beyond the point. Like what Keith was saying before, negotiating with people.

He's got these properties and he's had to re-negotiate. Just because you can sign the deal, just because the bank gives you the money, it doesn't mean that the profit is in the bank.

What I had to do, and the next point is, is you've got to work. You've got to work, work, work. I was talking to a guy in Noosa a couple of days ago. You could say he's retired.

He's got 160 commercial properties. I've got no idea what he's worth but it'd be a substantial amount of money. All of his properties are prime properties but he understands the fact that he is a full-time landlord.

When you're a landlord, you're involved in other people's businesses. The failure or success of their business is absolutely your responsibility because if they fail, that means they're not paying you rent. When they're not paying you rent, you can't cover your mortgage.

So just because you're sitting in a position where you're cash flow positive today, if all of your tenants stopped paying rent, all of a sudden you might find that you're not sitting in such a glamorous position.

Millionaire Phenomena - Property: JOSH HUNT (continued)

So you've got to stay on top of it, you've got to stay in front of the ball. You've got to work. That's what we found. We had to work. I've never been afraid of work. I love it.

My wife and I, we would probably work 12 to 15 hour days every day. Not because we have to, because we want to. We love it. It's the thrill of the chase, it's something that we do.

You've got to find out what's right for you. That's just what I do.

We're building a brand and we're about to franchise restaurants and I'm about to build a \$100 million project in Cairns – well, it's not Cairns, Fitzroy Island. But work is what we do and what I found in this particular circumstance, when I'm getting back on my feet, because I had to work. So I'd work a 10-hour day and then come home and renovate all night. Sometimes you've just got to do it.

You've got to know where to start. A lot of people say, I want to go straight into commercial property. A lot of times you can't go straight into commercial property. LVRs are lower. You've got to put more capital in.

You could go and buy a house and get 95 per cent mortgage insurance and ask your mum for five and you're away. You've got to know where to start, you've got to work and that's what we did.

I remember I just finished sanding the floors, because we've got polished floorboards. Three o'clock in the morning I get a knock on the door. You know it's never going to be good. Bought around some cup cakes, just saw you working. Anyway, it was the neighbour and she says, you know, it's illegal to work before 6 but you've got to work and that's what we did.

In this particular property, we work, work, work. All I had was the cash flow of my business and just pumping it in there. The beauty about it was I had 6 months.

So then I allowed a month for settlement, 5 months, a month for evaluation, 4 months. Then I had 4 months to actually do my renovation.

So we would work all day and all night. No such thing as weekends. It was just more opportunity to work. We basically did it. In 4 months time, we got a valuation

on the property. We paid 180, we got a 275 valuation, just by using the cash flow and hard work to actually build it.

So we ended up selling that property before we actually even purchased it for 275 and we made about \$80,000 and I thought that was fantastic.

I do it once, I can do it again. So we went from doing one property to two properties and then we started saying, rather than me do the work, I'll start to get builders to do the work.

So then what I'd do, I'd go out and I'd negotiate with developers and buy parcels of land out at Chancellor Park there. There was a whole heap of land at the back there and backed on behind it were these power lines and no one was buying land in there.

So I said to the developer, I'll take that whole suburb, that whole back section. They used to call me the power line boy.

My dad lives in there now. He's got a twitch like that – that's okay, he's had a good life. We had it tested, there's no problem. That won't stand up in court. No, it was fine but the thing is when there was no houses there, the power lines were the only things you'd look at and as soon as the houses – so we went in and I'll slow this process down because it's very easy to sort of go from one to 30.

What we did, we went in and we said to the developer of the land – often you've heard of builder's terms. Now, this is when the market was tough and so there was a whole heap of land there that wasn't selling.

Often what builder's terms will do, the builders will say, you can build on my block of land and then when you've built the house, then you pay me for the land, but that didn't work for me. The reason it didn't work for me was because if I was going to finance it -- I didn't have all of the money – if I was going to finance it, I needed to take security over the land.

So what I'd do I'd go in and I'd negotiate with the developer and I'll say, I'll buy your block of land but I only want to give you 60 per cent on the day of settlement. Then you can take a second mortgage.

So the difference was that then my financier could actually use the land as security. So then they would lend me 80 per cent on the land and the build and then I

Millionaire Phenomena - Property: JOSH HUNT (continued)

would say 60 per cent. Because they'd give me an 80 per cent lend on the land and then I'd take some of that land money and give it to the builder as the deposit for that 20 per cent and I was actually fully funding these developments.

So what I would do I would do 5 at a time and then 10 at a time and 30 at a time and basically just keep rolling them out and I'd sell them to investors.

One of the things that we were doing when the market is tough is that we were selling them to self-employed people because a lot of self-employed people can only get an 80 per cent lend, a low dock loan.

Some of the low docks now have gone up a little bit but at that stage, it was about 80 per cent. So what we would do, we'd do a house and land package and we were buying land at about \$80,000 and then we were putting a \$120,000 house on it, so it was \$200,000.

But we were then selling them for 240,000 with vendor financing, 20 per cent.

So therefore they could come up with a few thousand bucks to pay their stamp duties and all the rest of it and basically we would vendor finance them into these houses.

The fantastic part about it is we would just make our interest rate a little bit higher than the bank so that we were first priority to sort of pay us out.

Think Outside the Box - When the Market is Tough

What we found is then the boom hit and we had about 30, 40 of these houses all with second mortgages on them. We were just looking for ways, when the market is tough you've got to think outside the box.

When you say, I've got to move property, how am I going to do it? It was a way that we found to do it.

We were offering – we were selling to investors and doing rental guarantees and we were selling to people that needed LVRs and only 80 per cent, whether they were investors or whatever it was.

So we're looking for all of these opportunities and basically structuring our houses and properties so that we could do more and more and that's how we built.

Then the Boom Hit

And what happened is all of these \$240,000 properties are now worth \$440,000 and they were just paying out all of our vendor finance. We actually got all of our money back, which is fantastic.

But the money that we actually – we were vendor financing basically the developer's margin. We would get all of our costs back, we'd pay everybody else back and we might get \$5000 so that we could eat for the next couple of weeks and the rest of it would basically be sitting there and basically building this equity pile.

The equity pile wasn't giving me anything but I knew one day I'd get it back. So that's how we started to build, but it took a lot of work.

I've got a quote here and this is my next point. Sometimes when things are tough and you're in the trenches and you're working, what you've got to do, you've got to unleash a bit of future into your present. The power of your future into your present.

Let me tell you how powerful this is. The market for psychics and palm readers and those sort of people – I'm not really into them but the market for those people in Australia and internationally is massive.

Let me tell you why, because some people say, today my life sucks but if I can be told that my future is good, it will help me through today. So they pay a lot of money to these people to say, don't worry about it, your future is bright and it means that you can actually get through today.

Sometimes when you're in the trenches and you're working hard, sometimes you need to unleash a bit of the future potential into your life today. You look forward and you say, my life is going to be fantastic, even though it's not real good today.

But you've got to look to the future, don't just get caught into your present.

Choose to Enjoy the Journey

When you're in the trenches working, sometimes that's what you've got to do. The last thought before we stand up and stretch our legs is you've got to enjoy the journey, like Rodney Adler, he's loving it.

Millionaire Phenomena - Property: JOSH HUNT (continued)

No matter who you are, where you're at today. My wife and I, we talk about this all the time. No matter where you are, what you do, my life probably seems glamorous to you. That's because you're not living it. Anyone can stand on a stage and paint a picture that people will envy and I've got a lot of stuff going on but I work hard.

What you've got to do, you've got to learn to enjoy the journey and I love it and I love it because I choose to love it. Even when things are tough and things are tough normally on a regular basis, you've got to choose to enjoy the journey and choosing to enjoy the journey is a choice that you make.

No matter where you're at today, life is too short to live purely for tomorrow's enjoyment. If I saw a snapshot of my life today when I was 20, I would've thought I would've made it. But you know the problem about it is? It moves. You never catch it.

Life goes on. You know, I live in a really nice pent-house overlooking the water and I drive nice cars and just bought an island, if I had of taken that snapshot at the age of 20 and said at 35 this is what you're going to have, I would've went, yeah, you beauty, I've made it.

But I don't think I've made it today because it moves. Now I want something else. You can have the best car on the street. After a few weeks, you want something different, just because it moves.

You think you've got the best looking man in the street. It will move. He may not move out but it will move. You'll find that he's not all that he's cracked up to be. I am. My wife – she knows it moves.

Enjoy the journey. Life's too short not to enjoy where you are today.

The sun is shining, the surf's breaking, there's so much good stuff going on that in the midst of battle – it was funny, I was in this very tense negotiation with a guy last week. This guy – like I don't take life too serious. I've got a lot of very serious things going on but I just think life's too short not to be enjoyed.

Anyway, this guy is getting all hot under the collar and he says -- there's nothing personal against me and him. It's a body corporate issue and this guy's going off and he says, if you want to take me on, I love a good fight, I'll

take you right to the end. He's talking legally, right? He saying, I'll get my barristers onto it and all the rest of it and I just flipped.

I probably shouldn't have but I did. I said, I tell you what, why don't we take our shirts off, go out onto the grass and I'll kick your arse, I said, because if you want to act like a little schoolboy and say, look how tough I am, I said, why don't we take it the whole way and have a fight on the grass?

You've got to learn enjoy the journey. The ulcer is not worth it. No matter what you do, you're going to have problems. It's a fact of life.

You know, the fact is my problems are bigger than what they ever have been because my world's bigger.

I remember when I was running a business, I used to have thousand dollar profits. My problems now come in hundred thousand dollar lots. It's not, I need a thousand bucks. It's, I need \$500,000 and your friends really get sick of you calling. Don't call me. Your problems get larger, life goes on, it moves, enjoy the journey of it.

How Do You Build Substantial Wealth?

I have no idea. Let me tell you what I do know and I'll tell you what I've done and what I'm currently going through and hopefully you can pick something up from it.

Let me tell you the biggest difference between winners and losers. There's a big difference. You probably see them in your street. This is the difference between winners and losers. The difference is winning and losing. It's true. That's the difference between winners and losers. Some people win, some people lose. |

Who are you going to be? Are you going to be a winner or a loser, because it's up to us. It's up to me. I've got to take responsibility for who I am. I've got to take responsibility for my businesses, my cash flow, my property deals, my kids. I've got to take responsibility.

So I'm going to give you some keys, some thoughts on how do we build substantial wealth.

First point, very important, write it down. Be con-

Millionaire Phenomena - Property: JOSH HUNT (continued)

fidant. Let me tell you why you need to be confident. How do you build substantial wealth? You build it by being confident.

I enjoyed reading Richard Branson's book and he's talking with some of his management team about what he should call his book and his thoughts were, screw it, let's do it.

Now, he ended up bringing out another book called Screw it, Let's do it, later which basically was the same as the first book, just re-badged to generate more money from suckers who bought the second book. There was nothing new in the second book. If you've got the first book, don't buy the second book. Same book, different cover.

Screw it, let's do it. What a fantastic attitude. That summarises Richard Branson's life. He lays an opportunity on the table and then he looks at it and he says, screw it, let's do it. We can pull this off.

Confidence - Releases Opportunities, Releases Finance, Builds Relationships ...

You need to have that as a backstop to who you are if you're going to build substantial wealth, that you can pull this off. Be confident.

Let me tell you what confidence does. Confidence releases opportunities. People want to do business with confident people.

Opportunities will come to you when you're confident. You'll find investors will come to you when you're confident.

I was talking to a guy the other day and he said there's a bit of a problem in this syndicate that he's got going and the syndicate has bought five houses and there's five people in it. I said, who runs the syndicate and he says, there's no one leader, we all just put it together in a forum.

That's never going to work. You've got to lead. You've got to take responsibility and what they're finding is, that all of a sudden there's different opinions in the room because people have different risk profiles. They see things through their own perspective.

What you've got to do, you've got to say, this is who I am, this is what I'm going to do and I try and glean as much information as I can off everybody but I am going to make it happen. I'm going to take responsibility for it.

What you'll find is people will appreciate your confidence and join themselves with you. You've got to lead from the front.

Even with my staff, I've got to lead from the front. If you've got staff, the most important thing in my life with staff is my fortnightly management meeting because it's where I actually share with my staff, this is where we're going, this is what we're doing because let me tell you the massive difference.

The Massive Difference is Vision.

People want to feel like they're going somewhere. If they don't feel that with you, they'll go somewhere else where they can feel it.

So what I do, I share vision with my staff. I say, this is what we're going to do, you know, we're building a brand. With our brand, we've got a couple of restaurants on the Sunshine Coast and next year we're going into franchising and then we bought this island and we're going to brand it and we're going to build a Hunt island resort and that's going to really help our brand.

What we want to do, we want to build a brand that represents everything five star. So we could do things better, I'm sure we can, but the thing is, I need people around me to connect to my vision.

How are they going to do that if I don't share it with them? You've got to be confident; you've got to take a lead role.

Let me tell you another thing confidence does. Confidence releases finances. A bank will look at your spreadsheet and give it a tick. They won't look at your spreadsheet and give you the money. Confidence in your confidence. That's enough on that point.

Confidence builds relationships.

People want to do business with confident people.

I don't know if you've seen the media – well, probably not that much down here. The media has gone ballistic

Millionaire Phenomena - Property: JOSH HUNT (continued)

last week with the island purchase and it went national on Today Tonight, a big story and I'm getting phone calls from everywhere and the phone has gone ballistic at our office this week because everyone wants to do business with a confident person.

So they see it on the TV and I'm talking to a guy this morning and he says, I don't know you but I'm inspired by the thing on Today Tonight and I think we should get together.

I could be working 25 hours a day if I met with everybody that's basically called me over the last two weeks.

But confidence builds relationships. It's amazing that when you're a confident person and you start pulling things off, people want to know you.

People want to build a relationship with you and that in itself releases opportunities. You get together with like-minded people and confidence builds relationships.

So how do you build confidence? How do you build it?

This is the next point. Communicate. I think this is one of the most powerful things that you can conquer, if you want to build substantial wealth in your life. You've got to learn to communicate.

You've got to learn to communicate with the staff, you've got to learn to communicate with the wife, you've got to learn to communicate with the kids and you've got to learn to communicate with yourself.

You can be having a bum of a day and the truth is I think that if you're a leader, there is no excuse for you to be in a bad mood. It's not on. I tell my managers, don't ever come to work grumpy because you lead people and the last thing that I want is my key people to be second guessing, is Josh going to be in a good mood today?

I can't afford that sort of thought process in my manager's minds that I'm pushing to go forward. I want them to be not focussed on, am I in a good mood? I'd rather them to be focussed on, how are we going to grow this thing, what are we going to do next, what ground are we going to take? You can't afford to be in a grumpy mood but you've got to learn to communicate.

Some people think that they are entitled to be in a

grumpy mood. I read this quote once and I thought it was exceptionally powerful and it was this, that a happy person is not a person in a certain set of circumstances but it's a person with a certain set of attitudes.

We've seen it, we've seen inspirational stories of people that have been in tragic circumstances but they have incredible attitudes.

If you want to be an incredible person, you need to have incredible attitudes.

Don't let circumstances dictate to you your attitude because what you find is when time gets tough and it will, because your property won't settle in time, your vendor will be wanting to pull the plug and take your deposit. You'll find that all of a sudden everything is going to God and you're about to be sued and you're going to lose it all.

They're the times when your attitude is most important, where your confidence is steadfast and you're saying, you'll be right. You need to have – like the island project was delayed by – it was supposed to settle in September and it settled late November. I just kept telling them, it'll be all right, boys, don't worry. The funny part about this was I went up and I negotiated this deal and at this particular stage money was really tight. So I thought I'll go up and have a look at this project. I went up and I really liked it but I really didn't have a lot of money.

So I thought I need to somehow lock this up. So I formulated this heads of agreement and I thought how much will I put down as a deposit and I thought a dollar.

So I bought this island with a dollar deposit and it's all about confidence and communication. Now, I had to put a hell of a lot more money in it than that but I secured it with a dollar and the funny part about it is, I got this photo, it's fantastic because the deal was so complex. I've never had a settlement like it.

What I actually did I bought a company that owned the shares in the island and so what it was was a change of directorship and share transfers, nothing like a property deal that I've ever done. I had to go up to Cairns and attend this meeting and I had to run this meeting and in this meeting. The owners were there and then the owners' solicitors and then my solicitors and the bankers and the bankers and banks and there was about 15 people in this room and I've got to read through a pile of documents

Millionaire Phenomena - Property: JOSH HUNT (continued)

this high.

I'm thinking, man, and there's all those big words in them that just don't make any sense. You know when you're halfway through a sentence and you think it's not making any sense, will I continue?

So you just keep ploughing and then you hope at the end of it that nobody says, that didn't make any sense. I had like that high of documents and every sentence was like that. But it was interesting because part of that transaction – there was some large numbers in there – but a part of that transaction was that we had to pay \$1 to seal this part of the contract.

So I said to the boys, I bought this thing with a dollar and now I'm paying you a dollar for it. So we got up and shook hands and I paid them their dollar and I got a fantastic photo of me buying this island with one dollar.

It wasn't really the case but anyway, it makes me feel good about it. But you've got to communicate. We had extension after extension after extension and the only reason they hung in there was because they had confidence in my ability to complete. Where did the confidence come from? Communication.

You've got to keep communicating.

Now, the thing is we were talking about moods before. You can't afford to be in a poor mood. Imagine if I'm trying to pull a \$100 million deal off and the guy calls me and today I'm grumpy or today I'm, I don't know if I want to do it today and tomorrow, yes, I want that deal. I'm telling you, you won't pull anything off.

You've got to be consistent, always positive, always confident. How do you do it? Communication. Let me tell you the most powerful thing in the world today is words.

We saw at 9/11, 9/11 changed the face of the world. Two planes crashed into a building and killed some people, which was tragic, but a lot more people die every day than that in Africa from starvation and all the rest of it but that particular incident that happened one day around our globe changed our world. Let me tell you why it changed our world because then some guy with a tea towel on his head gets in front of a camera and he says, I'm a terrorist and I'm here to kill you.

What it does, his words basically reverberated through just about every community around the globe and changed the way that people behaved. That's the power of people's words.

Let me give you an illustration that you're probably closer to. You're in a heated argument with your spouse, let's say that you're a male, and you say, I'm sick of you, you fat tart. I would never say that. Let me tell you what your words have just done and how powerful they are.

Your words do three things. They create, they control and they accomplish. They create an environment that you now have to live in.

Bin Laden did it. His words created around the globe an environment that we all live in. I was astonished.

Years ago I was going to go to the Grand Prix. This is just after the 9/11. The rumour around was be careful because it's a likely place for a terrorist attack. I made the decision not to go. I thought later this guy with his words somewhere else, off the planet, living in a hole, has got a \$3 movie camera, shows it on Arabic TV and I don't go to the Formula 1. That's the power of words.

Just like you just bagged your wife, they've created a world now that you've got to live in. They create and then they control and they control the behaviour within the world. So now all of a sudden, you're making yourself dinner. There's no snuggling or whatever.

They create, they control and they accomplish. They accomplish what you sent them out to do. What you've got to understand is your words do this.

I saw this in my kids. When this became a reality in my life, I said I'm going to unleash this for the positive in my kids' lives.

I was dropping my kids to school at that stage and I drop them off and they're Sarah and Jessica and as they're getting out of the car I'd say, Sarah, I think you are an absolute champion. I reckon you're the best looking girl in the school. Look at them all here. They're all second rate to you. You're beautiful. These kids, they jump out of the car, I'm all right. Why?

Because my words created, controlled and accomplished what I sent them out to do. It's amazing you can change the environment within your world by unleashing the power of your words.

Millionaire Phenomena - Property: JOSH HUNT (continued)

You've got to understand how important this is. When you're in a grumpy mood, when you're in a poor mood and we all have them. Don't think you're alone, don't think that I never get them. We all get them.

You've got to use your words to pull yourself out because let me tell you, sometimes nobody else will take the responsibility to do it, bar you. This one thing alone will inhibit what you can achieve in your life because people don't like to do business with up and down sort of people.

If you can learn to do this skill, be consistent. You'll find that you'll be a lot more successful person and things will come into your life because of it and then unleash it on other people around you.

That's what I do. I unleash vision everywhere I go. I say to the guys on my team, this is what we're creating, this is what we're going to do. I'm taking all of my management team and most of my staff away to this island party because I've got to share with them vision. This is what we're doing.

They're working in a restaurant, they're taking drinks out to people. Why do they need to see a development that I'm doing up there? Because it forms part of the vision. They feel like they're connected.

I was saying to my management staff that they have to tell their staff about vision, because if I don't share vision, the only thing that they've got left to compare is dollars and cents. So what makes my \$20 an hour any better than next door's \$20 an hour? Nothing.

But if they feel like they're connected to a vision that's going to be on and they're building something great and they want to be a part of it, let me tell you, you can pay them 15 and they'll still work for you. Not that you should do that but I'm illustrating the point that you've got to communicate.

The power of communication is absolutely important.

A couple of years ago on this house, about eight years ago, that I was renovating, I wanted a painter to come through and paint while I was at work.

The guy gives me a quote. He didn't actually come in, looked through the windows, this guy gives me a quote. I thought well, get it on. So he arrived. I was downstairs.

He arrived and before I could even get upstairs, which is about five minutes after he arrived, he was painting with this spray gun and I'm thinking, no preparation, no masking, no nothing. No drop sheets, just paint.

Anyway, it was a disaster. Fly screens and everything, windows, this guy was a legend. He love his painting. I should have been more specific. I should have said, please prepare the surface, please mask up things that you don't want painted.

I just asked him to paint and paint he did, even plants outside the windows were painted. We had to do a massive prune job and take things to the tip to actually – because we couldn't scrub the leaves clean.

This guy gives me a deal and he calls me a couple of weeks later and he says, have you paid the bill? I said, before we talk about the bill, can we talk about the job? His response was, if you don't effing pay the bill, I'm going to come around there and rip your effing arms off. I said, you'll have to leave it with me.

Anyway long story short, I paid him most of the money and told him if I ever heard from him again, I'd ring the BSA and everybody else but his words controlled my world, because now all of a sudden I'm looking over my shoulder thinking I hope I don't see this guy down the street.

I memorised his number plate, knew the colour ute that he drove, made sure that I don't go anywhere near where I know he works. This guy's words over the phone created, controlled and accomplished what they sent them out to do and that was bring fear into my life.

You've got to understand how powerful your words are.

My words call deals off. That's what they do. If you want to be successful in real estate, learn how to control your words.

You've got to know in your head – that's what Keith was going through – you've got to know your numbers but then you've got to communicate them through words. People have confidence to do business with you and you'll find that it will work out.

Next thing, you've got to be Committed, you've got to work hard.

Millionaire Phenomena - Property: JOSH HUNT (continued)

What I'm going to do, I'm going to tell you some things here about the things that I've learnt while being in the trenches, while being committed. In other words, the things that didn't quite work out and I thought I'm never going to do that again. I thought this is where I can actually tell you when you're committed, this is the crap that comes into your life that I swear I'd never do again.

I was in a project and I'd sold this property and it was about a seven and a half million dollar sale and so it wasn't like just a little unit. It was a decent block of land.

Made this sale, guy went unconditional and paid a \$50,000 deposit, which was nothing, understanding the reason it's nothing because on a seven and a half million dollar project, that's a month's interest. It's a bit more than a month's interest, it doesn't last long. This guy goes unconditional and he says to me, your DA that's currently in, I want to do something different so pull your DA out and I'll submit my DA.

Thought he's unconditional, paid a deposit, no problem. So I withdraw my DA. We get to settlement, can't settle. Extension, extension. Two months later, can't settle, I cancel him. I get to keep his 50 grand. Who cares? By this stage it's cost me 500,000 bucks in extensions.

I don't have a DA any more because he asked me to remove it. He didn't actually get around to submitting him so now what I've got is I've got a raw block of land that I was selling with the DA for \$7.5 million and I got a guy that was unconditional. That I could now sue, that owns a \$2 company and he's well structured he's the Teflon man, which you'll find that most – that's what we do, we want to structure ourselves well.

Terry, my solicitor, who's coming to talk to you tomorrow, I call him Terry Teflon. Fantastic. Nothing sticks to him. He's a good man and he does a lot of our soliciting work. Really switched on and knows what he's talking about but I'm in this position where it's cost me a lot of money and I've now got nothing and I have to put the thing back on the market and I sell it again and I'm about to settle.

What happens? Two days before settlement, the agent that sold it the first time calls me and says, you owe me \$250,000 commission.

I said, bull crap. He says, yes, no, you do, you owe me

\$250,000 commission because what it says in the agent's agreement form is that the commission becomes payable when it goes unconditional.

It doesn't say, and you'll find this and so this is a lesson that I've learnt that will save you – could save you hundreds and thousands of dollars.

When you get an agent's agreement to list, the thing that I've learnt is you put a line through unconditional and you write settlement.

So in other words, I will pay you if it sells, not if it goes unconditional because what I found – and the same thing happened to a friend of mine two weeks ago where an agent comes in and I don't know if it was as calculated as what it seemed.

This guy puts a \$2000 deposit down on a million dollar property and these small deposits – I'm into them because that's what I like to give but I don't like receiving them. I like to see the people are people of substance.

But anyway, he puts a \$2000 deposit and then the guy, he takes it off the market, the owner takes it off the market, the agent is all of a sudden able to say that my commission is now payable.

So this agent, you've got to understand, and I'm not saying – hopefully they don't do this but I'm tell you it's possible. An agent could sell your property four times to bogus buyers with \$2 companies that you could theoretically sue.

Then when you come to settle ask you for four times commission because it's payable when it goes unconditional.

So I had this property and the agent calls me and says, you owe me \$250,000 commission. I said, bull crap. So anyway you're two days off a seven and a half million dollar settlement and you don't want a delay.

By this time, you're a developer and now you've asked your mum's mum for money because your mum has run out of money and you've got nothing and you need to get this thing through.

This agent says, I'm sending you through a letter, I'm sending it to your solicitor that is going to say that he is going to disperse the \$250,000 settlement directly to my account. If you do not sign that, I will put a caveat over

Millionaire Phenomena - Property: JOSH HUNT (continued)

the property and you will not settle.

So they have every right. They can put caveats over it and all of a sudden you don't have a choice. So you can go and try and fight it and delay the thing and all the rest of it and then go to a court of law.

So basically what I did, I had to pay the commission. \$250,000 for a guy that basically cost me \$500,000 in delays. A very expensive lesson I've learnt. You learn it from being in the trenches.

One point, another thing that I've learnt. Let me tell you how I structured a particular deal that I thought was a good deal and then I had somebody else tell me that I'm an idiot. This person actually knew what he was doing so I took his advice. What I'd done, I'd structured a deal and you might – this is the way that you might think about doing a deal and I used to and hopefully after today you won't.

What I did, I found this block of land and it was code assessable for about 350 units. So what I thought I'd do, I'd go in and I negotiated with the vendor and it was an option to purchase.

I said I'm going to pay you \$100,000 for this option and the option lasts for 18 months and I thought in that 18 months I'll get a DA and I'll get an uplift on the property and therefore I'll have plenty of equity to go into the next stage. So what I do, I put a hundred grand down and I put 150,000 bucks into all of the design and getting the DA and then I'll get the uplift and I'm right.

Then I thought I'll be really clever and if I don't settle on this date, I can actually have six months worth of extensions by paying you \$100,000 a month. I thought that's pretty pricey but I'm not intending to use them.

So anyway, I go into this deal and I thought for a couple of hundred thousand dollars I've secured a \$10 million project. That's the block of land and then the uplift and I thought I can make a squillion on this, just fantastic. Anyway, I get into the position where things aren't going the way that I thought they were going to go.

Code assessable, all of this sort of stuff and all of a sudden it's just not falling into place. So I get to the stage where I've got to sell the thing and try and recover what I was going to pay for it because I've invested at this stage 100,000 bucks in my initial option to purchase and I've invested about 150,000 bucks in plans.

Then I'd paid four of these extensions so that's another 400,000 bucks. So I'm going down the tube for about 800,000 bucks and I think the only way that I can do this is basically exercise my option and re-sell the block of land. So now I'm on this massive time thing and I'm thinking what am I doing?

So anyway, I went and saw this guy who's got a lot of experience and he's the son of a publicly listed company, a big property company. He says, you are a fully fledged idiot. I thought I was really smart and it was a very good learning curve.

He said, this is how you structure a deal. It's been very, very valuable. He said, I've just negotiated on this deal and let me tell you how it went. He said, I went in and I said a \$5000 deposit and his block of land was about five million. \$5000 deposit, an option to purchase it for two years, subject to a DA.

It wasn't just subject to a DA. It was subject to a DA of his satisfaction.

So basically what it was, he's going to put his money into a DA, he's got \$5000 that wasn't releasable that he'd actually get his five grand back if he wasn't happy with it any stage because of any one particular reason.

Then his next stage was, and then when we move from that to actually settling the property, I'm going to give you 50 per cent of the purchase price, then I'm going to give you 25 per cent more at the first 12 months and then I'm going to give you the last 25 per cent at two years.

I'm thinking who would accept a deal like this? Who in their right mind, what sort of vendor – because if he gets a DA on this \$5 million property, it's probably going to be worth 7, but he's not going to give him 5 million. He's only going to give him 2.5 million dollars at settlement, which was just a fantastic deal because all of a sudden you can roll into construction, not put a cent in because the thing cash flows itself because you've got so much equity.

I said, who would do a deal like that? He says, I just pulled off with Stocklands. Make Sure All the Cards Face You, not the other way around

I'm thinking what am I doing? What I learnt is when you're doing a development, make sure all of the cards face you.

Millionaire Phenomena - Property: JOSH HUNT (continued)

The big problem was in my first development that I thought that I'd allowed plenty of time but I'd faced the cards to them to say if I don't perform, I'm out of pocket.

Where what this guy had done, he'd flicked them around and said, if it doesn't happen these are the options that I've got and he remained in control all the time.

Calculate the Risk

When you talk about calculating risk, the best thing to do when calculating risk is understand this. Risk can be calculated. So we say yes, this is a calculated risk because my mum told me it was a good deal and she's lived here for a long time.

When you say calculate the risk, it means put numbers beside them and really calculate them. Calculated risk. Have the cards face you. Another thing that I've learnt.

Someone said this to be one. I thought it was absolutely priceless. Pioneers end up with arrows in their arse.

It was a revelation. What he was basically saying is if you're out there trying to find a new price point in an existing market, you're a pioneer.

If you're out there trying to buy some form of exotic island, you're a pioneer. No, don't go there. I could possibly fall into that category. But what he's saying is if you're going to be on the forefront of trying to establish new markets, there's a better chance you're going to end up dead.

So what you're best off doing is going in and try and negotiate in existing areas.

A couple of weeks ago, maybe a couple of months ago, I had the valuer on the island when we were talking about the island project. We're talking about what's been DA approved and what the price point is and all the rest of it and I said I want to change this, I want to make it more like our brand and make it more five star and do this and do this.

I could get a massive uplift on the potential of the property. A bit like what Keith did with his commercial property. Get a massive uplift by modifying it slightly.

The valuer says to me, why would you do that when you've seen that the market is very acceptant of this price point?

Existing Market, or New Market Pioneer?

In other words he says, why try and change the culture or try and be a pioneer to establish a new market when the existing market is there hungry?

Sometimes we do things because we want to do them, rather than it's what the market wants. If you're going to be a pioneer, prepare to be shot. It's a challenge because sometimes we like to push new ground and we like to take on new things but just remember that. Pioneers end up with arrows in their arse.

So if you want to be on the more conservative side of radical property development, because there's two sides of this crazy game you can be on.

I say try and be on the more calculated side, try not to be so much of a pioneer.

We just drove on the way here past a property that we're doing in Orwell Street, Potts Point. Now, the thing that I love about that is the block is about this big. I think it should be illegal to build on anything so narrow but I can go up five storeys on this block. It's incredible.

The beauty about it is I'm not establishing a new market. All I've got to do is try and squeeze it in into the existing market that's there and I know that the whole thing will boom.

The thing is we try and say yes, I reckon that land there, out there near Toowoomba, beautiful. I'll just buy this guy's farm and I'll break it up and make it into million dollar rural-res estates.

Well, the fact is you're a pioneer. You're better off going and negotiating. If you're going to do a development, you're better off trying to negotiate a development in a booming area rather than go and try and create your own boom.

There's a lot of developers, big developers, that their point is build it and they will come. That's true. I just hope you've got big, deep pockets waiting for them because often you need them.

People will often say that the first guy goes broke, the second guy goes broke and then the third guy makes a go of it. That's when you're establishing a new area.

So you've got to look at that and say, well, where am I

Millionaire Phenomena - Property: JOSH HUNT (continued)

going to do – try not to be a pioneer, try and go into an established area, build something that people want, not what you want and you'll find there'll be a good take up for it.

Another thought. When people offer you money, take it. That sounds funny but we often don't do it.

Let me tell you, when you're on struggle street, you won't be able to get a credit card. When you don't need one, you get them offered all the time.

When I get offered a credit card, I take it. The NAB just said let's up your limit from 50 to 80. Thank you, I'll have it. I don't want to use it but if I've got a million bucks worth of credit cards sitting in my drawer, if I do need them and things are tight, let me tell you the bank won't give you money then. What you've got to do when people offer you money, take it. Have some self control and don't spend it until you need it.

When people offer you money take it. I also say that with property.

Keith would probably know of a property that I'm about to tell you about. It's in First Avenue at the back of Mooloolaba and there's two houses in there and there was developers on both sides and they're trying to buy these two houses and it's in a very downtown sort of Mooloolaba spot.

These guys are saying, no, we'll wait. They're getting paid way too much for these crappy little houses but what they've done now is -- the developer said, no bugger you, you're too hard.

So what they've done they've now built their developments either side and there's these two little houses in the middle but the land is so small that a developer can't use it any more.

So now they're getting nothing for their houses because the only thing that they're good for is parking your car on because you can't build a high rise there any more.

When people offer you money, think very seriously about taking it because there is a number of things that it may cost you.

Momentum, you know, holding out for a better day.

Well, that's sort of almost like when I play blackjack. Sometimes that better day just doesn't come. You're just

better off walking away.

When someone offers you money, it may not be as much as what you'd like. Sometimes you've got to look out, what's the benefit of me getting that money now and moving on to the next thing rather than holding out because we don't know what's around the corner.

So when I'm doing property deals and deals in general, if someone offers me money, I think very, very seriously about taking it.

I ask myself the question, is it a pride issue? Am I not taking it because I believe that it's worth this and therefore I've got this pride issue and I'm not going to accept anything or should I just take it and move on to the next thing?

Positive Cash Flow Properties

My last point, things that I've learnt when I'm in the trenches. Cash flow. Just because you've got a positive cash flow property doesn't mean you can retire because cash flow, cash flow.

Often a positive cash flow property is a false sense of security.

Let me tell you what a positive cash flow property does.

A positive cash flow property helps you wait while capital gains or capital growth hits you.

If you don't have a cash flow positive property, if it's a cash flow negative property, that weight hurts you.

So cash flow, you need to work out where am I going to get the cash from. Because we had a builder on the Sunshine Coast recently go broke and he had something like \$30 million worth of work in his pipeline that he could get to but he had a cash flow problem today that he couldn't get over and he went under.

Cash flow. They don't care about what work you've got in the pipeline. They'll bankrupt you today. You've got to work out where your cash flow is coming from.

When you're a landlord, understand this. People don't like you. A tenant is not going to thank you for being a good landlord. Don't think that if you're a landlord and own multiple properties and you've got properties, that

Millionaire Phenomena - Property: JOSH HUNT (continued)

people are going to, here comes my landlord.

Landlords are despised. They're like tax collectors. They're the people that you pay money to and you feel like you're getting nothing for it until you're a landlord and you sort of feel like you're bending over backwards for these people, trying to help them wherever you can.

But let me tell you, when you're a landlord, you're not a very liked person.

What you've got to understand is, you're in business and when you're a landlord, you are in business. You're not in retirement phase. You've got to make sure that people are successful.

Negotiate

The last point I've got here is negotiate and Keith said it before. Win-win.

There is no such thing as win-lose. You win, they lose because it will ultimately be lose-lose. If it's not win-win, it will be lose-lose. It may not be today but it will ultimately be.

When you're working on commercial property or even residential property and you're saying I need this to generate the return that I need to pay the bank, let me tell you, the tenant don't care.

The tenant doesn't care that you've bought this thing with an 8 per cent yield and interest rates have gone to 14. They're just trying to make their business work. They look back and they say, well, you do nothing but I work here a hundred hours a week, slaving my guts out to pay your rent.

You've got to understand that it's got to be win-win. They've got to win and you've got to win.

Commercial Property - Understand You're in Business With Your Tenant

When you're looking at commercial, make sure that you look at it in the light of not what you can get but how well the person that's in your tenancy is going to do because if they're not doing well, or if they're not going to win, you will lose.

This is the thing with commercial property. I like

commercial property but there's different dynamics of different property.

Residential versus commercial.

One of the challenges with commercial is if your tenant goes under, you've got to find a new one. If you cannot find a new one, the value of your property has substantially dropped.

So you might think you're sitting on easy street because you've only borrowed 60 per cent against the value of this property. Well, if this person is Eagle Boys and the price of pineapple goes through the roof and pizzas have got to go to \$33 each and nobody decides that pizzas are good for them or someone's been poisoned in Sizzler by a pizza and nobody is eating pizza any more, anything can happen.

All of a sudden that tenant goes down, the valuation plummets.

All of a sudden you are now 100 per cent lend against your commercial property and then the bank looks and they say, Eagle Boys has gone down nationally, who do we have that owns property with Eagle Boys as a tenant and we're going to call in all of those mortgages.

So all of a sudden you've got to sell a property that's got no tenant, that's basically 100 per cent LVR now because the valuation has just dropped. You've got to understand, you're in business with the person.

Life continues to roll past and it's up to us to keep up with it.

I was at a school presentation for my daughters the other day and it talked about that the jobs that the university students, people that are going into university next year, the jobs that they will most likely go into, 80 per cent of those people go into today have not been invented. Those jobs do not exist. Technology is moving so fast that the university courses that people start today, the jobs that they go into don't exist on the day they started their university course.

That is just amazing. Our world is evolving so fast. We've got to stay on top of it.

Successful Property Investors Need to

Millionaire Phenomena - Property: JOSH HUNT (continued)

Forecast the Markets

If we're going to be successful property investors, we need to be able to forecast the markets. We need to say what's this area going to do? What's business doing in this area?

You might own a fantastic commercial property, it's got an IGA and it's got like its own little community and it's just going ballistic and you think that you can just rest on that for the rest of your life, it's going to pay you a fantastic income? Then what happens? Woolies moves in next door.

Then all of a sudden, that's the poor sister. All of a sudden, nobody goes there any more because there's a fresh thing across the road. You've got to stay on top of it. You've got to know what's happening, how it's happening.

You could do things like what Keith was saying before. You've got to re-think your tenancy shuffle. IGA might be in there, you might need to cut that up and make it into a medical centre.

You've got to stay on top of it but most of all while you're doing all of that, you've got to enjoy it.

That's a challenge. It would be nice if it was easy, wouldn't it? I find it really easy.

You Can Do It!

Now, I hope something that I've said has helped you. The thing that I want to put across most is that you can do it.

You don't need to be smart because I'm not. You don't need to be well educated because I'm not. You do need to be good looking. That wipes most of you out. No, just joking.

Success lies within. Success is within us. It's up to us to pull it out.

We've got to negotiate with people, we've got to develop it. You know the thing I love about what you've done here this weekend is that you've put yourself in a position to develop success out of you.

You've got to understand that it's not going to come from Dymphna, it's not going to come from Keith, it's

not going to come from me.

It comes from within you and it's going to look on you different to what it looks like on me. It looks different. You've got different risks profiles, you've got different goals and dreams and all. It looks different on you to what it does on me. That doesn't make mine any better or any worse. It's just different. We're all different. So I trust that you'll be very successful in whatever you put your mind to because I know you can. Thank you.

Discover One Of The Most Jealously Guarded Secrets - Adapted And Road Tested In Australia For Creating Positive Cash Flow - That Works Even In Today's Property Market

Part of the Millionaire Phenomena Series

First things first, people say to me all the time, a lot of people won't even know who I am, and I know there's a bunch of people thinking, "Well, who are you and what are you going to say, and I'll probably be think you're a Wally anyway" and I can understand that because my wife says that to me all the time.

So, I'm just going to tell you, about five minutes, about who I am and where I come from and how I think. I'm going to run you in to... I buy and sell and houses and home units and then I was going to run this into how I buy houses at a substantial discount which I think you might find interesting. And then I was going to get into how I add value to houses and I'll take you back to the beginnings because if you know, how, like when you get something like a famous person like Stephen Spielberg or something and they go, "Well, where did you start?" and they always say, "Well he started off as a shoe", you know, or someone started off as some really macabre job, they started off as a tyre on a car or something and then they became...

Well, I sort of started off in a bit of a strange environment. I worked for a guy, when I was 20 years old, I wasn't a yuppie. That was so long ago, I was much younger, I was 20 years old so I was more like, well, a puppy yuppie, and a guy recruited me, called Allan Pease and I worked with Allan for many, many years and I got very much involved in human communications, body language, talk language, and a whole lot of this sort of stuff.

In actual fact if you have a copy of the book that came out in 1981, you'll see me there on page 90 in my \$97 brown Rubeneff Scarf suit. I don't think Rubeneff Scarf's

Meet Rick Otton

Rick Otton, the showman of property entrepreneurs and original pioneer of creative property strategies, is internationally admired by the property industry for his maverick real estate concepts. A man of dedicated vision he is founder and CEO of We Buy Houses, a leading property enterprise which Rick has successfully expanded into the international markets of America, the UK, New Zealand and Australia.



Rick's success has been achieved through recognising property profits can be maximized when you start to create strategies relating to the terms under which the property is acquired or sold, and not simply relying on price-led strategies.

Rick's refreshing concepts allow the buying, selling and trading of houses using little or no money of your own to create what everyone is looking for, super-cash flow as well as profits.

around anymore. That brown suit was my first suit, it was pretty rough material, we use it in the back room for sort of holding spuds. After I left there, I left Allan, we worked together for a bunch of years and then Allan went off to the UK to start his business in the UK and I went to the United States. While I was there I thought, well, what am I going to do? I had a couple of things in mind and I'd learned from Allan that a lot of people think visually.

So I thought, well, maybe I could come up with something visual for the U.S. market, and so I got into this. I created a television show and it was called The Couch

Millionaire Phenomena - Property: RICK OTTON (continued)

Critic and it was pretty out there, and it was very visual. What happened was, unbeknownst, I was just trying to make a few dollars at the time and I sort of got away and went into syndication and then it sort of got a bit out of control and this sort of happened.

The Couch Critic aired on cable TV and I thought it was OK until a couple of big boys turned up from Houston in their suits and said, "Well, boy, you Richard Atton?". I said, "Well, that's close, I'm Richard Otton". They said, "Well boy, seen you on the TV and we don't know if we like that because we reckon pretty soon you'll be in the theatre and we've had a look at the visa, and what sort of visa status you got boy?" I sort of pulled out the passport and went "oh, one of these little ones here".

They said, "well, that's not going to work". So they threw me out, in a really nice way. They gave me two days, and I came back and I thought if I wanted to continue... it took me a while and I came back to get a journalistic, to be a journalist, come back on a journalist visa, and actually it was really quite funny. At the time I did this - you saw the big rubber boomerang - I used to sleep on a big six foot thong and if I got really cold I used to sort of climb under the straps.

So anyway, it was around this time in the United States I came back in for another hit and things had moved on. I got involved in what was called the Savings and Loans. And quickly, to give you that ... savings and loans was where the American real estate industry collapsed in the southern states, in respect that the banks disappeared.

"If I Could Figure Out How To Finance Property Without The Bank, I Could Be Rich!"

We could go into more detail but it's enough to say that virtually every financial institution in the southern states of the United States failed to exist. They all just went, and as a result no one could buy or sell a house with a bank loan. In actual fact, the Federal Government made it illegal for banks to give you housing loans to buy a house, and for a while there the houses became so cheap they dropped down to maybe 5 and 10 cents on the dollar.

You could buy packets of them. This was the very first

one I did. I bought in there 20 home units at \$4,000 each. It's funny, when you look at these buildings, I was putting this slide up to show today and it reminds me of the old Elvis Presley movies. You could sort of see Elvis out the front of that sort of thing, doing his guitar as he goes around the pool.

And that sort of started me, and I found that the only way I could make things work was I had to create a whole bunch of ways where I did have no money, to get sellers and buyers together and trade real estate.

What I did was, I never went to Real Estate school and hadn't read too many books but I just thought that maybe there was another opportunity here and I used to buy houses from sellers and pay sellers, make payments to the sellers and turn around and make payments to buyers and bring in joint venture partners and private lenders and did everything I had to do where there is no banking system and I just learned a different way of doing things.

With that in mind, I wanted to share some of those ideas with you today because that was about 15 years ago and a lot of those ideas and concepts, we've still got the business, it still runs there today. We brought those into Australia about '99 and then back into England a couple of years ago, and I wanted to share some of those ideas with you today, that we might be able to benefit from. What I wanted to start with is, I think this is pretty important, how do you make a profit when you buy houses? I think it's a case of 'well, what house are you going to buy?' And I just wanted to run you through a few houses I've recently bought and see if it makes sense to you.

How To Buy Houses 30% Below Market Value

Now I do things a little bit differently. I buy houses, I don't know, I never understood this, I buy houses and I trade houses, so I buy and sell houses and I find that if I can add value to them, these houses, I like buying houses on the main road which I don't want to say too much more about it at the moment but I buy them for a substantial discount, about a 30% reduction.

No one wants a house on the main road but I find when the valuers value them and appraise them, they only discount them about 5% so they don't take a lot of money off the value. I'm going to tell you why I do that, a little bit later, why I buy these houses and mainly

Millionaire Phenomena - Property: RICK OTTON (continued)

because no one else wants them. I buy the houses that no one else wants.

This is a great example of what happens. If you ever find a house that has the real estate agent in a distant suburb, which is the other side of town, you can get great bargains on the house. What happened on this house was, I went to this house to buy this house. It was in a suburb called Tragea, and as you can see from the sign the real estate agent is from another suburb called Quakers Hill. Now how does that happen? Well normally what happens is, someone goes to a dinner party and they say "I want to sell my house" and someone is at the dinner party who happens to be a real estate agent, and the real estate agent might be from another part of the world, and people will say "well, I can list your house and probably give you a discount on the fee".

The other person says "Oh, really?" "Yes, great". "Fantastic, pass the milk, let's do that". And the next minute you've got your house listed with a real estate agent who comes from out of town, in another part of the world.

So here's what happens. When I rang up the real estate agent, I rang him up in March and I said, "Had any offers on the house?" He said, "Oh, yeah". And I said, "Oh, when?" "Oh, last October". It was like, "Have you shown anybody since?" "Do you want to have a look?" And I said, "Yeah". He said, "Oh well, back door's open." So... and I knew where this guy was coming from because after a while the real estate agent, you know, he goes, drives over there, shows someone the house, they tyre kick it, you know, they don't want to buy it, you know, and they have to go back to their office again, and they might miss out on the coffee or something. I said, "Look, what do we have to do?"

And at the end of the day I got this house very, very cheap because he wasn't aware, the market was moving very, very quickly and when they checked the valuations at the Lands Title Office and all their little equipment to find out what things were selling for, quite often they're out of date and I bought this house for a very substantial discount because the agent had no idea what things were worth in the area, and I think basically he was just too lazy to show anybody the house. I remember when I rang him up and I said that I thought I'd buy it and he said, "Ohh", it seemed like such a problem, "Ohhh, forms - I've got to fill out forms".

Now, this is an interesting one. I'm going to jump down on the floor for this one because the lights get me a little bit. This house was near power wires. Now these houses sell for a massive discount. I probably bought this house for, oh, I reckon I bought that for about \$80,000 under market. What happened was a lot of people believe that if you buy a house anywhere power wires you'll get cancer and maybe pass away, and it's not a really good thing. Here's what's interesting.

Other people believe that's a whole lot of baloney and that whole thing about near power wires doesn't matter at all. Just because I thought it would be good to do a room survey, and it's usually pretty divided, half the room thinks some ways and half the other. If you think you're going to get cancer from having a house near power wires, put up your hand. That's all right. Now if you think that's a whole lot of baloney, and you don't think you're going to get cancer, put up your hands.

So here's the trick. If you buy this house at a big discount and you go to sell it, you only sell it to the people who think it's a whole lot of baloney. And that's what I did, and they paid \$80,000 more for it, which was the market price for the house, and then they bought the house and I said, "What do you think about the power wires?"

So, here's the interesting. These things, ladies and gentlemen, are out there all the time and it's the difference between people who get emotional when they buy and sell, and the pure logistics, the pure logic. Now, driving down the street in the little car and there's these nice houses in the street. Look at that, nice houses, they'll probably sell for full retail but look at the house across the road. Where's the door? There wasn't one. So no wonder it was so cheap. No one could get inside. We had to go around the back. They'd bricked it in. They thought they were going to add on an extra room. Got half done and just, said, "Oh look, just finish up, we've got a door around the back, they can get in anyway".

Now, then you get these houses. These houses sell cheap. These are houses that are sort of side-on so you drive by and every now and then, if you ever see a house like this, people don't like buying these houses and developers when they develop suburbs had the little sections of land left. Like this suburb was built 30 years ago but where the little sections of land are left, they can't get the house facing the other direction so they put it like, butt

Millionaire Phenomena - Property: RICK OTTON (continued)

forward right? So, there you've got this butt house and these houses just sell cheap.

If you're a buyer and you have a choice of what house you're going to buy, you're probably not going to buy this house. It was funny, I was actually taking the photo of this house and the agent just absolutely out of the blue turned up. He was so excited because he thought I was a potential buyer, and it was great because he could keep his job.

This house was interesting. I bought this house and it had termites. We did the pest and building inspection and here's what was very interesting. Something to take on board here - when you buy house or a home unit, quite often the agent will say, "Look, would you like me to organise your building and pest report?". This is an absolute no-no. Do you think it's possible that the agent is going to organise a building and pest report that's probably going to show there's not much wrong with the house?

Yeah, because he wants you to buy it. So, we did a building and pest report, and the first one came back and it said there's no pests, the house was fine. And I don't know what it was, but I just thought, you know, I tell you what, I think I'm going to do another pest report. The first pest report was \$90. I had another pest report done and it was \$145. The difference between the \$90 guy and the \$145 guy is the \$90 guy has probably got to do 12 a day and the \$145 guy doesn't have to make as many houses so he can spend more time, and he can put an ultrasound on it.

Now when it came back, I said to the agent, I said, "Mate, I've just had a termite report done on this house and it's full of termites. I thought you told me you did a pest report and there were no termites". He said, "Oh mate, when we did the report, the termites must have been sleeping". I said, "Well we've got to do this".

So I went and saw, I spoke to the seller, and said, "I want to buy your house but I'm going to need a termite discount." And he said, "Well, what's a termite discount?" I said, "I don't know. You haven't given it to me yet." So, he gave me a \$50,000 termite discount on the house. Now does anybody know how you get rid of termites? With a cheque. It cost me \$1,611 and all the termites went to sleep.

Now this house... a lot of people do extensions on

houses. This is a council-approved extension, it's absolutely fine but you'll see the house is a brick house but they have not used brick for the extension. What happens is it doesn't make the house look appealing and I bought this for a substantial discount because the extension's council-approved but people don't like extensions added to houses unless they totally fit in with the décor of the house. The man who wanted to buy this house came to me and said, "Mr Otton I have one problem with this house." I said, "What's the problem?". He said, "I'm a brick layer. If I bought the house would you get really upset if I rebricked this back room so it looked the same as the rest of the house." And I thought about it. I thought, no, no. Okay.

This is the last one I'm going to show you. This house, I bought this house for a big discount. The man who sold us this house, he puts tar on the roads. He owned a company that puts tar on the roads, you know, when they spray that black stuff on the roads, put the tar down for them? He had a few investment properties, he was a bit tight on the money and he had to paint the house so you can imagine what he did, how he painted the house.

He just thought it was cheaper to tar it and I bought this house. Being a black house and it was the only one in the street, I was able to buy it for a substantial discount and what happened was, that was the gentleman and you can see, he bought the house from us and there's a reason I'm saying this. When you make it easy for people to buy houses who can't normally buy a house, they'll do everything they can to turn it into a home.

Especially if there's a woman involved, because I can promise you, from the look of old Sam over here, he would have left it black, okay? But his wife was saying, "there's no way I'm going to be continuously living in this black house". And so she's obviously been involved in putting up the pot plants and I reckon he was in there painting the place, improving the value.

How To Get The Seller To Pay Your Stamp-Duty

So there's a bunch of different ways to buy houses at a discount, and something, let me just say, when I buy houses, stamp duty - you should never have to pay stamp duty when you buy a home. The government says that someone has to pay the stamp duty and the transaction

Millionaire Phenomena - Property: RICK OTTON (continued)

but it doesn't say that the buyer has to pay the stamp duty.

So most of my students, when they buy houses, and the way I buy houses, is you know when you go to McDonalds and you can either buy the burger or you buy the whole packages and they throw in the chips and the drink and the fries and stuff? Well it's the same thing. I like to buy a house with the stamp duty paid and so the seller actually pays my stamp duty and it comes out of his disbursement side of the statement at the time we go to settlement. Does that make sense?

Sometimes people leave in furniture. I love people. Usually when you sit on a house contract, I'm going to get off the track here and use up all my time but it normally says, you know, what are we leaving in the house? The blinds, we're leaving the stove and the floor coverings, right? Well mate, I write into the contract, what are you taking?

We walk in and say, you're taking the television and then they just leave everything. You'd be surprised the amount of people when you actually say to them what are you taking? And they go, "Oh, I hadn't thought about that. We're going to Queensland." And then you look at the husband and say, "You're going to be packing a truck for three weeks are you?" Oh, no, no. And you'd be surprised how many people will leave all their furniture behind and throw it in as part of the package except for bits and pieces they need and then you can make that a furniture package for your next rental. So when you rent the next house, you can rent it out and super-size people up, just like McDonalds for the furniture pack.

Anyway, so get the sellers to pay your stamp duty. A lot of people have started doing it now because I've been telling people to do that for a while and a lot of the legal people are quite used to seeing this done.

My Convenience Store System To Making Fast Profit from Real Estate

How do you make a profit when you sell? Now there's a whole bunch of different ways people can make profits when they sell houses. They can do these things called DA's Developments, cut the back off blocks, they renovate and they do a whole bunch of things. The only problem was, ladies and gentlemen, when I started I didn't know any of that stuff. I didn't know about DA's,

renovating, all that stuff, I didn't know. So I had to create another way. Now, how do you make a profit when you sell?

Well, I said, maybe I can provide the marketplace with something they haven't got. And I remember Allan said to me once, he said, "Rick, do it different. Figure out what everyone else is doing, and do it different." And he was so right. I remember we used to have to go and knock on doors because when I used to work with Allan, we sold insurance and I used to knock on doors. And Allan used to say, when we told them we were from the insurance company, and they'd like want to slam the door and stuff, he said, never stick your foot in the door, always stick your head in the door because when they slam it, you can keep on talking.

7-11. Anybody, is it fair enough to say that everybody in the room, has anybody shopped at the 7-11 or the convenience store? Yeah? Well, it's more expensive than Woolies, why are you doing it? Thank you. 7-11 figured out that it's never about price. It's all about what people want. It's all about what people want. Why will people go to the 7-11 and pay more? Do you know why they'll pay more? Cause it's convenient, they get it now, they can get on down the road, they can get to where they're going to, they can get to their next destination or journey in life. And the money is not the issue. The money's not the issue. 7-11 figured it out. They're all around the world now.

Here's something else that's interesting. I went to Hoyts Movies yesterday. Now, I said to the lady at the Hoyts Movies, I was just trying to remember what movie I saw. Oh that new one with Sandra Bullock in it, the second one. Where's the camera? It's not as good as the first one. Okay, now. I said to the lady, "What is the difference with this between it being full or empty?" She said, "\$7.50". And I said, "Well, how much is the popcorn that goes in it?" She said, "About 4 cents".

I know that to be right because a friend of mine, he runs United Artists Picture Theatres in the United States and they sell these packets of M & M's for \$2.75 but he only pays 8 cents for them. I thought, this is interesting. Why are we prepared to pay \$7.50 for this, we know that Hoyts is putting that little popcorn in there because you buy a whole packet in the supermarket for like 35 cents. They put about 4 cents worth of popcorn in there. But we all pay the \$7.50 don't we? Well up here, we'd

Millionaire Phenomena - Property: RICK OTTON (continued)

probably pay \$6.50. Down there they let us have hire purchase. We pay \$7.50. But why do we do it? Is it fair enough to say it's because that's what we want to do? That's what we want to do. You know what's going to be really terrible about this now, we're going to finish today, and here's what I don't want. I don't want to finish today, someone go to the movie next week, be sitting there with their popcorn, unable to concentrate on the movie because you're thinking, "God it only cost them 4 cents!" Okay? It's the point.

So, I had this idea. I said, well, what could I do different? I can't renovate, I can't subdivide, maybe I could create value. And if I can create value, is the marketplace prepared to pay for the value, and it all boils down to what the value add is, what's it worth to the marketplace, what do they want to do? Now, run with me on this. An option is a choice to, but it's not an obligation to. It's something you can do if you want to, you don't have to. It's just if you want to. It's the option to, it's the choice to.

The Rick Otton, No Money Down System For Accelerated Real Estate Profits

What I want to speak to you today about is renter homes. Renter homes, more technically known as lease options but rent/buy, rent/purchase, rent/owns, and why now? Because the market for this is the market timing. Now I know that right now in Sydney, we're having a sale in Sydney, everything's 20% off and the market is moving all round the country. They'll probably push interest rates up a little bit more, maybe, because they want to quieten down an overheated market. So, the reason why lease options or rent to buy is right out there is, it's the most flexible trading instrument that I've ever seen in property. There's just so many different varieties. People say to me all the time, my students say, "Can I do this?". "Yeah, if that's what you want to do." "Can I do that?". "Yep". "Can you do this?" Yep. Yep. Yep. Yep. It's a very flexible instrument. And I'm going to show you a few examples today.

The market timing. Market timing for this will become evident as I go along. They're easier to fund. Depending on where you fund your properties and how you finance properties, these things, to get money for a rental house, is very easy to fund. And what you're going to see as I go a little bit further on, these can require very, very,

very little money, if any money at all.

Now, so the question becomes, why not just rent? Well if we're talking about rent to buy or rent/own, if I'm a landlord, do we have a few landlords in the room? Yeah? Thank God I'm in the right room. Okay. If we're, funny if we're all share market people ... why not just rent? Well that depends on what your exit strategy is. I never, never, never, never, never buy a piece of property and go in if I do not know where the exit is. If I do not know how I'm going to get out of it, why I'm in it, I won't buy it. And I think one of the things we've seen in Sydney, a lot of people have jumped into a lot of properties, they're losing a lot of money at the moment and then they're wondering why they ever went in it because they didn't plan the exit strategy when they went in the front door.

So it's a little like when you go into the movie theatre. You always look when the exits are, so how you're going to get out when the guy starts smoking next to you. Now, so why don't you just rent? Well it depends on what your strategy is. You might, if your strategy is I just want to buy and hold because you feel the market's in a rising market, absolutely. You might decide though if it's not a rising market or the capital gain returns or the profit margins have become significantly reduced, you might decide, well, that's not a good strategy right now because I'm negatively geared, I'm losing a whole bunch of money, I'm not making enough tax deductions. It just doesn't make sense. So it all boils down to, what is your exit strategy?

So let's have a look at why sellers would ever want to do a rent to own or there's a more technical sense, a loose option. Some of this isn't as clear as I'd like it to be so I'll just talk a little bit about this. You're appealing to a very large pool of buyers. If you put a sign out there that says RENT, you get some renters. If you put a sign out there that says I'M SELLING, you'll get some people who want to buy.

How To Create Your Own Mini Property Boom Even In A Flat Market

But if you get a RENT TO BUY or RENT PURCHASE, you get all the buyers and all the renters. You get a bunch more people who want your property. You haven't segmented the market. When you don't segment

Millionaire Phenomena - Property: RICK OTTON (continued)

the market, ladies and gentlemen, what do you reckon happens when you've got too many buyers or too many people who want in and too few product? Price goes up. Yep. You get the price you want. You don't have to sacrifice the price because you've got a bigger pool of people who want in.

Depending on how you structure these things, we'll talk a bit more about this later, how you put them together, and where you get them, no agents commission, so as the seller you've got to move this property on down the road, your costs of getting out are much, much, much less.

I've got the next one, it says test the buyer before vendor financing. There are some people in this room who I know are in the vendor financing business and extremely successful at it, although some of them are a bit shoddily dressed – I'll have to speak to them later. But I've got one, the lady... I bought a house from a real estate agent who called me up some time ago and he said, "Look, this lady owns the house, she's gambled at the casino and they're going to foreclose on it in the next few days, can you do something about it?" And I bought the house and I said to the lady, "Look, it is your house. Would you like to stay here?" And she said, "Yes, I'd like to stay." So I said, "Look, why don't you stay as the tenant, at least you don't have to move out of your own home. At least you've still got your home." Now, then she's rung me up and she's said, "Look I'd like to buy the house back.

Is there any way I can vendor finance it? Make payments to you?" Because she'd wrecked her credit by gambling the house away, she couldn't get any credit to get a loan and she simply said, "Could I, we buy house, vendor finance of the house?"

Well, here is my concern. If I vendor finance her the house and she's just gone broke because she couldn't make payments to somebody else, maybe she's not going to be able to make payments to me. So I said, "Look, why don't we do this. Why don't we try before we buy". Let me set you up on a rent to own and you can make payments to me on a rent to own so if it doesn't work for you, you're just a tenant, you just move out. And if it does work for you, you can buy it. But you've got no obligation either way." So it's try before you buy. I also get to try before I buy. I'm not committed to providing this person with a contract on the house and I'm not committed to vendor financing them a house. I can see how their

payments go. If they're all right with their payments, I'll do this.

So, in this case, what she's doing is she's doing a rent to buy for two years and if the payments are on time and good, in two years it will automatically transfer over into vendor financing, which I'm happy to do. So, you get to test a buyer if you like, if you're thinking about vendor financing a house to somebody. It also moves an unsolved property. If you've got a property that you just can't sell because it's one of those properties that I showed you earlier. Doing a rent to own to somebody, you're getting a person who's not just renting, they've got the opportunity, if they want to, to buy that house? Boy, you'll find that moves that house very, very quickly. We've still got benefits to the seller.

Usually when you do a rent to buy to somebody, if you're the seller, the person's going to give you some money. They're not going to give you a deposit, they're going to give you some money. Some up front money to say, "Look, I don't know if I want to be a tenant and I don't know if I want to buy but I'm prepared to pay you some money up front so that I can have the choice. People like choice, people like to pay the money to have the choice.

Delayed settlement for tax planning. This is really important guys. If you buy and sell and trade properties, as you know, we get whacked with capital gains tax within the first 12 months. I think we pay a much higher capital gains rate here, within 12 months. If you do a rent to own, a rent/purchase but the settlement doesn't go through until after 12 months, you'll find it considerably, makes it differential to your tax position.

I know in the United States, when I buy and sell houses, if I buy a house on Monday and trade it on Tuesday, I get whacked for a massive amount of taxation. If I let the buyer, who's going to buy it from me anyway, do a rent to buy, so he doesn't actually buy until 12 months and one day, my taxation drops through the floor. I pay very, very little tax. So for a lot of people, this delayed settlement, their tax plan.

You can decide when that person can exercise that option. They actually buy, and that's when you get triggered for tax. It's fast. It's pretty quick. The average person who goes to buy a house, if they want to buy a house from you, you've got to put it out on the market for a couple of months, then they'll get some people to tyre kick it and then they're going to take six weeks to get a

Millionaire Phenomena - Property: RICK OTTON (continued)

loan or do the papers and all this sort of stuff. With this, you're probably done in ten days.

You may have a tenant who may improve the value of the property. I'm going to show you a couple of these today, and you'll just see what some of these tenants did to improve the value of these properties. And you can receive above-market rent. Now, that's what is in it, why people may consider as a landlord as to why you'd want to consider offering someone a rent to buy. So the next question is, why would somebody want to get involved with you on a rent to buy basis. Because it's all about solving people's problems.

You can't, I've always found over the years, if I go in and I try to say to somebody, you know, I'll give you a lot less money for your house, they're not interested. But if I solve the problem and find out why they're selling the house and what they're trying to achieve, and then I solve the problem for what they're trying to achieve, the price they get for the house is not as relevant. I find that when I offer houses to people, if I find out what they're trying to achieve, if I can give them what they're trying to achieve, that's much more important than the price. The price consideration comes back to the popcorn. What is it you want? I want to chew popcorn because I like doing that.

So it's all about solving people's problems and here we have a situation where, sorry, I've got the buyer here who, I'm standing there with him, and oh, can I just make a little point? Do you notice how, I've got a buyer who's speaking to me about why he wants to do a rent to own with me. And he's come to look at my house to do a rent to own. And you'll notice that, rather than standing across from him, do you notice how I'm standing next to him? What happens is, if I stand next to this gentleman right there, the house that we're talking about becomes the third position.

Does that make sense? So we're now both looking, solving the problem which is the third thing. If I stand opposite that man, sorry I've got off the subject a little bit, if he's talking like this and I talk to him like this, I'm in pure confrontation with the guy. We're across the fence from each other. But if we're both standing like this, talking about the house over there, and solving the problem, now suddenly we're both on the same side. So it's just a little bit of body language there.

But that's what's happening here, so this gentleman's

telling me he's a car dealer, he owns three car dealerships he's involved in, he can't get financing because of the way the company's structured and how he's paid and all these sorts of things, and he can't get in, he's in the car business. So, I said, "Well, do you want to rent this house?" "Oh, maybe I do". "Do you want to buy it?" "Well, can I have the option to do that?" "Yeah, okay". "What's the price going to be?" "Well, let's just work it out." And that's just what we're going.

So then we get down to what's the benefit for the buyer? Okay. From a buyer's point of view, if a person comes in and they want to do a rent to buy and they go, "yeah I'd like to rent to buy", well, what they do is they actually get to save up a deposit with a seller for future financing. So, what they could do is, I'm going to show you an example of this in a minute. They get to save up, they can't get the financing now but they can get the financing down the road. So for instance, the seller, the rent/buyer might be giving you money every month and the way you've put the paperwork together, is in 12 months time he can go and get a loan for say 95% at the bank. Well, you can show you've already collected the other 5%. Does that make sense?

So here's the seller, you've already got 5% because he's paid you some money, he's gone to the bank and got a 90/95% loan, whatever it is, and you as the seller can show the paperwork to show you've got the other 5%. So he can save his deposit with the buyer.

Buyers Love My System Because They Lock-In A Future Value Up-Front

The other thing is too, the reason why buyers like it, is they can lock in the future price up front. Now this is very important because there's a couple of different ways people do this. The way we always do it, we buy houses, we tell people right up Day 1, you can buy the house if you want to and here is the price. If the house races up in value, who do you reckon gets the profit? He does.

Now, what does not work is when people say, "Well, we will figure out the price based on an 8% increase every year and a margin, some sort of formula that says, what I called the Rubber Carrot formula which is the person never gets the thing. I've seen this done where people go, "Well you can rent it for a couple of years from me but the price will be based on what it is today plus 8% every

Millionaire Phenomena - Property: RICK OTTON (continued)

year. Well guess what, in the Sydney market, how many people do you reckon are going to ever get to exercise and own that house. It's not going to happen. It's what's called the Rubber Carrot.

Buyers Go Crazy With My System Because They Can Try Before They Buy

We always like to keep it cleaner and have the paperwork very clear and straight up. That's the price. If you'd like to go along, that's it. You'll see a couple of examples where this works really, really well for people. Again they can try before you buy. Some people, and I've been there, I have a place at Kirribilli across from the Opera House but I don't live there anymore. I've had to move because when I jumped in there and I bought it, I didn't know that every Saturday night at 11 pm, all the little disco boats come by.

Right, this bopping thing, and Sally's going, oh, come on Johnny, go on, no, no, no, one more drink, go on Mary. You end up yelling out, go on Mary, go out with Johnny. The thing is, thousands of these little boats... Sydney Harbour is so noisy, trying to watch a movie on a Saturday or Friday night is absolutely impossible.

Now, do you think I might have been better off trying before I bought? So I've had to move around the corner to McMahon's Point, right around the corner and rent Kirribilli, and then if I rent Kirribilli, the people will be up, and they'll go, the little party boats are loud aren't they? Yeah, they are.

They just say, do you mind if I just rent it for a while but we agree on the price now so that as I get used to it and I like the neighbourhood, I can buy it down the road? Absolutely. A lot of people love to do that. They just want to get the feel, feel comfortable about the house, before they commit. They might never have bought a house before.

Also, for investors, you can control the property for a very small deposit. You can start controlling properties for a very, very small amount of money invested in the property which we'll look at. And from a buyer's point of view, do you reckon there might be a few buyers out there who are just sick of paying dead rent? Goes nowhere. How many buyers, tenants go, I'm always paying this dead rent. I want to buy a place.

Well under a rent to buy, they can do exactly that. Also, no legal fees or stamp duty. That's really important. For buyers, they start getting into \$300,000 or \$400,000 houses, I know down in Sydney, the stamps are about \$13,000. If they go into a rent to buy, there is no, virtually no legal expense and no stamp duty. That's great.

And for those people who need to know, it's very hard for lawyers to attach the asset. I've had a couple of people who buy properties under a rent to buy with their option, by the way, I can't get out of it. If they decide they want the house, it's theirs. I can't change my mind but guess what? It's really, really hard for people you don't want to know, to know about what assets you have. You can renovate to sell without tying up cash. I'm going to show you a couple of those. A lot of people, when they go to renovate, by the way, people who renovate – is there anyone in the room who actually renovates, knowing they're going to renovate then sell the property? Has anyone ever done that? Okay. Did you go and get a bank loan to do that? Well here's something to think about. Why would you go through all the expense of getting a bank loan, simply because you're going to renovate the house and then you're going to sell it.

This way, ooh, you can renovate to sell without tying up any cash. You can be the rent to buy, you've got it guys? You renovate the whole place and I'm going to show you this, right, and sell it, you didn't have to get any bank loans. Do the whole thing.

Now, the other thing is the rent is set. The payments don't go all over the place. When you're paying a mortgage, the interest rate goes up. What happens to your payment at the bank? It goes up. With these, it's set. Once you're locked in, that's it. I'm paying you this, I'm turning this house into the Taj Mahal, putting seven more bedrooms on it, putting more subtenants in there, but the rent's set, and from the buyer's point of view, it's pretty fast to move in.

Okay. Let's look at a couple of practical examples with some real people. This is how it worked. I paid \$220,000, I'm taking you through the steps of the basic and we're going to work up into something a little bit more sophisticated, Okay? But this is the very, very start off. Okay, so house was \$220,000 and I got a loan for \$184,000. Just went and got a loan for \$184,000. The first one. Now, the people come along and they gave me a \$20,000 option fee. And the option was, can they

Millionaire Phenomena - Property: RICK OTTON (continued)

move in? And can they have the option to buy that house down the road for \$250,000. Okay?

Can I have the option to buy the house down the road? Now I bought the house at a discount so they want to know, if they want to, can they buy that house down the road for \$250,000? Was it worth \$250,000? Yeah. To them it was. Was the market \$250,000? Yeah, probably was. \$250,000, that's where the market was. So here's the interesting thing. Do you know, anybody know why they gave me \$20,000? Not because I asked for \$20,000. The people turned up and they said, can we have the house? And I said, "Well, yes, let me run an application and check with your old landlord to make sure you pay your rent on time."

Because you like to check with the old landlords to make sure with the real estate agent that they paid the rent on time. It's always important, just make sure the people have been good tenants because you're going to be a tenant of mine and I said, "Well how much have you got to get started?" And they said, "\$20,000?" And I said, "Okay" and they gave me \$20,000 and that moved them into the house and it's a silly thing but I never say to people on a rent to own, it's \$5,000 or it's \$6,000 or it's \$7,000 because I've actually found that I get to know a lot of my people very, very well and a year down the road and you'll say, I couldn't understand why you only wanted \$5,000 for you to move into your home because I had \$75,000 sitting there from my Workers' Compensation claim. So now I've just found it's better to say, well how much have you got, and you'll be absolutely staggered.

Today Tonight did a story on our company, we had 4,000 enquiries in 24 hours. We had people up there with \$105,000 in cash they just wanted to put down and move into one of our houses.

So people have a lot of money. In actual fact, I'm absolutely surprised how many people in Australia get Workers' Compensation payouts. So many people move into their homes and say I'm just waiting for my Workers' Comp payout because they've usually hurt their back or something. And usually if I've got to go and pick them up, pick up the cheque, they're usually up on the roof.

Now here is the paperwork. The greatest thing about this, and this is what you're going to love guys, do you know when you buy and sell a house, the lawyers do the paperwork. Guess what, it's the same thing. I'm walking you through this thing so you have an understanding.

Let the lawyers do it, I don't do this stuff. Here are the three things you're going to have. You're going to have a standard rental agreement, it is a standard residential rent agreement, nothing fancy, standard residential rent agreement.

They're going to have this other piece of paper, couple of forms called The Deed of Option which is the piece of paper that gives them the right to buy the house. And the other thing they're going to have is just the sales contract for the house which basically is the contract filled in, that says here you go, if you want to buy the house down the road, when you're ready, there's the paperwork. And it's in rough form, but the lawyers do it. And you'll see my paperwork in a little minute. But that's the paperwork you need. Those three things.

Now, this buyer has moved into my house, right? He's given me \$20,000 to move in, he's been there for a little while, the next screen's a bit of a surprise so I won't think what are his exit strategies? What can this guy do, after a couple of years, he's got to make some choices. What do you want to do? Do you want to move out, do you want to stay as a tenant? Do you want to buy the house? What are his strategies? Well, he can go and get bank finance and he can just pay me out and get a loan.

Yeah, okay, we want the house, we really love it, we've bought a dog, fallen in love, we'll just get some bank financing. Or, they'll say, well it's been a couple of years. Can we renew the option and go for another couple of years? Yeah, they can do that. Could we just stay as a tenant? Could we just stay as a tenant? Um, sure. Yeah, they can do that. Can they sell the house? Absolutely they can. They can sell the house. They're absolutely free to do that. They can move out. Oh, don't like it, you know, we got into a fight with the neighbours next door or whatever, they killed our cat, whatever, they move out. Or they can get, they can say to you, look, could you finance it for us?

We can't get a bank loan right now, is there any way you can finance it? And me being the seller, sure I could finance it. Does it make sense guys? About six different things can happen. In this particular case with these people, here's what happened. What'd they do? They stayed for about 18 months and then they sold the house for \$320,000 to somebody else. Now, bit of a quick quiz. Does anybody remember how much they owed me? \$250,000. Great. They've sold the house for \$320,000

Millionaire Phenomena - Property: RICK OTTON (continued)

to somebody else. Okay? Now the bit above the \$250,000 to \$320,000, who do you reckon gets that? They do.

How many bank loans did they get? None. Okay. Now, here they are, living out of their house. Made \$70,000, they've made \$70,000 on the house, they're moving into the next house. There is the sign, the little real estate agent came in, so they didn't do it themselves. The little real estate agent came in, got them a buyer for \$320,000, packed up the truck and off they go. I even followed the truck and they went to a big five-bedroom house. Okay? And because they had such a large deposit now, they had \$70,000, they were able to get themselves a low-doc loan. Does that make sense? So they got a low-doc loan, When they did all that, I got \$51,000.

Secrets The Banks Don't Want You To Know...

Now, I want, some people won't know about this, substitution of collateral. Write this down, it's really great. It means that if you have a loan, once you've been given a bank loan, you know how much paperwork we go through to get a bank loan? Well once you get a bank loan do you realise it's yours for life? That's it. You only ever qualify for it once. People don't get this. Once you get the bank loan, the bank loan is yours for 30 years, regardless of what you do with it. And you know what you can keep doing?

Taking it to the next property, to the next property, to the next property. I know it sounds crazy but you see, they have substitution of collateral. Now, it's written in 50% of the home loans and it's not written in the other 50%. If it's not written in, just say to your lender, could you please put in substitution of collateral for me or I'll go down to Westpac. Substitution of collateral means that you can find another house. So when you sell house 1, you can transfer the loan to the next house.

So, here's what that means. You're doing really, really well now and you've got 5 or 6, let's say you do lots of these, and you get like 5 or 6 of these and all these people have got these rent to buys and stuff, when the rent to buy people move on, you've still got the loans. You with me? And you don't have to requalify. You just keep going the loan to the next house, to the next house, to the next house.

So eventually what could happen is, you can be ab-

solutely out of work, be back down to your shorts and a T-shirt with no job for the rest of your life. Right? You're an absolute wipeout because your business went crook, you're unemployed, you're over the age of 95, no one will employ you anymore and they can't take the loans away. You've got those loans for the rest of your life.

So, substitution of collateral, it's so great and you can just keep these loans forever guys, and we all don't know what's going to happen with our lives, so you never know when you might need a loan in your back pocket. Okay.

How to buy a property with very little cash, no credit or bank finance. Now before I go into this. I've got to stop here because there's two stages to this whole exercise. The first stage was, remember I got a house, we've got the house and you're going to rent it to this person down the end of the table who may want to buy it.

A rent to own lease option on this one. And in the first stage, you went to the bank and got some money, or you went to a lender. You with me so far guys? Standard rental house. All right. We're going to mess it up a little bit. A sandwich lease is when a person rents from the seller at one price and then sublets to a tenant buyer at a higher price. This is what happens. Remember how you got the loan from the bank and now you've rented this house. What if you did this?

What if you rented that house from this man? And this man had rented you this house, and then you would just sublet it to this person. Does that make sense? Okay. Depending on where you are on your different leases, I know the New South Wales lease says Landlord won't unreasonably stop someone from subletting a house.

They're all different you'll find, or you're just writing your lease that you have the right to sublet. Some of them already have it depending on what lease you've got around the different parts of the country.

What you've got is, you've got a situation where you've just decided that you, you might have decided not even to rent to buy lease option with this guy. You decided that this man, you liked this place, six months ago you rented this place from this man with the option to buy, and lo and behold you've been transferred to Western Australia. So you've put a little ad in the paper and a stick out the front and you've said, maybe somebody wants to pay you a higher rent than what you're paying this man because this man gave you really cheap rent because he liked you

Millionaire Phenomena - Property: RICK OTTON (continued)

and you put in some pot plants, and you're getting below market rent.

Would there be some people, anybody here who rents and they think they get below-market rent from their landlord. Yep? Okay, good. So it happens. People get below-market rent. You've decided you're going to move on and you just say, who wants to rent from you? And this man comes along and pays you more rent than what you're paying this man. Okay. You have the right to buy it from him, and this person has the right to buy it from you.

Let me walk you through the people involved. Here we have a seller, here we have what motivates the seller. Okay, what's going to motivate the seller? He's got a vacant property. Again, I'm reinforcing what I've already come back to before but it's just reinforcing some of the stuff. He's got a vacant property, he can't get rid of it. There's so many, there's no tenants anymore. They all went and bought houses. He doesn't want to sell it but I'll let somebody rent it and maybe if they want the option to buy it, I've got more chance of getting someone. Voomp! It'll go very quickly.

You're an unhappy landlord, you just want to get out of the whole show, you just don't like this whole renting business. The cost of maintenance, rates, insurance, the costs of operation are just killing you. You just don't want to do this stuff anymore.

You've inherited an unwanted property. A lot of people inherit properties. They just don't want to be in that business. Okay.

Loss of job, I tried and failed to sell it. You've tried to sell it, I'm going to show you some great examples of people who have tried to sell houses and because they couldn't sell it, they've said to me, look would you like to do a rent to buy on it? And I've said, well okay. Well, actually I made the suggestion to them and they said how does it work?

Negatively geared. A lot of people don't want to be negatively geared right now. They're stuck in bridging finance, property has little equity. They know that by the time they, gee, by the time I pay the agent's fees and all the holding costs, I've got a \$300,000 house, I owe \$290,000 on it, there's virtually no equity.

By the time I keep making these payments, paying

agent's commission, I'm going to be bringing money to the settlement table, I don't want to do that so maybe I could rent to buy at \$300,000 and when he exercises, he just pays me the \$300,000 and pays out my whole loan. And I don't lose any money.

Debt relief. They just want the pain to go away. They simply can't afford mortgage payments and I've got a couple of examples of that. They've got financial problems. The investor, so I've said there's three components here. We've got a seller, landlord, we're going to have an investor and a buyer.

So, what's in it for the investor? He can buy property with very little cash, no credit or bank financing. I'm going to guess that's what some people in this room are. You're the investor, that's why you want to be involved. There's buyers, just happy people, just want to buy a house. Just want to do a rent to buy, want to buy a house, the wife says "Well you know what, I'm not too sure, can we rent it for a while and if we like it we'll buy it towards the end of the year". That's fine.

Benefits for the buyer. Why are they doing this? I've already been through this. Again, it's just pure reinforcement. They're saving up a deposit, they're locking in the future price, they can try before they buy. If you're the investor, they can control probably a small deposit, reduce dead rent.

No legal fees, went through this, the rent's set and it's fast to move in. And they can renovate. And those people you just saw standing there in that doorway, they're renovating a place. Yeah, that's great, they're in there. They're renovating it, putting in some paint and carpet, cleaning it up and all that sort of stuff.

Now, here are some real-life examples. This gentleman, I was shopping for some houses and I was out looking in a real estate window, just looking as you do, just looking at the little boxes, and this gentleman came to the real estate office on the outside and he just had a look about him, and I mean I'll talk to anybody, I'll talk to a blind dog. And this guy comes, and he just had this funny look about him, "what are you doing, are you buying or selling or what?" He said, "I'm going to sell my house.

Are there any real estate agents here? I've got to sell my house. Are there any real estate agents here?" And I said, "Well, I can understand what you're saying." be-

Millionaire Phenomena - Property: RICK OTTON (continued)

cause if you ever try to ring a real estate agent, notice how nobody's ever there and no one can tell you the price of a house? "What's the price of the house?" "I'm sorry, all the agents are out right now. They're in a meeting."

When I sell houses I always reckon you put the price on the sign. It's a little bit like food. I want to know what I'm paying and I figure if I put the price on the sign, and the people ring me from the sign, I kind of know they can afford it. Does that make sense? I don't get all the people who can't afford it because the price is on the sign. Now, just imagine if you went and bought your food and you turned up at the checkout and she said, "Well, what have you got?" And you said, "I don't know, how much is it?" "Well, I don't know".

So I put the price on the sign and it's a little bit like when you call real estate agents. I don't understand it. You call them and you say, can you tell me the price of the house? And they go, "I'm sorry, all the agents are in a meeting". And then if you want to speak to, oh by the way, if you really want to know about a property, ask the agent is he the listing agent for the property.

This is important. If you want to find out about a property, why a person's selling, what their situation is, you want to be speaking to the listing agent. Okay? Because he knows all those details.

Now here's something else, while I'm on it. If an agent's taking you out and telling you what a deal this house is and you've got to buy this house, it's the best deal, ask him, is it his listing or somebody else's listing. If it's his listing, he gets double the commission. Now, do you reckon it's just possible that the best deal in the office happens to be his listing? Yeah, so ask the question. Is that your listing or someone else's listing? I feel more comfortable sometimes with someone else's listing and yet it's still the best deal in the office. Cover those sorts of little things.

So this gentleman, we started chatting and I said, "Look, we could probably go in and look for an agent but I'm sure they're all in the back room hiding". So he said, "Look, I've got to sort it out". And I said, "Where is it?" And he said, "Oh, it's just out here at Bidwell". And I said, "Why have you got to sell?" And he started to tell me. People who have to sell, will just tell you why they've got to sell.

He has a tenant, the tenants keep moving out, he

owned the family home, he bought it as an investment property, he took, refinanced the family home up to all its top debt to buy the investment property, can't keep the tenants in there and now he's lost his job. Now his wife has to be paying all these mortgages and working 24 hours a day and things aren't really happy at home. He needed to get out of this property but the problem is, he's tried to sell it before but the market's no longer going up, it's going down, he's got to be able to cover the mortgage expense.

I just basically said, "Can we go have a look?" So, he said, "Do you want to buy it?" And I said, "I don't know, let's go have a look". And that's all we did. So we went up the road, and there's the house. Went up and looked at the house.

Then I said, "Look I tell you what I can do. I don't think I can buy this house but I tell you I think we could work together. You told me what the mortgage was, why don't we do this. Let me work with you, what are the payments on the house?" He told me what the payments were, he has a mortgage of like \$247,000. I said, "What are the payments on the house? What do you have to get covered?"

What if we could do this. I can get these mortgage payments covered and get all your outgoings covered so you've got no more expense on this house and you get peace of mind. But look, let me tell you what I'm going to do. I'm going to find another family and I'm going to put them in this house and they're going to make payments to me and I'm going to make payments to you and they're going to get looked after. Now what I'm going to do is, I'm going to get these people in a position where after they've made a series of payments over a period of time, I'm going to get them into their new bank loan and when they get into their new bank loan, that will automatically wipe out this loan and the issue you've got".

Let me walk you through this again. I said here's what we'll do. Let's work together on this as a team. I'll organise to get these things covered. You'll have no more outgoings, no more expenses on the house, but what I need to do is, before I can do this, I need to see if I can get another family who wants to get a home who cannot get a home today or I want an investor who wants another home who's happy to come in and make some payments to me so I can make payments to you and down the road we'll get this guy refinanced into his own bank loan and it

Millionaire Phenomena - Property: RICK OTTON (continued)

will extinguish everything and it will all disappear.

The man wanted relief from a problem but I said, here's what we're going to do. I said, I'm going to need time. He said, "Yeah, but hang on, who's making the payments today?" I said, "Well, the house is empty, you are. I'm going to need 4-6 weeks to see if I can get the right person. Now if I can't, I can't. But if I can, I can and it will solve all your problems. But in this situation right now, are you going to be any worse off. Who's making the payments today?"

He said, he is. So if I can't get anybody tomorrow, who's making the payments? He is. He's still making the same payment. So I said, okay, here's what I'll do. We organise the paperwork, you go and see the lawyer and organise the paperwork I need. I need the deed of option, I need a contract for sale, a contract selling the property to me or whoever I want it to go to and I want this rental agreement.

And he went away and got all that created for me. As I said, lawyers do all that. Him and I don't have to do that. He just goes and gets that. All I've got to do is go to the marketplace and I sign an undertaking that says "Upon me entering into some paperwork with some other people, I'm happy to complete entering the paperwork with him". Does that make sense? But I get that right up front.

I'm not going to go in to a lot into the legalities of this. I'm going to walk you through, you have an understanding of it but as I said, lawyers do it all. What you've got is your new man has the rental agreement with me and I have a rental agreement with this gentleman down here. I have the right to buy that house from the man you saw for \$X. The person has an option to move in to buy the house from me at \$Y. He pays me Y, I pay this person X. Okay? By the way, if this person down the road decides not to buy off me, they just say, "I don't want to buy it, I've just decided not to", am I under any obligation to buy it from the other fellow? No, so I said let's get this looked after, let's get these people to look after it. We'll create a system here. I'm under now obligation but if I can, I will. The reason where it's blank is because we have a situation where we have the contract that goes from the seller, hold onto me and when this man at the very end decides to exercise and says "he wants it", you want the house, the contract just gets passed across. We don't need to go much further on this, simply because

the lawyers sit around the table and do it for you.

Now, this house here. This is one I'm doing today, as I'm speaking to you today, this one is happening at the moment. All right. I was simply driving down the street. This is not a fancy story. I was simply driving down the street in my car. Now, the guy was sitting, [audience speaks], different car but I didn't want you guys to think I was a yuppie. And the guy's standing in the front yard of this house. I just drive up and I just said, "Hey, selling your house?"

He said, "yeah, yeah". I said, "Well my wife and I were thinking about moving into the area" and by the way I never try to negotiate prices behind an agent's back with a seller. I won't do that. But I'll talk to people about houses. I'll chat to them about houses, but people are funny. Some people who own a house and want to sell it, will talk to you for hours about their house. Other people go, ooh, a buyer, and he's not with the agent.

Anyway, we're just chatting. You know, what's the neighbourhood like? What are you doing? Where are you going? Blah, blah, blah. And he was just saying, he's moved around the corner and doesn't live in this house, he's got tenants in this house and chatted some more and then he went on about, has it been on the market long? Blah, blah, blah, and in a quiet market, if houses don't sell, who do the house sellers usually blame? The agent. Oh. Agents can't sell the thing, I've had no offers. No people coming through. When houses don't sell, people will always blame the agents and the house wasn't selling. So we're just chewing the fat on the front yard and talk, talk, talk, talk. And I just asked him a couple of things about the house and he said, "Do you want to come in?" And I said, "Oh, look no. I don't know what I'm looking for. Just popping around." And I think I might have said something to him like, "How old's the stove?" or something that made the guy say, and I find this too from sellers, sellers will go, and he eventually said to me, "Look, speak to the agent but if you need any more information on the house, just call me".

And I sort of gave him my business card and we swapped business cards and all that sort of stuff, and he rang me about a week later. And he said, "I don't know if you remember me. You came and saw my house". I said, "Which house was it?" And he told me. And I said, "How's it going?" He said, "Oh, mate, still haven't sold it." You know, blah, blah, blah, blah, blah. I said, "Yeah,

Millionaire Phenomena - Property: RICK OTTON (continued)

I looked at a few different houses that day and the market's quiet isn't it?" He said, "Well yes, the market's really quiet". I said, "Look, I've called the agent and she's off on Mondays and Thursdays". He said, "Look, as far as I'm concerned, why don't we just work something out and I'll work out something with the agent."

And I said, "Oh well, if that's what you want to do." And he started to tell me about ... and here's the thing ... one of the most important things ... there's three or four questions I always ask. Why are you going to sell it? Where are you going?

Now, here's what I do. If you say to people sometimes, why are you going to sell it, some people will sort of cross their arms and get really, really defensive. So I don't say that. I might say, don't tell me you're selling and going up there to Queensland because that's where the Big Pineapple is? And I know that sounds silly but it breaks down people's defences down. They go, "Well, no we're selling because of blah, blah, blah, blah, blah." You know, Auntie Giselda's just died or my wife's run off with the postman, I don't care.

But people will start telling you stuff if you're pretty open. So I don't say why are you selling, it's too confrontational. I'll say, "Don't you tell us you're selling and you're going up to Queensland with that Big Pineapple." And as silly as that is, and then they'll start telling you why they're selling, what they're going to do with their life. And this particular case, the guy has the other house, he has the first and the second mortgage on his house and he has debt on this house of \$265,000. That's \$265,000 worth of debt on this house and I just said, and it all sort of further came out that his wife's not working and he can't really afford these investment houses at the moment. The market wasn't what it used to be, and I said, how's the agent going? Hasn't the agent been able to sell it?

Now, here's the interesting thing, ladies and gentlemen. He hasn't got much equity in this house. I reckon this house is worth about \$260,000. Okay. He owes \$265,000 on it, the house has only got, my feeling is about \$260,000. I'm not going to tell him that. In actual fact, if you ever go in, oh, sorry guys, let me, if you ever go in and look at people's houses, this is really important. A lot of people go in to see a house and to get the price down, they'll walk into the house and they'll go, "Look at this, oh that's worn out, look at that, kick the kid, walk into the backyard the fence has fallen down" and they

start ridiculing people's houses, thinking that will help them get a discount.

Let me tell you what that really does. That just really, really irritates home owners. Home owners, if you all saw the movie Castle, it's absolutely true. People believe that their house, as bad as it is, is the greatest kingdom in the world. And I've always found that I've had much more negotiations with sellers, much better negotiations with sellers when they've really, really liked me, as someone who saw the house as against someone who went in there and started picking holes in their house.

A lot of people don't get this. They go around picking holes in the house, thinking that the seller doesn't notice. The seller knows what's wrong with the house. I mean, if I've walked into a house and I will go straight through the rotten floorboard into the basement, I will jump up and I'll say, "Isn't that fantastic. It's got a granny flat down below". Right? And I'll chat to people, I'll talk to people, I'll go into a house, the time I like to inspect houses is at 6 o'clock. Do you know why I like to inspect houses at six o'clock at night? The sellers are always there, having dinner. The agent takes you in, the sellers are always there. Normally what the seller will do, you'll turn up with the agent, you walk in the front door, the agent goes, "Hello, bringing a buyer through" and the seller instantly grabs the dog and they go straight up the backyard and hide behind a tree, while you go and inspect through the house. The first thing I do, I go running out straight there after, big smile, going "Hello Mrs Smith. Did you wallpaper that yourself? I just love those colours.". "Well, yes I did actually." "And look, can you tell me who did those hardwood timber floors down there. Would you know who did that?" And then they kind of like, see they've never been treated this way before. So they look at the agent and they think, why did you sort of bring someone who's like one sandwich short of a barbecue. And it's like, and here's the thing, they'll remember you. And I'll ask them stuff about their house.

People will chat about their house, tell you how I did this, I did that, I did this. And guess what happens with people? At the end of the day, when they're looking at offers on the house, people, they will do this, if the offers are close, people will go, I've watched them do it, I've been involved in it, I've just sat there. People will go, "Yeah, but do you know what? I remember that guy, he was a really nice guy. I really felt he respected me and I think he'd look after the house and those other people

Millionaire Phenomena - Property: RICK OTTON (continued)

they brought over, he was just an investor, what a jerk he was. I would never sell him my home". People sell you houses.

I'm off the subject of lease options a little bit but it's all about just speaking of sellers and stuff and even if you go through the agents. So chatting with this guy, and I said, "Look, here's an idea. Could I do this, because you told me about your mortgage payment, your outgoings and this and this, is there any way that I could just, what do you owe on the house?" And people who want to sell houses, chat out the front, "Oh \$265,000" and you know, I said, "Could I do this? Could I sort of like, I haven't got, I'm short of \$265,000 at the moment." He said, "How short are you?" And I said, "The whole lot but what I could probably do is, if I could just make the payments for a while and I'll look after all your expenses, your payments, the stuff like this, and when I get more organised, can I pay this off?" And he said, "Over what period of time?" And I said, "Oh, 60 months?" And he said, "Five years?" And I said, "Oh, well yeah because, here's what I'm thinking.

It's going to take me that long to get organised." "Well look", he said, "I'll run it by, let's get my ...". I said, "Get your lawyer to call me, just to verify that you can do this and that it's okay." So his lawyer called me and I said, "I've been thinking about this. What I'm probably going to want to do is I'm probably going to want to put someone else in this house because I actually live on the other side of Sydney and it's a heck of a long way to come just to use the bathroom. Do you mind, I'll put someone else in the house but the same rule applies. The person will come in, they make the payments to me and I've got the 60 months and what I'm going to do is I'm going to get it refinanced, pay off this loan, do this whole thing."

He said, "Is that legal?" And I said, "Get the lawyer to call me". And lawyer guy calls him and says, "Yeah that's fine. Just let's get the paperwork, how are you guys putting it together?" So I said, "Look, now. Then this is paperwork that I use to put these together." I just faxed him this thing on the fax and I said, "Listen, can I just fax you what we've agreed on and just fax it back, and away we go?"

So he's happy for me to rent it to somebody else, he doesn't care. He wants the pain to go away, he wants peace of mind. He doesn't care, he just wants all the pay-

ments made and when the lawyer signs all the documents, he's alright. And within five years, I know there's an outstanding balance of \$265,000 that's just got to be paid off over the next five years. Okay? I'm just going to see what I can do. I said, "Let's see what we can do."

Do you know what I mean, but do you really want to say, "Tell me how the carburetor works?" That's what he's there for. So, all my things, just a little piece of paper, and I just give it to the lawyers and say, "Do that". And then I just send the other guy a piece of paper saying "Is that what we're doing?" "Yeah". "Write your name on it and send it back". "Alright". They sent it back. Now, put a little sign on it, Rent to Own. You with me, I've got a sign on it. You got me? I put a sign out the front, a little classified ad in the paper. By the way, one of the greatest, oh I'll get to that in a minute, how you find all these motivated sellers, how do you find these people.

Sandwich Lease Benefits To The Buyer And Investor

Now the sandwich lease benefits. To you guys, the investors, you've got to get positive cashflow because the person over here, oh by the way, that house, do you remember how the house that I'm looking after his mortgage for \$265,000? The person's coming in and looking after it for \$295,000. There's \$30,000 in there so he comes in at \$295,000. All right. Option fee, as an investor you get an option fee. People are going to pay you money just to get involved with you. They have to pay money but if you want to move them from the house, that's fine. If you want to rent it and you want the option to buy it and you want me to guarantee you the price, how much are you prepared to give me now for that guarantee? "Oh, I'm prepared to give you \$10,000". I'm prepared to give you \$5,000. I'm prepared to give you whatever.

With Only \$1 You Can Be On Your Way To Making Big Chunks of Real Estate Profits

You've got the back-end profit when these people re-finance, you've got no bank loan guys. This is just a little system, you just spin it over and over and over and over. You're just renting to people who rent to people who rent to people. There's no bank loans. You've got very little cash invested. Zip. I've done bunches of these. I've vir-

Millionaire Phenomena - Property: RICK OTTON (continued)

tually got nothing, nothing invested. Oh, usually I pay a dollar for the option. I give the seller a dollar quite often. I'm serious. No maintenance because, by the way, Sir, remember how you're doing that rent to buy from me, and since you're a tenant, who do you reckon is best to fix the toilet if it goes wrong? I am, aren't I the landlord?

But don't I also have a landlord? He needs the toilet fixed. Seller, peace of mind, peace of mind is phenomenal. Why do people do things? Just to get problems out of their life. They get their debts covered, they get mortgages looked after. They get houses they can't sell, they get them sold out, delayed settlement, they can keep the tax deductions because it's only when these people actually buy the house, that the sale takes place. No vacancy, little vacancy, why do buyers like these things?

Low deposit, they get to try before they buy. It's fast-moving. So everybody in the equation loves it, they just love the opportunity. You do bunches of these and when all these people refinance, and pay it off, you get these little cheques. Gives you the choice. You start getting little cheques, you can do this sort of stuff. Right? I mean, what are we all around here? I was reading something the other day outside that talks about health and it talks about how stress is killing us and it goes on with this sort of, I only got to read half of it because it was a short trip between Sydney and Brisbane but it was all about how stress is a disease that 70 years ago never existed.

How It Took Me 17 Minutes To Sell A House

These things can go really quickly. I'm running behind time but I want to tell you an interesting story here. A lady rang me up and she said, "Mr Otton, can I help you move these houses on, I'm a real estate agent, I'm really good at what I do." I said, "How long does it take to sell a house?" And she said, "Oh, we'll run a campaign and it takes about 6 weeks. How long does it take you to sell a house?" And I said, "Oh, probably a day". And she said, "Well look, I'd like to work with you."

And I said, "Look, I'll tell you what I'll do. I'll pay you 1%. There's a \$300,000 house here. You go and show the house and I'll pay you 1% which is \$3,000 or I'll pay you \$20/hour." And she said, "Look, it's a six week campaign, you can't see a house in a day. You've got buyers, you need to do this, this, this and this. I want the

\$20/hour". And we screamed out there and it took us an hour to get out there and we had four people waiting outside, wanting that house, and I kept the engine running and she said, "Why is the engine running?" I said, "Well I'm not planning on being here too long." 17 minutes later, somebody came out, it was funny.

The guy who sold the house, had half-painted it and you know how men are always meant to renovate the house before they sell it because the wives say, "I want you home every weekend to fix this house for sale." So the guy's in there painting, right? I look at the house, the guy's up the ladder, he's halfway painting and I said, "I'll only buy this house if you get off the ladder now." The guy was like, "Oh God, yes, yes." So he gets down. I bought the house. The person who bought it, came up to me and said to me, "God, Jeez I'm glad you've only half-way painted that house Mr Otton, because the colours you've picked are absolutely disgusting and hideous."

17 minutes to sell the house and I said to the lady, "Look, I want to be fair. It took us an hour to get here, an hour to get back. I know we've sold the house in 17 minutes, but I'm actually going to pay you for the full three hours." So it was a big day for her.

Something else. These are great. I bring these in from the United States. If you've got kids at home, contractors, forget going over to see contractors and stuff. You put these little lock boxes on your house, you put the key to the house in there and the house shows itself. Because I figured out, when the real estate agent shows you the house, you know what he does? He says, "Come on in, I'll show you where you can find the kitchen." They'll all walk through and he'll go "There it is! Right, now let me show you where the bedrooms are."

Now, I've figured out over 15 years of putting a lock box on a house, and saying to people, "Do you reckon you can find the kitchen and the bathroom?" Not one couple has got lost. They've gone in there, and I reckon they like the fact that there's no one in there, hassling them, and people don't steal stuff out of empty houses.

Let me ask you something. If you've got a house full of electronics and you've got an empty house, which house is the burglar going to break into? So, people don't take stuff out of empty houses. There's nothing there.

So, I just found over the years, it's worked really, really well and people go in, look at the houses themselves, I

Millionaire Phenomena - Property: RICK OTTON (continued)

stay doing what Rick Otton wants to do and they call me up and they go, "That's great, we'll take it." I had some people, she said, "Can I show my husband?" I said, "Show your husband". She came back and she said, "Can I show my nephew? Can I show my sister" I said, "Listen Wendy, show everybody in the whole street". She showed everybody, she rang me up and she said to me, "We're going to take the house. But I really, really like the lock box, can I have that little lock box?" And I said, "Well, Wend, you've got to understand mate, the lock box is \$145,000. It's the house that's free".

Seller's exit strategy. Peace of mind. The investor's exit strategy, control property with little cash and no bank loan liabilities.

How many people have we got locked in a bank loan that can't get out. I saw this in Dallas Texas, where I started 15 years ago. Property prices dropped 90%, everybody's massively upside down and you're reading about all ... bank loans, liabilities, you don't need it.

Where to find motivated sellers. Where do you find these people? Financial planners. Great source. Pass out business cards. Word of mouth, I've got door hangers, word of mouth. People say to me all the time, many, many, many years ago, I saw a guy in the United States and I said, "Hey mate", and he said, "You must be the Australian". I said, "How can you tell?" I said, "How do you get your ...". He said, "Word of mouth, mate, flap your gums. Flap your gums, let people know what you do". I said, "Get out of here".

Well, can I tell you something? It's absolutely right. The amount of people who just say to me, you buy houses? If you take on a hobby, fixing PC's, I promise within 12 months everybody that you don't even know, has heard about you're the guy who fixes PC's and comes over and says, "Hey, can you fix my PC? I've heard that you fix PC's and I can't make the Windows thing work". Do you know what I'm saying, you just get word of mouth. People ask, buy houses, buy houses.

Newspaper ads. For sale and ads. Let me tell you, an ad to write in the paper which is great. I've done exceptionally well. Executive, Overseas Executive. Looking for place to rent with ability to purchase for future purchase. Now you'll get bunches of people who will call you up

who really want to sell a place or rent a place, you'll get so many calls from people saying that they actually really want to sell, you sound like you can't find a buyer but if you sell it, you want to rent it and buy it later.

That's it, I use the Overseas Executive, looking for place to rent for future purchase. Only last week we were doing home units in Sydney, I was picking up the papers in the inner city, I was ringing up the ads from the little ads in there, saying oh look, are you renting a place? Yeah, I'm renting a place, blah, blah, blah, blah, blah. Look, it sort of works but my wife said to me we can't rent any more houses unless she knows she can stop moving and maybe we can future buy it down the road.

This lady said to me, "Oh, I've been trying to sell this thing for six months. I couldn't sell it, I've been forced to rent it but if we can figure out a way" and did we figure out a way. Now, her problem was, she's a university student, had no money, bought it off the plan to flip it and make a whole bunch of money, and she could retire at university. Well, did that work? No. So, now she's stuck with this massive payment, and the fact that I could come in and help her get out of it.

Internet websites. Let me tell you, if you type in a Google, For Sale By Owner, websites, you'll have a bunch of websites that come up around Australia with people who've put their house on the websites to sell them. They won't sell ladies and gentlemen. Houses don't sell that way. They won't sell. So you go on there and say, "Hey, can I buy your house but do you mind if I rent it for a while just to try it, take it for a bit of a run?" And go from there. Thanks very much.

How To Take Advantage Of The Stock Market Trading Secrets of Professionals

Part of the Millionaire Phenomena Series

As always we appreciate the opportunity to come and speak at these events and good afternoon everybody. How are we doing? It's always interesting when you get to speak at the end of the day and I appreciate you guys have been sat there all day long, and you must have some constitution to be sitting there and listening for the duration. One thing I will say and mentally, as you're probably picking up through the course of this day today, trading and being successful in markets is as much a mind game as it is understanding things about the market. You need to understand yourself as well.

While we're on the subject of this fellow here, mind games, as we get towards the end of a day, our attention span starts to wander and you might be thinking do I need to fill the car with fuel before I go home, is that bald tyre going to make it, if things are a bit hard for you at the moment, or perhaps someone's stolen my car, who knows. But I'd invite you not to dial into this, because for the next 90 minutes it's absolutely crucial that I have your full and undivided attention. I would also add that it's not crucial for me. It's crucial for you.

You guys have given yourselves up a couple of days to come here and learn and I believe Steven mentioned earlier there are two things that are very important in today's session. The most important things, one is yourself and the second one is dollars. I want you mentally to be thinking that everybody else in this room is here as filler. They're rent a crowd. I'm going to look at each and everyone of you in the eyeballs and talk to you today about some techniques which will enable you to make money, to enable you to secure your financial future, to buy some time back and in many cases to put a smile on your face, because there's nothing better than having money to put a smile on your face.

No money doesn't buy happiness, but it buys you lots of toys and lots of time to enjoy your life, to spend time with your loved ones, maybe to have a new car or a jet ski. Whatever the thing may be as far as your goal is

Meet Andrew Baxter

Andrew Baxter has a Bachelor of Science Honours degree in Business and Finance, gained at one of Europe's leading business schools.

He has 12 years professional investment market experience, six of which was obtained on the London Stock Exchange, with two of the UK's leading investment houses, covering local and international markets. Since then, his experience in Australia has ranged from delivering accredited training to in excess of 4,000 private traders, teaching them how to trade the equity and derivatives markets, through to consulting on Corporate Development Management. Throughout that time, he has continued to trade his own account.

His approach to the market is based on a blend of technical and fundamental analysis and embraces a true, All Seasons Investing style that has successfully withstood the test of a number of full market cycles. As a Director with a leading brokerage and investment management firm, he is a Licensed Equities and Futures Broker and with the highest industry accreditation to advise and trade Derivatives, Andrew is a widely respected and highly sought after industry speaker.



concerned. I'm not going to get into that today, but that is the reason why we're all here right now. Sounds like a mortuary after that doesn't it? It's interesting, sort of sat at the back listening to a few of the speakers today, and they're coming up and saying they're a tough crowd so I'm going to sort of have a mental mindset today like I was presenting in North America which I will be doing in a couple of weeks time, over in New York and San Francisco. It's interesting when you have these cultural differences and you go to different countries, if you ever present in the States, and you're going to tell a joke, you have to do it like this. You say look, I'm just about to tell a joke. This is the joke. That was the joke and now you can laugh, so you're getting with the program. We've all got the oil moving around the machinery.

Millionaire Phenomena - Stock Market: ANDREW BAXTER (cont.)

What we're going to talk about here is contracts for difference. I'm a director with Halifax Financial Services and I've got quite an interesting role. I'm a licensed equities broker. I'm a licensed level one and two derivatives advisor, I'm a licensed futures broker, I cover managed investments, and the predominant amount of my work involves managing a hedge-fund and private client money. Throughout my time around markets, one thing I've never lost a passion for is trading my own account. Why, because like you guys, I like making money.

I'm not greedy; I'm just in it for the money, like we all are. So what we're going to look at as we go on through the session today are a few things that I hope are going to be able to help you pursue that. Structure of our session, we're going to look at contracts for difference. How they compare to other investment tools, how to trade and invest with CFDs. The big advantages John talked about with CFDs, offer great leverage. There's a low cost of trading, fantastic liquidity. That all sounds really exciting doesn't it. Accelerated returns on your portfolio. Who's fired up about that? But what if you don't know how to trade? You get accelerated losses on your portfolio. Leverage is the best thing in the world when you know how to trade and it's the biggest demon you'll ever have if you don't.

It is like a mortuary, a few people with black armbands in here now going gee he's seen my brokerage statements, what's going on? But in all seriousness it is an extremely dangerous place to be if you're not on top of your game. What we're going to do is go through some simple stats. I'm going to share with you how I trade, how I generate my recommendations and how over the period of time we generate consistent low volatility returns on our portfolio. Why low volatility? I don't like having a massive spike in my equity curve one monthly and a big draw down the next. I'm losing enough hair as I'm getting older anyway. I don't need it to fall out any faster. And leverage instruments can also accelerate your receding hairline. Word of warning there too.

We're also then going to look at knowing what to trade and when, and then a couple of case studies. I will probably run through some of the open positions I'm involved with at the moment as well so you get a feel for where we're at. So what are contracts for difference?

Just before we do that, today's session, the best way to get anything to of this is just to be honest with yourself.

If you can't be honest with yourself you're on a sticky wicket aren't you. No one's judging, no one's counting, no one's looking. Just as a show of hands, how many people here have presently got a live position and they reckon that's the market. Just put your hand up. That's terrific guys good on you. Just so everybody gets to play, who doesn't have a live position at the present. That's terrific. There's a few people aren't sure. It's one of these things, it's black and white. You're either in the market or you're not. It's not a spectator sport. You never make money watching it. You've got to be involved. I want to come back and talk to you guys about some of the things that you're doing, but the first thing I'll ask is anyone a little disappointed where they are at the moment in terms of their overall trading results. Be honest guys. Does anyone think they could be doing a bit better than they are now? Who's surpassing their expectations, because I'm recruiting some fund managers at the moment, if you're doing pretty well? Anyone interested? Suddenly we've got one, we like that gentleman; we'll be speaking to him a bit later on.

So what are contracts for difference? They're an agreement between two parties which allow you to make a profit or loss by reference to price fluctuations in an underlying instrument or security. That's a very technical definition, so we will get into the meat and guts of our session. What is a CFD; it's an instrument that lets us trade a price difference. Contract for difference trades a price difference. We can trade the market in either direction, up or down, and it's extremely important to be able to trade the market in any direction.

How To Be Your Own D.I.Y. Fund Manager and Copy The Professionals

One thing I'm extremely passionate about is empowering people to take control of our financial management, but not just take control of it, to be able to run their own money like a hedge fund, hence the concept of Elite Traders Group. What does a hedge fund do that retail people don't? It trades the market in various directions, up or down or sideways. It trades various instruments, equities, options, futures, foreign exchanges and CFDs perhaps. Being able to combine those skills in a way where your stock selection is finessed to a level that enables you to get consistent low volatility returns is why anyone would recall the charts that Steven Jennings shared with you on some of the bigger hedge funds in the States, why they

Millionaire Phenomena - Stock Market: ANDREW BAXTER (cont.)

outperform year in year out.

That's what your equity curve needs to look like. By the way I just threw equity curve in there. Who's got an equity curve at the moment? Who hasn't? We're all going to play this game today; someone's got sweaty armpits as well. Got to have an equity curve, just like you've got to have a trading plan. If you don't know where you are, how the heck are you going to know when you get there? If you got on a plane like I did this morning, and they'd done the safety drill and the captain comes on and goes hey guys, how are we going, captain so and so. Welcome you aboard. Look we've just taken off, and I just want to let you know now I'm not sure where we're going, or when we get there. I don't actually know how much fuel we've got on board either, but rest assured when we run out of fuel we will be landing somewhere, it may not be voluntarily but we'll be landing. How confident would you be about flying there again?

But the seriousness of what I'm just saying is you wouldn't get on a plane with someone like that so why would you manage your portfolio like that, without an equity curve that tells you where you're at. By the way an equity curve is a chart that looks something like this. This is time, and this is the dollar value of your portfolio. I'm sure we'd all like it to be a bottom left to top right. Ideally it's going to look something like that on the grind if we smoothed it out. It's more likely in reality to look something like that, isn't it?

But overall we can see that we're building our wealth. If you don't know what your equity curve is like, how do you know how good a trader we are? We're all excited about leverage instruments yet we don't know how good a trader we are. It's getting a bit scary isn't it? It's really gone quiet, gee guys what have I done. Get the defibrillators. You don't want to have an equity curve that looks like this. That's lunar park stuff, and we're not into that in the market, we're in there to make consistent returns over time, and we'll come back and talk about that. Open ended time frames is something that's extremely exciting about CFDs.

We can use leverage, and the great thing, particularly with the platform that we have, it covers 19 different exchanges globally, so we can get exposed to the US market or the Japanese market or the European market, or the UK market, wherever it might be. As well as the top 200 stocks here plus features and other commodities on there

as well. Very very powerful instrument. Simple example, CFDs are a derivative. That means their price is derived from an underlying asset. That's all a derivative means. They're synthetic. There's no tangible asset behind it. It's not like a share where you have a share in a business. It's an intangible. It's a derivative. So let's say we're bullish on our view. This is pretty obvious. Generally speaking if you're bullish on a stock you buy the share or the CFD, if you're bearish on the stock, you sell the CFD. Who's with me so far? Basic stuff so far, well we will see how we can take this view going forward.

An example, if we just want to put some money to it, if we're going long. Isn't the market funny, we took, words like long and short and naked and covered. It sounds almost perverted. I'm naked and long, you talk to your broker. You imagine the day when you've got a video phone, you talking, you're on conference call and you say I'm naked and long, you go no no mate, that's short, you're not long. End of conversation. Interesting.

It's better we're warmed up, it's easier, isn't it? What we're looking if we're going long, no dirty laughing now, buying an initial price, what we're looking is to buy at one price and sell at a higher price. That's very simple isn't it? It's a simple rule of thumb. If you're trading and your share prices are doing something like this, you want to be buying here and selling there. And if we've bought for 4.95 and sold at 5.40, lo and behold we've made a unit price of 55c.

The key thing we're talking about here, and we'll keep coming back to this, is price difference. Because CFDs relate directly to a price difference. How many people here have traded options, or have had some exposure to options? That's terrific. How many people have ever bought a call and the share price has gone up, but the call has gone down in value? You think gee how did that happen, it's not supposed to go like that. Something called time delay. Data. We'll talk about that as we go on. You don't have that problem with CFDs which is a great thing. Similarly if we're going short, we're selling at initial price and buying back, so we might be selling here at a higher price and buying back at a lower price. Selling at \$8.52, buying at \$7.26, the profit margin or the price difference is \$1.26. It's again fairly simple. So that's how a CFD works. What I've done on the screen is grabbed the spot price in the market. We're just looking at AMCOR, and what we can see as the market on AMCOR is trading, gee anyone else got the shakes or is that shaking

Millionaire Phenomena - Stock Market: ANDREW BAXTER (cont.)

around on the screen there?

The products on there we're looking at, AMCOR in the market, the share price is \$6.95 bid, \$6.98 offer. So there's a bit of a spread of about 3c. What we can see lower down is the fact that the price of the CFD, just look over here, or on the other side there if you look at the green boxes, 695 6, 699 4. So the price of the CFD, price of the underlying share, you can see they're very very closely related. In other words if that's a share price, the CFD price is going to be extremely close to it. You're trading the same thing, it's just not the actual share, you're trading a synthetic version of the share. We'll come back and look at that in a moment.

Should I Trade Options or CFDs? What's The Difference?

Now one of the things I'd like to talk about, how do they differ from options, because you think why do I own these options if I want leverage? The CFD price is directly related to the underlying security but the options price we know is a little bit more complicated than that. For example you get those concepts like in, at or out of the money. You are all options strategists so you know about that. And you get this lovely creature here called volatility or Vega to give it its Greek name. You go to the market and go gee what's happened to the price of this, volatility's increased. Has anyone ever had that one? It's a sneaky shadowy figure called volatility which just increases randomly and goes down. It's not actually random it's a whole process behind that but it is a factor in an options price. So you might find yourself buying a call option when volatility is very high and you pay quite a lot of money. A couple of days when volatility comes in the value of your call option is worth a lot less because there's less volatility. Do you understand what I mean by that?

It's an issue you don't get with CFDs because it's a purer form of trading. The time value or data, time decay, when you buy an option, and we get that chart that looks something like that. The time decay chart. That's a great thing if you're writing options, because you want time decay to work for you but not so good when you are a buyer, because it's working against you. There is no time decay per se, as far as CFDs are concerned. Things like interest, options have an interest components in their pricing as they do dividends as well. Not so for CFDs. So if we were looking at trying to price options, and we

won't spend long on this because it's not the guts of what I want to talk about, but it's important to understand an options price is derived by what its intrinsic value is if its in the money, and also things like the strike price, the interest rate at the time, dividends, mysterious framed volatility and time to expiry. They're all the components that make up options pricing and if you ever got a spare couple of hours and you want to send yourself to sleep, there's the Black & Scholes model that you can have a look at and get very excited about that.

Once we've calculated all those, put them in the blender, we come up with a buy and sell price for option, correct? A bit complicated, so with a CFD, much more simple. We just look and see what's the price of the underlying, okay, well that's the buy price of the underlying, that's the sell price. There's your price of the CFD. Very very clean pricing model and that's very important. That's why more and more people are looking at this form of investment.

It's also important to know how to choose the best trade available in the market at any one time. We could be looking at the stock and the bid offer spread was \$6.95, \$6.98 on the stock, a 3c spread which is about .4 % of the value of the stock.

How CFDs Give You Ten Times Leverage On Your Money

Now, CFDs, they trade on a leverage of 10 – 1. In other words for every \$100 in your position, you're trading an amount of \$1,000 in the market place. That's 10 – 1 leverage and you might be thinking I want more than that. 10 – 1 is more than sufficient for everybody in this room. If you need more adrenalin than that, you're probably in the wrong room. There are some foreign exchange instruments that trade on a 200 times leverage. Little bit of a different beast again, but 10 – 1 leverage should be enough for most people, and as you'll understand, getting a bigger bang for your buck, let's face it, if you've got 10 grand to trade with, you want to get as much value out of that as you can. If you've got 10 grand, you're going to be fairly limited in the number of shares you can buy. 10 grand you can buy 10 times as much position in the market place.

Bigger bang on your dollar, leverage is a great thing when you know how to control it. Very dangerous thing

Millionaire Phenomena - Stock Market: ANDREW BAXTER (cont.)

if you don't. So we can make our decision, what do we want to trade? We could trade the stock. Buying 1000 units in Amcor cost us \$6,980 and we'd have to buy it in full. With regards to the option, 1,000 contracts or one contract that will cost us \$340 or 699 for the CFD.

We can see the amount of money that we outlay with derivatives is a lot less and therefore we are getting far more leverage. That's a good thing. Because leverage as I say will help you accelerate your returns, provided you understand the importance of being able to harness that. I don't know whether it's a male thing or not but when you talk about derivatives, yeah, I'm a bit of that. Get geared up and away we go. You probably come across that. How many people have lost money trading derivatives. Not necessarily on the ground, but who's lost money? Come on, be honest guys, let's rip the scab off and get into it. We've got to be honest with ourselves. Picking away, I'm not making as much as I want to.

Let's get structured about what we do because when you harness the power of derivatives, best instrument in the market place to trade, but if you don't you're just picking at that scab and it's not a good place to be. We've got to look at the benefits of using them but we need to be mindful of the risks. Don't get me wrong, I'm not bagging options here either. As I said I've got an extremely large options business, options are very very versatile, they're perfect for non directional trading, they're also good for generating income but for a directional player, straight move on the market I think CFDs probably win hands down.

There are benefits to using options, and when you're looking at CFDs or futures or whatever it might be, I think it very important that you actually use these strategies in addition to having exposure to equities, in addition to having exposure to options, in addition to having exposure to foreign exchange or futures or whatever it might be. These are all assets classes which are complementary not contradictory.

2 Major Benefits of Trading CFDs Over Options

But directional trading, as I said CFDs have big advantages. One is the fact that there's no time limit on the trade. The second thing which is the thing that kills most options trade is the time decay, we've got people to

run funds that just trade other people's data and decay and volatility. No volatility factors, dividends can impact positively and the great thing about CFDs are extremely liquid. Sometimes when you phone up to say, where's the market, it's a long way from where your expectations are. Generally speaking with the CFD you will find it carries the underlying price fairly closely, particularly with some of the better providers like the platform I'm going to show you shortly.

How Do Dividends Affect My CFD Open Position

How about dividends? This is nice and clean. When a stock goes ex dividend there is an impact on the share price. Therefore there is an impact on the CFD. So if you're longer stock, you're in a long position on the CFD, what you actually do is receive the dividend equivalent in terms of cash into your bank account, but no franking credit.

So that does have an impact, there's no franking credit. Likewise if you're short stock, if you've sold the CFD and the stock has gone ex dividend the dividend amount will be taken out of your account to pay that amount. Bear in mind of course what happens when a stock goes ex dividend. What usually happens to the share price? Goes down, doesn't it. So really whilst you're getting the dividend taken out of your account, the actual value of your positions become more profitable, because the share price has fallen, so it's like a zero sum. So just bear in mind dividends.

What's The Cost of Trading CFDs?

CFDs also have interest on there. If you're longer CFD you're going to incur interest charges. These amount generally to the bank rate plus 2 – 3%. This is still competitive when you compare it to margin lending. Bear in mind with options, there is also an interest component in an option, you all know that, don't you. The interest component then causes much harder than it puts, because there's a cost of carry. So there's an options, there's interest when you look at an option price also, you're still paying it. You can't trade in the leverage position without interest coming in somewhere because you're using somebody else's money. If you're short CFD though you actually receive interest. What you actually get is the bank rate

Millionaire Phenomena - Stock Market: ANDREW BAXTER (cont.)

less 25 going into your account every day, so you've got a short position open for six months, every day you will be getting a trickle of interest. Whatever the bank rate is less 2% on that position so that's a nice way of considering earning income.

Okay, interest is not a significant price when you look at puts on options as I mentioned before, but it is still a factor. Let's have a look at an example of a trade. All we're looking at here is a trade on Rio. It's just a fairly short trade, 15 days. We've bought 1,000 Rio. Trading at \$36.65. This was a while ago. Your initial margin which will be 10% of that was \$3,665, the commission you pay, \$109. .3% on this particular trade. And the interest daily on the position, \$7.28. Close the position at 15 days later, \$114 to close it up, we're selling our position for 38,000, the share price moved up to \$38. So we're closing out our position at \$38,020. What we've done is made a gross profit down the bottom here of \$1,370 less commission of \$224, less our interest of \$109, what we've done there is made \$1,036 in 15 days on an outlay of around about \$3,365. About a 30% return in 15 days. I mean, that's not a bad return. Better than a poke in the eye with a sharp stick. I think it is, isn't. Someone was talking about tax before. Tax is the best barometer of how life's going. Can you imagine the pleasure you get getting \$5 million tax bill? I'd be throwing the biggest party ever and you'd write the expenses off of course.

Let's look at a short trade on PBL.

Selling 1,000 shares of 1581. We're going short, we think it's going to fall. The margin we'd have to put down 10%, so \$1,500 or thereabouts. The commission we pay \$47 to sell. We close our [position] out, we sold them for 1581, buying them back at 1487. So we sold them at a higher price, bought them back at a lower price, commission of \$44. Total commission we paid is \$92 but because we were short we received the interest, instead of paying it, so we received \$22 in interest and that gives us a net profit of \$870 on an outlay of \$1,581 again in the space of a relatively short period of time. Just looking there in the space of maybe about 20 days. That's a pretty reasonable return on your money again. What are we looking at there, a 50% return. Small position, fairly aggressive trade. You can start to see the benefits of leverage there. Assuming you're in the right stock. We will get on and talk about identifying the right stocks as we go through.

Basically as I alluded to before, paying interest is a fact

of life. If you trade using leverage, doesn't matter what platform, what instrument, if you use any kind of gearing you will be paying interest. You do receive interest for being short which is the big advantage of CFDs. One of the things I also caution you towards, some people when you talk to them they say oh gee I've got to pay all this interest, is it worth it. If the trade you're identifying is so crap that you can't actually make enough profit out of it to cover the interest, it's probably a bad trade.

Is that a reasonable working assumption? If you can't afford to pay the interest, same with brokers. If your trade has got such a thin profit margin you can't even cover the cost of interest, odds are you are probably not quite picking the best trade in the market place. That's something to bear in mind. Believe it or not that is an objection that some people use. That's fine. It just means you've identified the area you need to work on which is stock selection.

Big Profits Come From Big Trends

Trade time frame, this is something that I find absolutely fascinating. The fixation of trying to trade shorter and shorter time frames. Steven Jennings that was presenting earlier and I work very closely together, and one of the things we both noticed, is that when things start to go wrong, you might find someone that's been trading over a couple of months, trading like a position trade and had a couple of losing trades, and think this long term stuff's a lot of rubbish, let's go and focus on trading on a weekly time frame, and they don't make so much money there, so they start trading daily, and they start to get smaller and smaller. Time frames, they're almost trading ticks on the chart.

You're completely missing the point if you're focused on time. If you can trade you can make money over any time frame. If you can't make money over a big time frame, sure as eggs is eggs, you definitely can't make money over a shorter time frame. But people seem to have this fixation wanting to draw down into smaller and smaller day trading. People aspire to be a day trader. And if that's your, that's fantastic. Been there and done it myself, it can be a bit of fun but you have no life. You go running to the bathroom to go for a wee, or you might have chamber pot, its your house, you're naked, you're long. There could be anything going on in there. But you can't get away from the screen. Can't watch the Bold and

Millionaire Phenomena - Stock Market: ANDREW BAXTER (cont.)

the Beautiful, the market's closing. Whatever it might be. Whatever positive you feel you had with during the day.

It's an extremely dull thing to do. You have no life. You maybe go in a few chatrooms and talk to other sad individuals wearing anoraks in a dark room somewhere. Bottom line is big profits come from big trends. As a takeaway point, write that down. Big profits come from big trends.

Isn't that a dumb thing to say? Isn't it funny, when I was growing up the advice my father gave me, he's given me a heap of great advice over the years, but he said Andrew, if something sounds like it makes sense from a logical or common sense point of view, it's probably right. And if it doesn't make sense or it sounds a bit complicated, it's probably because someone's trying to pull the wool over your eyes. Anyone relate to that? Big trends from big profits is a very obvious and logical thing to say. Hence why it's a great takeaway point because it's so true. Look at the trend following system Steve talked about with the hedge funds. All trend following systems, all turning in massive returns, the duration of a trade and this is something we all need to really get embedded in here when we're talking about mentally conditioning ourselves, the duration of the trade is based on the potential return that the trade can give you, not the calendar. That's a massive takeaway point and if you pick up nothing else this week-end but what I've just said there, you're well on the way to being able to make money out of markets.

The profitability of the trade is not defined by the calendar. It's what the trade's got in it to give you. Gee it really has gone quiet here. They're a bit scared. Who likes to look at this chart. Is there a trade in it? Do we see a timeframe on there? What about this, do we like the look of that chart? Is that a trade? Has there been a trade in? I'm not talking specifically now but just looking at the time frame that we've got on there. Through that period do you reckon there's been a trade there? Maybe. I wonder. What about this one here? Is there a trade in that? I've been a bit sneaky, because you're probably all scrambling around, A trying to look up in the corner to see what stock it was. B, you're probably looking across the bottom to see what the time frame was and C you were probably trying to look at the vertical axis to see what the price move was. Who was doing that?

You're all traders. Interestingly because they're all the same stock. This is a price move on a pretty small com-

pany called Rio. Anyone got Rio in their portfolio? Who hasn't got Rio in their portfolio? Why not? I missed that one, it was a goodie. Interesting. This is specifically time sensitive trade. It's a special situation. This is around the annual results day. Just have a think from a logical point of view. Commodity prices have been doing what?

Trade Less To Make More Money

Okay. And Rio does what? Okay, so odds are what are the results going to be like? So when it's coming to results day, there is no surprise to see in the immediate run up to that there is a move in the share price. 1% in two days. Who likes that? Don't forget the opportunity is great but it only comes up once a year. You're assuming it's a positive announcement. What about PVL last week. Slightly different announcement. So there's an inherent risk there. But 1% in two days is a pretty solid return, isn't it. Let's take a look at something different.

Let's look at Rio over 69 days. That's a 24% rise over 69 days. Who's interested in that? Are more people interested in 24% over 69 days or 1% over 2 days? There's a lot of short term people who want to get into that short term rating don't they? No, you can't go there. I will just give you an example. This is quite interesting maths just to have a bit of a think about. Now, if you make 1% in two days, okay, and you want to trade that two day time frame, how many trades are you going to have to make, in order to achieve a 24% return. I will just put a caveat on here, because it will be too easy to say 12 trades. Let's work on the basis that you get 3 out of 4 trades, or 75% of your trades correct, and that's an extremely good hit rate. Operate on a basis where consistently over years, 75% of your picks go up in value, you're doing very well. Do you know how many trades you'd have to do in order to make 24%? 2% each trade. You'd have to do 32 trades, because don't forget, one out of every four trades you're going to lose money on. In my assumption there, I've assumed that when you make a losing trade you actually lose zero so it's a ridiculous assumption. Let's get real for a minute. Let's say when you get things right, three times out of four you get it right, and when you make a losing trade, you've got a 5% stock loss. Is that a fairly reasonable working assumption. The maximum loss you're going to make on a losing trade is 5%. How many trades have you got to make now? A lot more.

Let's take a look at a slightly different one. How about

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58% in 308 days. Is that a bit long term and boring for some, gee, long term investing. The market is not about being excited, it's about making money is it not. Just correct me if my assumption is wrong there, just yell out. So 58% in 308 days. Following a major boom in resources, now let's just have a look at that for a moment. Let's just say you're back in your old 75% of your trades are accurate. Three out of every four you make money on. One out of every four you don't make money on but you lose zero, which as I say is a ridiculous assumption to make. How many trades have you got to do now to make 58%? Anyone know? You've got to make 78 trades.

Would you rather make one trade, and take away your 58% or do 78 trades to make the same return? Who's happy being a busy fool? I want to have a life, the market, I want to have a life. Who wants to be in that space? Sometimes if the trend is moving as we've seen in resources, or oil stocks and a lot of those other things, do you know how you make money in that situation, go and sit on the bench out around your pool and let it do its thing. How many people want to sit in front of the screen and go that's my trade on the market, that is ever so cool. Any one ever print one off, be honest now. Who's ever done the screen grab and printed off something when they've got an order working. Yeah there's one or two, thank you for helping me out.

We've all done it. We just don't want to admit it. The market's there to make money, it's a business making machine, but we all treat it as a piece of entertainment. We want that excitement. We've got to get out of that mindset because businesses make us money and hobbies cost us money. Doesn't matter if it's golf, sailing, whatever it might be hobbies cost money, businesses make money. Let your business do its thing. If you're into a good thing, fantastic. Let it do its thing. Why worry? Why spend all that time in the front of the market when you could be living live? What's important, who wants to have more time. Do you reckon sitting in front of that box all day is giving you more time or letting your money work for you in the market so you're getting that passive income happening, giving you more time. But everyone wants to gravitate back to that short term trading because it's exciting and I can say I'm a day trader and I'm extremely pale because I last saw the sun nine years ago, and I've just had a margin call so all the fluid's drained out of me. It's horrible.

The point I'm trying to make is take a trade and take

the profit out of a trade rather than be fixated. You're going to go yeah but Andrew, I've got a years worth of interest to pay, out of 58%, what do you care? Net 50%, who cares about the interest, really doesn't matter does it. It's a cost of business. So looking at trade time frame, it's extremely important, because we've just looked at some winning trades, to be able to positively identify high probability trades. Let's have a game, does anyone have a coin I could just borrow a second. You didn't want it back, did you? It's mine anyway, it's one with the Queen's head on the other side. That's the one yeah. Heads or tails, who wants to play? Anyone want to call it. Heads. There's 50 grand on this, who still wants to play. That's not a high probability trading strategy is tails, you're in trouble at the back, Steve don't let them out. Thanks very much for that.

Bottom line is we want high probability trades because if we're mixing this high octane trading strategy using leverage and we're not able to positively identify high probability trades, we're going to be in a bit of trouble, aren't we. So it requires more than just technical analysis. It also requires what we've just looked at on the previous chart, patience. One of the core holdings in my portfolio and I know at least one other person who's beaming almost as broadly across the chops as I am about this stock, is a company called Babcock and Brown. Anyone else get a bit of it? What a darling. We floated it off at \$5, it's traded at \$18.25 on Friday. We had Phil Green the managing director in for lunch on Thursday, give us an update on the strategy. Trading at a multiple of 26 times, overvalued in some people's case not when you consider the prices going on and on. Macquarie's trading at 16 times, so it's at a premium ship, but it's still moving ahead.

Why? Because it's got a great business model and we just sat back letting the trade do its stuff. Now \$5 to \$18 is getting up to 390% return. How many 1% or 2% trades have you got to do to make 390? Specially if you've got a three out of four hit rate, which is pretty good. What if you're only 50/50? You'll be there for years trying to do it. Let your trades do their stuff, hence patience and being able to let a trade develop is extremely important. So knowing what to trade, very important to have a structured approach. Needs to be process driven. Very good friend of mine, guy called Adam Dale, know the Australian cricketer, fast bowler a few years ago, he's not a bad trader himself, and Adam's always had a very very process driven approach to his cricket and to his life.

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When The Process Is Right - Results ALWAYS Follow

I remember one of his comments once is Andrew when the process is right, the results always follow. That's a good takeaway point for you too, when the process is right the results always follow. You need to be process driven, because when you've got a process you have consistency. They've got process and consistency. The worst place you can ever be as a trader is to have a fantastic month this month and a shocker next month and not know what the difference was. Let's be honest, who can relate to that? We've all been there at some point, you've had a really solid month and you go got this market down pat. Next week and you've got the weight of the world on your shoulders. We can all relate to it. We've done well one week and we've done badly the next week and we didn't know what the difference was. So what does that mean? That means heads or tails. Is it going to be a good or bad week this week, who knows. Who wants 50 grand on that? Or 100 grand or multiples thereof. It's about being very consistent and I can't stress that enough. You don't have a trading plan, who here does not have a written trading plan. Be honest guys. One of the things that you need to have a trading plan. It taught thousands and thousands of people over the year how to trade and I go through probably about 8 or 10 different approaches to constructing a training plan to give yourself consistent results. One of the key things to also have in a plan is multiple layers of analysis.

To give an example, a lot of people rely on technical analysis. We know what it's like crossing a road in a city. How would you feel if you got this approach, you're standing on the pavement, imagine you're in the city and you're on the corner of Bridge and George Street. You probably all know that really dangerous corner there where the McDonalds is in the town and you're just about to cross the road and you've got your eyes closed and you know the lights are red, and you start to hear the beep beep so it's safe to cross and you walk straight off the pavement. Who'd be going to do that, because the green light was on? Who'd do it? Because odds are you're going to get T boned by a taxi, or worse yet one of the couriers with the satchel across there. They're pretty good for taking you out and that hurts a bit or a motor bike or whatever. You don't just step out because the green light is on. You go is it safe to step off the pavement, yeah it is. Think about when we've had a few drinks we miss that

step. That's why a lot of accidents happen, when people have been drinking. They miss that crucial step. My point being relying on just one form of analysis is just like having the green light, bang you're dead. Do you want that in your trading system.

How I Analyse Trades & Market Trends

Multiple layers of analysis have got to be better. We need something that's going to be simple. We need something that's going to be easy to use. If you use something that's easy to use, you use it often. How many people at home have bought a juicer, for doing fresh juice and you get it the first week, and in the first week you've got this shopping trolley full of celery, carrots and ginger in there. How many people after a month have gone that's too hard, to clean the thing every time I use it, it takes two days to clean it. You need something simple. If you've got something that's simple to use, you use it often. If you use something often it becomes habit and once it becomes habit, it becomes something that's bred into you and it's just a process you do time and again, and to go back to what we started talking about when the process is right, the results always follow.

So we took our time going around that but that slide is extremely important. Because we got really excited. We were almost foaming at the mouth about the leverage of CFDs, gee I've got to get some of those leverage, great lets go gang busters. If we don't know that we're looking in the right part of the market we're in trouble aren't we? What do we use? One of the models we've put together is something called a power triptych, it's a proprietary approach that we use. It's based on three levels of screening hence being a triptych, fundamental, quantitative and technical. And you will find if you did a straw poll in the room, most people would probably use either technical or fundamental or maybe a blend of the two, but most people don't understand quantitative as well. But it's what we use in our approach. Level one, in terms of the fundamentals. Things like the business cycle. Where are we in the business cycle, why is it important to do that. It's like going fishing, if you don't have the right gear, you're not going to catch what you want. It's very hard to catch a crayfish when you're fly-fishing. You don't generally catch a trout in a lobster pot, do you? You need to have the right gear at the right time. Got to be looking in the right spot at the right time, in the right sectors.

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To give you an example, how many people here have got Woodside Petroleum or Oil Search in their portfolio at the moment?

Okay, just so we all get to play, I want to see a few blue hands going up, who doesn't at the moment? Why not? Because you can't say I don't understand about economics. Because every time you go to the petrol bars, who's going \$1.20, gee that's getting expensive. Has anyone failed to recognise that over the last year? The information's right in front of us but it's being able to convert that information from seeing it to trading it, and one of the quotes that I like to use particularly when we talk about a research, everybody looks but we see. When I say we what I'm talking about are successful active professional traders in the market place. They don't just see something and go that's interesting. Anyone remember when [unclear] came out. As soon as that was announced. See there's a difference. We all read the papers and knew about [unclear] but we didn't translate that into an investment decision. We all looked but only some of us saw. That's understandable because you're not necessarily trained to be a trader, and it's what I do. I'm actually an economist by profession. I did economics and finance degree, and let me tell you something now this is an amazing statistic. If you took every economist on the planet and put them end to end, you still wouldn't reach a conclusion.

Level two on the quantitative side of things, stock screening. Looking for value investment is one buffered approach, growth investing, but most importantly growth at a reasonable price, what we call GARP. We're looking for growth but it's got to be trading at a decent valuation. This is our quantitative layer that we put into our research. And finally when it comes to technicals, technical analysis is definitely going to help you better than any other form of analysis with your timing, and it's going to help you with your entry and exit and it's going to help you with your stock loss strategy.

Most of the people in the room I would say have probably got a more heavy bend towards technical analysis than anything else I've talked about so far. That's the way most of us are trained, trained to use charts for all of our information. But that's crossing the road without looking.

Power Triptych: Get An Advantage On

The Rest Of The Herd By Combining 3 Forms Of Analysis

So the power triptych, a blend of these three things. Fundamental analysis, quantitative analysis and technical analysis. This is where we want to be because we want high probability trades. High probability trades generate profits, they generate consist low volatility returns over time and that's how your equity curve starts to build up. Trade one out here or here, or here, or anybody else on here with the exception of that area in the middle and you're going to have a spike in your equity curve, you might call a couple of good trades. Do you know something, that's the worst thing that can happen to you as a trade, that you hook into a couple of good trades and you didn't know how. You think hah, I've made 30% this month I'm the king of the hill, and you give it all back next month because it was luck and one thing I do know is luck runs out.

We're not in the game for luck that was heads or tails, 50 grand. We didn't want to play that, we want a structured approach where we're operating right in the middle of that diagram there. Let's have a look at a case study shall we and just bring this to life a little bit.

There Has Never Been A Better Time To Take The Stock Market Seriously

Case study number one. We're looking at global economic growth and generally speaking the world economy is in a super cycle. Personally speaking I think over the next 8 – 10 years, we are in the most opportunistic wealth creation that we collectively are going to see in our lifetime. We're in a super bubble if you like or a super wave and there are going to be money making opportunities that we're never going to see again in our lifetime. We've got two choices. You're either going to be actively participating in those for profit, or you're going to be one of the people that didn't and goes its alright for them they were lucky. When you make money everyone else says oh you were lucky. They're the people by the way that didn't get off their backside to give their weekend up to come and learn more like you guys have.

I can only applaud for making that decision. But we are in a super cycle of wealth creation and you've got to make sure you're in the box seats proper from it. As I say

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it's not just about money, it is just about money.

Global economic growth, economy's booming at the moment. There's been some supply disruptions. In case you missed it there's been some trouble in the Middle East, a bit of a war and stuff. There's been increasing demand for oil also. If we look at this on a more serious basis, I told you I'm an economist, these are the sorts of things we look at, if we look at the global trend, this is the increased demand for oil from 1999 to 2005. How does that trend look to you? Bottom left to top right, which means there is an uptrend. The demand is increasing. Look at China, how much is that expanding, plus the rest of the world. Steve was talking about the expansion in China.

One of the signs of the middle class when the Indian economy was booming is the fact that when you become middle class you buy a car. The middle class in China is going to be 300 million people. What are you going to do with 300 million new cars on the road. What do you reckon is going to happen to the price of oil, because there is likely to be more demand for oil. It's going to go up, isn't it. Let's look at something else which is quite interesting, and again I think Steve mentioned this earlier. Capacity, OPEX capacity is this purple line here. This is production. There is not a lot of spare there, is there. And it's growing. Okay. Fortunately there is new sources of oil coming and fortunately for those of us who happen to have Woodside and BHP and that, it's happy days. Now, this is the economics. I spent years studying economics. I will just distil this down until the next minute or two if I can.

Understanding A Simple Tool Like Supply and Demand Is All You Need To Figure Out Price Movement

This is a supply and demand function. This is supply. When prices are higher, companies want to supply more of their product. Say Mars Bars were \$50, Mars would be queuing up to sell them wouldn't they? But if Mars Bars were \$50, very few people would want to buy them at that price, so demand is inversely related. Does that make sense. As economists we like to sound smart so we have this point called equilibrium, which is that little spot in the middle. It just means where the two lines cross. That's where price is set. Once supply meets demand that's where we establish price. The interesting thing about oil is

the demand doesn't really get affected that much by price. When you are driving along in your car and the tank's empty, you don't go past the garage with the red light flicking in your car, and go \$1.20, I think I will just run out of petrol instead, and just, you've got to pull in and fill up. You've got no choice.

So the demand function for oil is a little bit steeper. So demand, you notice it's not as flat, it's a little bit steeper, it's inelastic to give it its technical term. And inelastic things tend to get taxed. Cigarettes are extremely inelastic. Demand for alcohol is inelastic. So too is petrol or oil. What we've also seen is the supply of oil has been disrupted, had problems in the Middle East and Iraq and so on and so forth. So supply has moved up. The new equilibrium is where, at a higher price point. That's the economics behind why prices are rising. Overlay on there the fact that demand is also increasing because we've got all these people demanding more and more, is it any wonder looking at the simple economics that price is getting higher? That's pretty obvious isn't it?

Now you don't need to spend the time at uni doing economics like I did to understand that, because you've just got to go to the petrol pump and do that. The key thing and we talked about trading with leverage before is how to translate this investment idea into something that's going to make us money. This contract here is a futures contract. Again what's the overall trend on that. If it's trending up isn't it the sort of thing that we should have in our portfolio, and if we're very confident that it's a genuine trend, it's not just a bit of a speck and it sort of moved, shouldn't we be getting long a bit using derivatives to get that maximum leverage because isn't it a high probability trade? If more and more people are demanding oil and supply is reasonably fixed or there's a lead time before more supply comes on and prices are moving up, we should be long oil stocks using as much leverage that we can get our hands on because I would think, it's an easy word to throw in, but I would think that's a pretty strong case for prices moving higher, is it not?

It's a pretty high probability trade. Now here's the big thing. It's one thing knowing it's a high probability trade. It's another thing trading it. Because a lot of people have got approach which they go ready, fire, aim, boom. How effective is that? We want to ready, aim, fire, we want to be able to identify what we're looking to trade and then trade, and be able to trade it confidently. It's one thing to have a think about. How many people here have gone

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to buy some shares, and they've gone I bought ended up buying five or ten grand's worth, I didn't buy the 50 that I wanted to. Can anyone relate to that, where they haven't bought as many shares as they wanted to. They say how come you didn't load up and get the full position that you're after. They go I didn't know if it was going to go up or not. If you didn't know if it was going to go up, why did you buy any? You're either in or out, you're pregnant or you're not. It's black and white. There's no, we might have a few, you've got to be decisive. You're in or you're out. So you've got to be confident, if you're going to be decisive. Is that a fair assumption? That's why you need a trading plan and you need to understand this sort of thing.

Don't worry if you don't understand this because we're going to help you with that in a moment. We need to be long either by our futures or investing in oil companies. There's over 180 oil producers in Australia so you have got to be a bit selective. This is where our quantitative overlay comes in. the sort of stocks that I'm looking for have got growth and value, at a reasonable price. The GARP model. And the stocks, and this is quite well documented, because I do a recommendation service, which we will run through shortly. The kind of companies I've been looking at and had in my portfolio not Johnny come lately five minutes ago, when everyone worked at oil, but I'm talking well over a year ago, Woodside Petroleum, Oil Search, BHP, Stewart Petroleum and Australia Worldwide Exploration. Did you know for every one dollar moved in the price of oil adds \$55 million to the bottom line of BHP? Is it any wonder their share price went up? Who had BHP in their portfolio by the way? And who didn't?

Did anyone know that oil had that much impact on BHP's share price? It's good you came today, at least you've learned that. That's the sort of information you need to have, and as professional traders and researchers and providing advisory services, that's what we do. So we can guide our clients to be in the right stocks at the right time. Not. Retrospectively going oh yeah, if you'd done this you would have done that. Anyone can look at the chart and make the curve fit. As I say I'm on record back on the first of June 2004 recommending these stocks at these price levels. That's a subsequent price levels, obviously they're slightly higher than that now. 101%, I mean okay that's a cracker jack. Oil Search 182%, more leverage play right the way through solid returns. Now was it rocket science how we actually arrived at investing in the oil sector?

Pretty intuitive really wasn't it, but did it help that I sort of guided you through the thought processes a little bit? Did it sort of make a bit of sense there? That's what our business is all about with DIY hedge fund is to help guide you to the areas of the market where you're likely to find value and growth. When we've found that area of the market to identify the specific stocks, which are going to give you the better returns? That sort of makes sense. To go back to my dad, if it makes sense from a common sense point of view, it's probably right really isn't it?

Let's have a look, Woodside Petroleum, there's the chart. Nothing surprising there, sort of bottom left top right, let's have a look and see how we'd have gone then trading our higher probability trade using a CFD. Let's just say we bought 1,000 Woodside Shares back in the first of June as per my recommendation which was published back then, first of June. Trading in 1665. Cost of 1665 initial margin, \$49 in brokerage and interest on the position, so that's 434 days later. Lets say we close that position up. To close it up we'd have to pay a little bit more brokerage, \$95 which is built into the spread on the CFD. And altogether we paid nearly \$2,000 interest. People went gee that's a lot of interest, forget about the interest. You've just made a gross profit of \$15,270 less your costs, of giving you a net profit of \$13,186 on an initial outlay of \$1,665. Now I appreciate it's getting a bit late, so let's look at that in percentage terms. That's a 790% return on individual margin. That's a nice return.

I'm just trying to feel, you set some high goals in here today, and rightly so, but they don't come along that often, so when you do we've got to jump on then. How did we decide to trade that trade in Woodside? Did we look at what was going on in the economy, did we have a look at what was going on with supply and demand, did we look at the 180 sale of stocks in the oil sector and did we identify growth at a reasonable price? Yes. Then having identified a high probability trade, ready, aim, bang, fire, we're in a high probability trade and because we were confident, it wasn't heads or tails. We were confident, we wanted to have a go at it, so we got out position in and fortune favours the brave, but not really that brave, fortune favours a logical, intuitive approach, really. 790% return. You might be after more than that, I don't know if I can help you, I'll find some tea leaves, see how we go.

Let's have a look at case study two, because that was a fluke wasn't it? Reserve Bank of Australia. Our mates down there that really like making our mortgages painful

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if we're unfortunate enough to have a mortgage. Rates raised in March to 5.25 %. Part of a series of interest rate rises, now when rates are going up, generally speaking if your mortgages are getting more and more expensive because you went to a property seminar and you got 9 geared properties all over the place and they are all negatively geared, it's a mess. Sorry that's the wrong seminar group, beg your pardon. Interest rates are rising, would you feel more comfortable going down the high street spending or less comfortable if your mortgage payments are going up. Who'd be more comfortable? Let's see who's gung-ho here. Okay, unless you've done the hedge with Steven we've gone on the bond trail. Most people are going to go well I'm going to sit on my cash here, raise interest rates, things are getting a bit more pricey, I have to be careful about how I spend. Is it any wonder in that case that consumer confidence dropped? So likely slow down in consumer spending, but which stocks? What we're going to focus on is consumer discretion.

Why, because it doesn't matter how tight the economy is, stocks like Woolies are always going to perform because people need food. A grocery store is very different to consumer discretionary. You have to buy food. However some of the other areas which might be considered luxuries, flat panel screen because you've just renovated your house or whatever you do, that goes out of the window.

What I'm looking at here, though are three retailers, Colorado, Just Jeans and Pacific Brands. Slow down in consumer spending is likely to affect clothes shops more than Woolies. So we're going to go short. We've given ourselves a little bit of time after the interest rate rise to digest the impact of it, short on 11 April. We've seen our share prices move down, that's a negative move of 21%, 31% and 10% respectively. High probability trade do you think because the fundamentals and the technicals and the quantitative approach all combined to give us a good shot on goal. Let's take a look at Colorado. There's the chart, if you long this stock there's a very technical expression which describes this, called brown trousers. It's not a good place to be in.

So let's take a look at a short trade. We've sold our Colorado shares at \$5.70. Why did we sell them, because we were confident we knew logically that a rise in rates would slow spending so let's get exposure to the retail sector and be sorted. \$171 to short \$5,700 initial margin, trade open for 66 days, we sold our shares to \$57.00, we

bought them back for \$45.00, our gross profit is \$11,700. That's on an outlay of \$5,700. That's their \$300 cost, remember we're short so we actually receive the interest, we didn't pay it, we received it. So we got \$206 as well, a nice bonus. And that's given us a net profit of \$11,599 on a \$5,700 outlay. That's only a 2035 return, I'm sorry to disappoint you with but it was a high probability trade. We are using gearing in high probability trades. Gearing in low probability trades, you can do that. I will leave that to you.

Let's have a look at something. Why the power triptych. Remember there are three things we are looking for. Sure we want a technical analysis to support what we're doing, sure we want a quantitative analysis to support what we're doing, but importantly is that fundamental overlay. Remember all three were looking for trades in here. Correct? That's the reason why we have this approach. Don't get me wrong, we didn't just happen on this. I've been trading for years. And you work out what works and what doesn't. Likewise with Steven, we sat down and built a model and it works. That's, the benefit of having somebody else's experience. Let me tell you experience is a great teacher. But it's even better when it's somebody else's because it's a heck of a lot cheaper when it comes to investment markets. Who's had a double on shares without knowing what they're doing? Anyone get cooked, fingered, smoked, or whatever the expression is you like to use to describe it?

Not good, is it. So let's look at our chart for a moment, why the power triptych. Anyone that knows anything about charting, looking at this little baby here, is going to be going well what have I got, I've got a break of a down trend, I've got some support here, I've punched up through that down trend there, it's formed a higher bottom. You're probably familiar with some of these terms. I'm trying to get away from bottom things, but a higher bottom. We've recovered support, it's held that support. Technically looking at that, what would you be thinking of doing? It's a buy isn't it, it's a screaming buy if you look the technicals on its own. It's a higher bottom, brokered down, trend strong, closes up. Higher bottom. All the things you look for in a buy, except in our case what we're going to do is overlay the fundamentals so technically it's a buy, quantitatively it's a buy but fundamentally it's a sell because as a retailer and we've just seen interest rates go up. You don't want to be buying retailers where no one's spending. Does that make sense?

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Had you bought there and done exactly the same trade on the CFD but bought instead of sold, brown trousers we're back again, buying at \$5.80 instead of selling, the same position size, that will be a loss of 80c or \$8,000. Who likes that one. That's the benefit of having the wisdom of the business model and the trading model that we've put together. The power triptych. Very very important, \$8,000 that could have saved you there and then. That's a painful wrap across the knuckles, isn't it? Don't forget being especially if we're guys and we're using derivatives, we've got that type A personality, I'm right the market's wrong, it will come good. Who's been there? Just an interesting take away point while we're on the subject of who's been there. All big losses used to be small ones. We just let them get out of control. Who can relate to that?

Well the proof of the pudding is in the platypus, did you say? Proof of the pudding. These are some of the recommendations for my quarterly economic outlook and briefings that I do around Australia every quarter. As I say these are documented, they're video, we've done them all over the capital, around Australia every quarter. Going back to June 2004, 69% average gain. They're reasonable returns. That's on the share, that's just on the equity. Imagine gearing that up now by using the leverage. By the way the average return on these recommendations that I've been doing now for the last 18 months or so, the average return per recommendation is 35% on these ones.

That's annualised at 40%. That's not using leverage, that's just the straight share. Now, how does that look, is that alright? Is that the sort of thing that might help you with your equity curve when you come to look at it, that goes something like that instead of one of these? What have we done? We've taken high probabilities, no heads or tails in this room anymore.

What I've attempted to do is give you an overview of how the professionals trade the market. There is lots of money that can be made from trading and investing, but what you must do is make sure that you are around to enjoy it.

Anybody can make one option or CFD trade and make 250%... But very few ever stay the course and make above average returns consistently year-in, year-out.

What I've delivered here is the process that I've used for years that has enabled me and a select group of clients to consistently trade profitably.

No matter what wealth creation strategy you have a bias to, I strongly recommend that you add to that the stock market as a way of building equity and also generating cashflow.

Thank you for being a terrific audience, and I look forward to being of service to you in the future.

How I Took A Complete Novice Out Of The Audience With No Previous Trading Experience and With 30 Minutes of Coaching, Showed Him How He Could Potentially Replace His Income Fast...

Part of the Millionaire Phenomena Series

Ladies and gentlemen, my name is David Galtieri, and I am going to introducing to you and taking you through the world of trading in the share-market, or better still, trading in a product called CFDs, which is just a bit of a more powerful way of making profits out of shares.

What we are going to do is I will take you through a very simple step-by-step process on how to actually do this and John set me a task and that task was that I need to take someone out of the audience, stand you up here with me and we will play some trades together with all of you as well. And obviously, the markets are closed today so I am not going to do anything live but we can always test our strategy. So trying to create cash flow, that is what I am going to talk about this afternoon. The basic is that we can use the sharemarket to go and generate us cash flow that you can then go and use to buy more properties, buy more businesses, and start up new ventures. Cash flow because the words “cash is king” is very important.

Before I get started, everything I say this afternoon is general information. It is general educational information. I have got to say this, okay? I have done all the exams and studied for a financial services license. I am not even going to worry about that right now. What I am saying here is that anything I say to you is general information, and if I say something that might lead you to do something, well then the old saying is “Future performance is not guaranteed by historical performance.” But you know what? Mark Twain said that “History does not repeat but it damn well rhymes” and it is pretty close.

Okay, how do we do this? We trade the financial

Meet David Galtieri

David Galtieri pulls back the curtain on CFD's and shows how they work and how you can benefit from trading them, using one of the most advanced, yet simple to use award winning trading platforms in the market.

David has been an investor and trader for over 14 years. His strategies combines both medium-to-long-term investing in equities and also short-term trading in options, equities, CFDs and futures on local and international markets.

He has spoken on the topics of trading and investing to thousands of people both in Australia and New Zealand. David was key a contributor into the development, sales and marketing of the highly acclaimed charting and market information software, The Bourse, by Bourse Data.

David has opted-out from the corporate world and lives a relaxed lifestyle trading from home and enjoying the company of his wife and 2 young children.



markets to create cash flow. There are risks in everything that we do when it comes to investing. And what is the key thing that we need to sort out? It is to know those risks, to manage those risks, and to minimize those risks at all times. Now, if these risks are minimized and managed and our profits are let to run, then what happens is we can create additional income, correct? We minimize and manage the risks. We let our profits run and cut our losses short then we can create some additional income.

Now, if we do this consistently, we can create wealth.

Millionaire Phenomena - Stock Market: DAVID GALTIERI (continued)

How? By, as it says, purchasing assets that experience passive income and capital growth. Now to do this, you need to be a profitable trader, yes? No use in doing it if you are losing money every trade. You need to be a profitable trader. In my 14 years as a trader and an investor, I started off as an investor just investing in shares and spent the last 10 years trading, and having been involved in a company like Bourse Data and having spoken to thousands of our clients and other traders and investors that are colleagues and friends, I come across a lot that are profitable and I come across a lot that are not so profitable.

My 3 Secrets For Trading Success

The three key things that makes a profitable trader are these: They have a simple and proven trading plan. Proven to who? To themselves. They have confidence in their trading plan. They know it works because it is proven, and because it is simple, they do not get confused. Because when there is confusion, there is fear, and where there is fear, friends, there are losses. And finally, they are disciplined to sticking to that plan. A simple proven plan, stick to it, confidence in it, discipline. Their trading is clear cut. Why? Because it is simple. They know when they have got to buy something and sell something. Their trading is not emotional. They know that when they buy something, they are buying it not on emotion. They are buying it because their trading plan says so. They have got simple strategies because we remove confusion, and of course there is no doubt in any trade. We have got all that? That is pretty simple.

So let us have a chat about what we actually do. What we actually do is we buy something when the price is low and we sell it when the price is high. Pretty simple, yes? We buy it when it is low and sell it when it is high. But you are all saying, "Yes sure. But if it was all that simple, come on Dave, go on and show me too." Yes. Let me tell you this. John mentioned I have got two little children, twins, James and Lauren. They are four years of age. My little boy James, he comes in to my office every afternoon, really every five minutes, and he says "Dad, what is the stock market doing today? Can I see the stock market?" "Here you go son, here it is." He says "Is it going up or down today?" and I say, "Well, let us have a look if it going up today or it is going down today." "Okay. What do we do, Dad? We buy when it goes up?" "Yes." "And we sell when it goes down?" "Yes." That is it. Four years

old. We buy when it goes up and we sell when it goes down. The problem with the rest of us is that we get too involved in this "the grass is green, the sky is blue, the sun is yellow, the divergence is like this, the convergence is like this, the technical indicators are doing that," or "I know it is going up but you know what? I am going to sell anyway." We make it confusing. So we need to take all of that out.

When we buy, we need to make sure that we avoid these. So if we bought all the way down there and we hold it to up here and then we watch it going down, and down, and down, why do we hold on? Why do we hold on? We hold on because maybe we have an emotional attachment to that particular company, or maybe our father or our mother left us, or maybe we got shares in this company because we had an insurance policy with them. Why do we hold on? The reason we hold on is because we do not have a plan. We do not have a strategy. We do not know why we got into something and so we do not know why we should be getting out., and so we watch our money go up, up, up, up, up, and then we watch it all wither away. That has to stop today. Okay?

So, we have got to avoid capital loss at all times. The problem with most traders is they do not have a plan, they overtrade or overextend their finances, and they attempt to predict the market. That is bad. Do not ever pretend that you can predict the market. They think they know more than the market. "I am buying here, it is going to go up for sure." And then it goes down. "But it will all come back, I am sure." No. We will see how that works in a moment.

And of course, they get wiped out financially. And then they are looking a bit like this dude: empty pockets. We want to avoid that, okay? That we need to avoid at all times. So how do we succeed? We need to develop a trading plan. I am going to help you do that this afternoon. We need to keep everything simple. Avoid confusion. We will back test the plan. Now how you do this is you basically take a stock, any stock as long as it is liquid and as long as it staying in the Top 20 stocks, whether it is New Zealand market or whether it Aussie market. It might only be the Top 5 in New Zealand but Top 20 in the Aussie market, and Top 100 in the US market, these are all the highly liquid stocks that are traded everyday by the professionals, so there are a lot of shares going through. We pick one of those. We go back five, six, or seven years and we trade it day by day in history.

Millionaire Phenomena - Stock Market: DAVID GALTIERI (continued)

Remember, I said history might not necessarily exactly repeat but it rhymes? Well, if we know how something worked in the past, that gives us a good probability of how to work going forward and it will prepare us for what this stock does going forward. So we will back test the plan.

And then finally, we need to follow the plan. Nothing about emotion. It is about "If my plan says today I have to buy this share, then today, I have to buy the share." It is not because "My tummy is sore" or "I have got a fever or a headache" or "My kids are sick." Obviously, you take things as priority. If you are kids are sick, well then forget the sharemarket, another opportunity will come up tomorrow. But if my plan says buy the share and I am sitting there in front of the screen watching it, well then I have got to buy it, folks. That is as simple as that. And if my plan says, "Time to sell", then you have got to sell.

So before we begin, let us set some expectations. What is it that I am talking about? I am not talking about ringing up your boss on Monday morning and saying "You know what? I quit." No. Forget that. I have been working full time for 13 out of the 14 years of my trading and investing. Why not? Why let that other \$50,000 - \$150,000 paycheck go just so you can say "You know what? I am going to be a full-time trader." No. You have to work your trading in with your work. And then once you know that you can create the cash flow you need to service all your other investments and your lifestyle, then we get rid of the job.

How Many Trades Per Week and Where To Set Your Profit Targets

So, how many trades per week? Not 10 or 15. One or two. One or two trades per week. Now it might mean that it is only one trade a month, but if the trade that you have selected in that month is meeting all the rest of the criteria we are going to put up, well then it is only trade for that month. But we work on one to two trades a week. You might look at the sharemarket everyday, but we will do one trade to two trades a week. The best one or two. Let us expect a percentage profit. 1.5% to 2% profit on that trade. So what does that mean? It means that if it is a \$30 stock, 1% is \$0.30, correct? So if you bought shares in a \$30 stock, 1.5 to 2%, let us work on 2, you would want to make at least a \$0.60-profit, okay? 1.5% to 2%..

I know one or two traders that, for the last year and a half, have had pretty much a 100% win ratio. Every single trade. It is amazing. These guys, it is like there is an aura shining behind them. And you know the one thing that they know is that they can never be too cocky because the minute that they think that they are beyond the market, it comes around and whacks them around the face. But let us be realistic. Let us work on seven wins out of 10 trades. So we will expect three losses but seven of those should be profitable, alright? You know, I could give you a strategy today and the strategy could be let us get the shares page out of the newspaper on a Monday morning, stick it up on the board, get a dart, close your eyes, throw it, and then flip a coin. Whatever share the dart lands on, that is what we are trading today, and if the coin lands heads, we buy, and if the coin lands tails, we are going to sell short, expecting the price to go down. Do you think you can make money that way? Yes. Yes, you could because if you managed your money, if you said "I am going to buy this today and if it does not go up, I will just sell it and take a small loss." The next dart you throw and coin you flip, you buy it, it is probably going to go up, and all you have to do is hold on to it until it stops going up. Yes you could make money because as long as you manage your money and manage your risk, that is all it is at the end of the day.

A lot of people do not manage their money and manage their risks. So those three losses that we are going to get, they are going to be very, very small losses. They might be 1% losses but very, very small losses. Whereas, the wins, they are going to be 2, 3, 4, 5, or 10% wins. We are going to let our profits run and cut our losses short. Always remember that. Let your profits run. Cut your losses short.

Achieve 50% - 60% Return on Your Capital

Now, we only do this 48 weeks of the year. You work for your boss 48 weeks of the year, probably some of us work 60 weeks in a year. You need a break. So even if you were doing this full time, if you had left your work and you are doing this full time, you need a break. So if you apply all the mathematical models onto that, you get a roundabout of 50 to 60% return per annum. If you manage your risk, manage your money, cut your losses, let your profits run, one to two trades a week, 2% per trade, seven out of 10 wins, you get a 50 to 60% return per

Millionaire Phenomena - Stock Market: DAVID GALTIERI (continued)

annum on your capital. Who thinks that is okay? Who thinks 50 to 60% per annum on your capital is okay? Very good. Who wants more? Very good. Excellent. Let us see how we get more.

How To Increase Your Returns Exponentially With Leverage

What I have talked about so far folks is just trading shares. No leverages. Just trading shares. That is, you put \$10 in you get \$10 worth of shares. You cannot do that. You put \$500 in you get \$500 worth of shares. No leverage. There are other things that we call derivatives. Some of you who are into sharemarkets and understand share trading, derivatives; there are warrants, warrants of a share, and options of a share. Now they also give you leverage. What it means is that a warrant will give you a roundabout of four to five times leverage. So if you put \$100 in, it is actually allowing you to control a roundabout of \$400 to \$500 worth. If you put \$1000 in, it is allowing you to control \$4000 to \$5000 worth. Options give you eight to 10 times leverage. So you put \$1000 in, it is like controlling \$8000 to \$10000 worth.

CFDs. Who has heard of a Contract for Difference? A CFD is exactly like a share, just like you could buy a share in Carter Holt Harvey, you could buy a CFD in it. Just like you could buy a share in Fletcher Building, you could buy a CFD in it. But what it is, is as long as you are buying one share which is worth say \$20, a CFD allows you to buy it for only 10% of that or 3% of that or 1% of that. We will go through an example. Futures, they give you about 25 times leverage and the Foreign Exchange Market 100 to 400 times leverage. A lot of you are not even ready for that yet. What we will do is we will stick to the CFDs. Contracts for difference. They are very similar to buying a share. A CFD price mirrors the stock price. The key difference though is leverage. \$1 of your money allows you to control somewhere between \$10 to \$50 worth of a stock. It is the leverage. Let us stick to 90%. So if you put in \$1, it allows you to control \$10. Consider it like a 90% margin line. A margin line is where you go to a financial institution and you say "I want to buy some shares." And they will say, "Okay, we will put in half the money and you put in the other half." That is a margin line. Well here, the CFD, the contract for difference provider, they are putting in 90% of the money and you put in 10%. How good is that? That is very good.

So, the difference is when you are buying a share, you are putting in 100% of the money. The whole blue bar. Using a margin line, you put in 30% and the bank puts in 70. Using a CFD, you put in this bit and the bank puts in the rest. Here is an example. You bought a share for \$4.00. You have to put in \$4.00. The share goes up by \$0.30. This is the profit for here. \$0.30. So you get a 7.5% gain. That is the example I was talking of before. Remember I said let us make 1.5 to 2%? Well here, we just made a 7.5% gain. Let us talk about a margin line. If you bought it on margin, what it means, let us say this was a 70% LVR, that is, you put in 30%, the bank puts in 70, that is the bit you put in and that is the bit the bank puts in, you still make that 30-cent profit as before, so now your \$0.30 on the money that you put in before we put in \$4.00, now we are only putting \$1.20. So that is a 25% gain. Now let us have a look at a CFD. A CFD, we have the same \$4.00 share. It means that you only put in 10% or \$0.40. The same \$0.30-gain or profit now means that you make a 75% profit on your money. So, not all of your money has to be tied up. It can be doing other things. Not all of your money has to be tied up. Only a percentage of it has to be tied up and you are making a higher return on that money. So this is the summary of those three examples.

Demystifying CFD's - Understanding the Risks and Rewards

Now, CFD, it is a loan. Consider it like a loan. So you have to pay interest on the money that you borrow. And normally, the interest is a roundabout the reserve bank right plus 2 to 3%. Now, that is when you are buying stock. If you are buying stock and the price goes up, that is what we call going long. When we are buying something, we are going long. We longed the stock. If we are short, that means I sell something that I do not own. Yes, you can do that folks. You can sell something that you do not own as long as you buy it back a little while later. That is called going short. That is how we make money from the markets when they go down. If you think that a company is going to go down, if you think that XYZ Company is going to go down, then you can sell shares in XYZ that you do not own, and when the price gets down to where you think it is going to get to, you can buy them back and just settle your obligation. Your obligation is when you sell those shares that you do not own, you just need to buy them back, and you keep

Millionaire Phenomena - Stock Market: DAVID GALTIERI (continued)

the profit in between.

Now when you go short, when you this making money as the market does down thing, you actually get paid interest while you are short. You also get dividends on CFDs. So if you buy some stock, if you longed some stock and you are holding it when the stock goes ex-dividend, well, bingo! You actually get paid the dividend. The cash portion. You actually get paid the cash portion of the dividend straight into your CFD trading account. That is good! You are putting in 10% of the money, you are controlling the whole thing, and you get paid the full dividend as well. However folks, the opposite side is that if you are short of stock, that is if you sold a CFD and you are waiting for the price to go down and there is a dividend, well, you have to pay the dividend. That money comes out of your CFD account. If this is a little bit confusing for you right now, do not worry about it too much. Let us just think about the long side, okay? So we are buying something low and selling it high. Let us not make it too complicated. But we can make money in the markets three ways. When prices go up, when they go down, and when they go sideways. You make money all the time on the markets.

There are risks. You are working on leverage. Remember, I said you are putting in \$1000 and you are controlling \$10,000 worth, so you can actually lose a little bit more than you put in. But there are ways to avoid that so we would not let that worry us too much. But you need to understand that risk. So at the end of the day, remember I said that one of the problems with most unsuccessful traders is that they stretch their finances? That last line says "Do not take a bigger position than you would with your own cash." Therefore, if something goes against you, then you could always cover it, and leverage is your friend.

So, summary. How do we profit from trading? We need to step the odds in our favor. Everything that we do before we buy a share, we need to make sure that those things are stacked in our favor. We need to make sure that the reason we are buying it is because it meets our trading strategy. It is not because it is an emotional decision and it is because we are expecting at least a 2% profit out of that trade. That is why we buy it. We let our profits run. Once we get to 2%, we do not stop there. If it wants to keep going, let it go. But if it goes against us, we must cut our losses short. And that is what we call a stop loss. Using a stop loss to exit.

How To Pick If The Market is Going to Go UP or Down...

We are going to start doing some analysis. I am going to teach you the absolute basics, which is where you make most of your profits. The software I am going to use today is a software by the company that, of course I own part of, why would not I use it? Bourse Data

Understanding Trends in The Market

So first, we are going to look at trends. A trend. We talk about trends in the market. There is a property trend? There are trends in residential property. There are trends in commercial property. There are trends in marketing and business. What businesses are good to get into? What are in an uptrend? I invest in commercial property and residential property, and I like meeting with my bank manager because I ask him this question. I say to him "Keith, tell me, where are most of your loans going out to these days?" And he tells me. "There is really big growth in this area" or "there is really big growth in that area." "Alright. Really? Oh, okay. Good. Are they mainly business lines or investment lines or what?" And he tells me all these information. You could get that from your banker, these trends. So what are the trends? When in the sharemarket, there are trends as well, and it is quite simple that if a trend is up, what do we do? We buy. And if the trend is down, we sell or stay away, if you do not understand the concept of selling short. So we need to now recognize these trends and as it says in that second point, most inexperienced people try to trade against the trend. Why go buy a residential property in an area that is going down? It makes sense, yes? So why buy shares when the sharemarket is going down? We need to be looking at selling shares.

The key with trend analysis and the reason it works is because the biggest money is made during the longest trends. You can see here the red line is the actual share price. It is going up. Do you all agree with me that the red line is going up because it is starting down here and it is forming highs and high or lows, that is a low there, it is a higher than this one? It is forming a higher high because that high is higher than this one and a higher low again because that low is higher than that one. You got that? So it is going up. So therefore, what can we do if the stock is going up, we can only buy. We can only buy.

Millionaire Phenomena - Stock Market: DAVID GALTIERI (continued)

If the stock is going up, we buy. If the stock is going down, we do not buy. You do anything else but do not buy.

So an uptrend. A definition of an uptrend. Do you remember that first chart I showed you where the share price went up and up and up and up and I said avoid capital loss and then it fell? Let us see if we can avoid that by learning just one thing today. One thing. The definition of an uptrend is that a stock must be going up by forming higher highs and higher lows. There is a low. That is a higher low. Low, higher low. This is a high. That is a higher high. When a previous high is broken, that is a confirmation that the share is going to continue up. If you have a sequence of higher highs and higher lows in a series, this share is going up which means that increases your chance of a profit if you buy. Let us have a look at that on a real share chart. You can see quite clearly that we have got higher highs and higher lows. Low, higher low and higher high. We are breaking the previous high.

So let us go back to that example. You bought it all the way down here. You are whistling Dixie really happy up here. How do we avoid holding on to this for too long? For this to continue going up, what needs to happen? Now that you know that it has got bright previous highs, for this to continue going up, what does it need to do? Higher high. So if that is our current high, this here needs to break past it. Did it ever do that? No, it did not do that. It is like a ding-a-ling-ling-ling! Alarm bell. It did not break the previous high. So if you are holding on to this share hoping, it has got to break the previous high for it to continue going up. That alarm is saying to you just get ready. You might need to sell this. But not yet.

If an uptrend is higher lows, if I flip that piece of paper over, a downtrend is lower highs. Let us have a look at what we have got here. If your alarm had gone off, it never broke the high and it started to break a previous low, you could probably set a stop loss right here, and when it get to here, you sell. But if you were saying "Look. I am happy to hold on to this a little bit longer." Let us have a look at the next previous law, it is that low. When it breaks that level, we will sell. If you are still not sure, well then let us wait to see if it continues breaking lows, now we have got a lower high. It never even came back near this. We would need to consider selling.

So the points of interest there are the ones marked in the green circle. You would not hold on to this share all

the way down here. It is clearly now in the downtrend. So now, let us build the trading rules. We have got one concept. You could take that concept that way today and if you are holding on to some shares that you have had for a long time, have a look at their share chart. Now with The Bourse software, you can only get Aussie shares, so unfortunately, you cannot go and have a look at your New Zealand shares if you have them. But if you have a charting service with your broker or a web-based service, go ahead and have a look at the share price chart and ask yourself: Are the shares that I am holding forming higher lows or are they starting to form lower highs? If it has, consider what you need to do.

THREE Rules To Get In, ONE Rule To Get Out.

These trading rules, I am going to give you three of them. Three rules that we are going to get in and one rule to get out. Three rules in, one rule out. I will write them up on the flip chart. I want you to write them down and then we are going to play a trading game, and we will have our volunteer come up and trade with me.

Rule #1: What Is The BAR Telling You?

We are going to look at three things. The Bar. What is the bar? It is not where we go and get drunk. Every time and everyday when the share market opens, there is an opening price of a stock. There is a high price on that day. There is a low price on that day and then there is a closing price. When you join the dots on that open high low close, we can draw a bar or a candle. We need to analyze what that bar looks like. The day's price. We need to analyze the overall trend and then we will analyze the overall volume of shares that are traded on that day. Bar analysis, trends, and volume. Let us go.

We are going to get ready for rule number one. If the share is going up, and we want to buy something, let me show you what a bar looks like. I will just flick over to the software and I will expand. That there is a bar. See that? These things here are different days. One bar per day at the moment. What I have got up on the screen here is the SMP 500 Index. It is the New York Stock Exchange Index. But everything does not really matter. I

Millionaire Phenomena - Stock Market: DAVID GALTIERI (continued)

could put up the XJO which is the Top 200. Again, same bars. Pretty long ones. Each one of these is a bar and they tell us a story on what the traders were thinking on that particular day. If we are looking at something that is going up, then you see here? We would expect the bars to be going up. Each bar will be higher than the one the day before and they would look something like this. Yesterday's bar will be down here and today's bar will be higher. In an uptrend, this is an uptrend, there are more higher lows. See? Higher low. There are more higher lows. So if we just picked the share that was going up and we just closed our eyes and dove in and picked one of these bars to buy on, which one would you like? You would want an up day. You would want a bar that has a higher low. If you just picked a bar with a higher low in an uptrend, you have got a high probability of making a profit. Because as you can see, if you picked a bar anywhere in here, the next days would be high. If you picked one in here, the next days would be higher. Picked one in here, the next days would be higher. Okay? Excellent.

Now we need to have a specific type of bar. This also forms the rules. I will just put up something else. I will put up a stock. Easier to handle. See, this types of bars here, they opened over here and then closed at exactly the same price. It is like the market does not really know which direction it is going. I will draw this on the board for you. It will be much easier to understand. So this is yesterday and here is today. There is the low price and the high price. That was the price where it opened. And we read it like a book. We read a book from left to right, so we will read a bar from left to right. The first thing that happens in the morning is it opens. We have a low and a high during the day and then we have a close. This is a confident day because the buyers started down here and they pushed it all the way up and closed the market there. That is a confident day. There is a high likelihood that tomorrow, we will have another one of these days. Higher low.

Now we need to have a specific type of bar, a bar that oozes confidence. Oozes buyers' confidence. This is a bar that oozes buyer confidence. If that is a bar and it opened here and then closed there, the buyers started buying and it went all the way up, and then they dropped it. Does that ooze confidence? No. Absolutely not. Because the sellers came in and pushed the price down at the end of the day. Whereas, a bar that opens low and closes high, the buyers are in control. They pay more. They are happy to pay more to push that share price up. And so we

need a bar that looks like one of the ones that is one the screen. In fact, we need the one that is on the left. Here is yesterday's bar. Here is today's bar. It has to open low and close nice and high. That is what we call a bullish up day. A bullish up day. And there it is there. Exactly what I have drawn on the board. And that will form rule number one. Rule number one: a bullish up day.

Now let us get ready for rule two. Easy so far. So let us have a look because you might say "Yes, but how do you recognize this?" If we just have a look at the very, very last bar on the screen, I will expand that a little bit more, have a look at that very last bar. So when I ask you to do this in five minutes' time, this is what we are going to be looking at. Is that bar, where my mouse pointer is, a bullish up day? No. Very good. Does that ooze confidence? No. What about that one? See what is happening? They are not bullish up days. Which direction is it going? Down. Very good. That one? Let us have a look. This is an up day but you see it opened here and closed down there. It is not like one of those where all is one, is it? Next one, does that look like this? Absolutely. That is a bullish up day. Let us have a look. This is only one rule. We are going to add another two. I have no idea whether we should be buying on that day or not, but let us see just based on one rule. And we do not even know the overall trend because this is so expanded, we have only got two months of data on the screen. There is no way that we can work out a trend with just two months of data, correct? Could you work out a property trend with just two months of data? No.

But let us have a look. If I am saying that that is the day we should be buying on because it meets just rule number one, let us see what happens the next day. It has not gone down. It still has not gone down. That is only one rule. Now, that was just a fluke. I will just scroll back. Just on that one rule, we made money. Let us have a look at making sure that we could add another couple of rules to make sure that we just have that added extra probability of a profit. Are you all with me? Fantastic. Before I get to rule number two, here is the question you ask yourself. When you look at a share price chart, most of the websites that you go to will have a line and that is great, but it does not have bars. You need to make sure that your software, whether you are using The Bourse or not or whether the website allows you to go into this mode here, either bars or colored bars or High / Open / Close or even Candlesticks if you understand them. But I am not going to confuse those who do not. So there are

Millionaire Phenomena - Stock Market: DAVID GALTIERI (continued)

our bars. You look at that and you say is today a bullish up day? No. So that means you do not trade that one today. We do not even look at that stock anymore. We move on to the next stock and ask ourselves, "Is that a bullish up day?" If it is, then there is a possible trade and we need to add the rest of the rules.

Rule #2: Only Buy When Trending Upwards

Rule number two talks about trend and it talks about that you are only allowed to buy when the stock is going up, and you only sell when it is going down. To make it easier for you, I am going to show you this. I am going to scrunch this up. I am going to show you one thing. One little rule that could have made you a fortune over the last three or ten years. I am going to add what we call a long-term moving average. What is long-term moving average. If you want to be in the market for more than 90 days, 90 days is probably a long term for a trader. When you are in and out of the market in five to 10 days, 90 days is long term. So I am just going to add a squiggly line. I will just put 90 in. It does not really matter whether you put 60, 70, 80, 90, or 120. The financial institutions use 200 so I do not. But let me show you this, and I am even going to turn this into a line now and I am going to go back a little bit further. I am going to say to you that every time the black line, which is the share price, crosses above the squiggly blue line, which is our long moving average or our slow moving average, I would buy and every time it crosses below, we will sell. Let us see if we would make money. I am going to buy there because it crossed above. Sell there. Did we make money. Yes.

Next one. Buy there because it crossed above. Sell there. Did we make money? Yes. A few days later, buy again and sell there. Did we make money? Yes. Let us move on. We buy here. Sell there. Did we make money? Is that enough evidence? Let us go for a bit more. There is a bit of buying and selling here, that is okay. Our brokers got to feed the family too once in a while. So we buy here. But you see, in that buying and selling, it would have been break even or a little profit. So we buy there and sell there. Did we make money? Yes. From \$38.00 to \$45.00. Convinced? That is one rule. So that is a good rule because it is a money-making rule. So if we add another money-making rule to the one that we already have, we have got two money-making rules.

So here is the rule. You only buy when it crosses above our slow-moving average. Rule two. To go long, it is desirable that the price, the closing price on the day just before the market closes, is above our long-term moving average. So you see here, it is above it. This is where we could buy, somewhere in here. See here, it is sort of not doing uptrend and not doing downtrend, we do not touch that. That is sideways. So rule number two is the close price, the closing price for that day, is close as possible to the close. Even if it is one minute before the market closes. The closing price needs to be greater than our slow-moving average. And the one I used on the software there was 90. A 90-day moving average. Now, 90 does not mean that that is the factor of the world. Each stock would have something that suits it a little bit better but I am just trying 90 on the screen. I think I was looking at Commonwealth Bank stock. So that is rule number two.

Rule #3: There Must be Good Volume On The Stock

Rule number three: If you are going to buy something, do you want to buy it on the day that no one else is buying or do you want to buy it on the day that everybody is buying? It would be good to buy it on the day when the institutions are buying. If the institutions are buying on that day and they know something, then I want to buy on that day. So we do that by a thing called volume. And these green lines down the bottom of the chart are volume. Let me show you. We will apply volume and I am going to expand this and I put back those bars. So you see the volume down here? And that red line is telling me the average volume for the year. So do you see how some of these green bars, they stick their head above the red line? That means there is good volume on that day, and to exceed the average volume for the year, it means that there is probably more than just the general public buying it. Just the general public buying a stock would not normally exceed the average volume for the year. So that means on these days, I have got good volume.

But the rule is, and here is rule number three, the volume for today needs to be greater than the average volume or, a big or, greater than the previous day's volume. An example of that is, you see here, right down the bottom where my mouse is, the volume is not quite at that red line. So it is not quite at or above. I could say

Millionaire Phenomena - Stock Market: DAVID GALTIERI (continued)

the volume has to be greater than or equal to. See how that volume is not at the red line? That is fine. But you see how it is greater than the previous day? That is okay. That gets a tick. So we could have check boxes here and as long as we are placing big ticks and we are looking at it and it says, "Is that a bullish up day?" You bet. Is the closing price above our slow-moving average. You bet. And is the volume greater than our average or previous day's volume. You bet. We have got three out of three. We have got a high probability that this trade is going to be profitable. Are you all with me so far? Fabulous.

Okay, so that is how we get in. What about how we get out? To get out, we need what we call a stop loss. I have added another line here, this green one. It is what we call a fast-moving average.

To get out, we need what we call a stop-loss and I have added another line here, this green one. It is what we call a fast moving average. Fast, because it is a shorter term. If you are expecting to be in the market for say only 10 days, or 12 days or 15 days, then we might use a 10, 12, 15 day moving average. Let us go and add one of those. There is our slow moving average that we were using before, see how it sort of quite flattened that area but if I scrunch it up, you can see what it is doing. It is telling you uptrend, downtrend, sideways.

Now, let us go and add our fast. Moving average and I said let us say we only wanted to be in the market for say 15 days. We will just put a 15-day moving average in there and there we are. We do not really worry about this one on entry for today. We will just use this red line as a when we need to get out. Let us go back and just have a look at quick trade so we get all of this info. Let us expand it so we have a look at the bars.

Is that what the last bar that is on the screen, is that a Bullish up day. Does it look like rule number one?

Okay, let us have look at the green line but you see the green line is more flat and the red line is the one that follows the price more so that is how you know the difference. The one that follows the price more is the fast moving average and the one that is slow is the slow moving average. We have got a Bullish up day. Rule number one. Is it above our green line? Yes. We are not worried about where it is on the red line for the moment but it is above our green line.

Is our volume at the average or greater than the previ-

ous day? Both, excellent. The rule says we need to get into this trade so let us get in. Now, what I am doing is I am just flicking day after day. This is where we got the interest in our market for you so you know. That is were we got in just before the close on that day and let us see how we go. Not bad so far. Now, we have got to get out some time. This is the nerve racking part. When to we get out? I am worried so much it is on paper but what happens if it drops?

When do we get out? When it breaks below the red line. I need other one. So our exit, I will just write it here, our exit is when the closing price is below our fast moving average. When the closing price is below our fast moving average. We are waiting for it, is that the day we get out? Have a look at that and see our closing price. Our closing price is below the red line, that is where we get out.

So how much did we make on that? Let us measure it. We got in here on the little yellow blot. We got out right here. This is our worst case scenario, we made \$2.90 on a \$38.00 share. So 1% is \$0.38. We made \$2.90. How many \$0.38 is that? It is about 5 or 6% so that trade was okay yes? All right.

Now, what we are going to do is I am going to load up the trading simulator. It is going to put the rules up on the screen and I would like for someone to volunteer.

What is your name?

John: John.

David: My goodness, how are you John? Pleasure to be up here.

John: Yes, thank you.

David: Thank you, all right. John, this is actually really freaky. I was up in my room just before coming here to speak and I was sort of thinking about what was going to happen and I thought right. We will get someone up on stage and I am thinking his name is going to be John. It may be just that John is a common name, I do not know.

We will let the software come up and we will just pick a day and what we are going to do

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John is have a look at this last down the screen and we will see if it meets the rules. You have never tried it before?

John: No.

David: Excellent. You do not know me.

John: No.

David: Great. Magic. Everybody in the audience, let us have a look at that one, John, is that a Bullish up day?

John: Yes.

David: It is, do you all agree? Fantastic. That is rule number one ticked. Rule number two. Now, the colors have changed here but you can see that this wiggly one is the fast moving average. We will ignore that for the moment and that one there is our slower moving average. Is that above the slow moving average? John says yes. Do we all agree?

Okay, excellent. Let us have a look at rule number three which is the volume. It is higher than the previous day. We are all agreeing? Okay, John do you want me to ring your broker? Shall we buy some shares? John says Let us buy. Next day so you bought right here at \$29.52 and that is where it is right now. Feeling okay about that?

John: Do we buy at the end of the day?

David: You buy just before they are closing the day. Just before the end of the day yes. It is at the end of the day that that buyer is confirmed that is the closing price that is going go be above and meets all our rules. What you now have to do John is have a look at the fast moving average which is this green line here and we stay in until it crosses. You are going to tell me when to get out. So next day? Feeling good? We are still in? Everybody is still in? Yes? Next day? Good. Still very happy. Yes. That is all good, we will move one.

The next day we are still all in this trade because we do not want to break any rules. Getting close?

John: Getting close now. Paying a bit more attention but I am still in.

David: You cannot play golf this afternoon. You have got to be here watching it now. Do you play golf?

John: No.

David: Do you go fishing?

John: No.

David: Do you run or train or anything?

John: Yes, I run.

David: There you go, okay. So you cannot run this afternoon, you have go to run later. Keep your eye on it. You see on this day here, it did not cross. It did not close below it so we are still in. Next day above so we are still in.

John: I think we will get out.

David: What do you reckon, we will all get out? You are with John? Okay excellent. We are going to ring the broker now and place the sale order to exit this trade and let us have a look at how we did.

Now, John, what you did is you actually placed \$10,000.00 on the market using a CFD. Your risk was \$10,000.00. Your position size, there is your risk. \$10,064.00. Your position size was \$100,000.00. You are controlling \$100,000.00. You are putting in \$10,000.00. The risk is a little bit more because you could actually lose more than what you put in but we know that do we not?

John: Yes.

David: Okay good. You were in this trade for 22 days. Lots of golf, lots of fishing, lots of going

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- for training and running and going to the gym and you made \$5,672.00. How does that sound?
- John: Very good.
- David: Can I ask how long it would take you to make that kind of money on an hourly rate?
- John: Longer than that.
- David: Longer than 22 days. Let us have a look at another one?
- John: Yes.
- David: You are happy to go through another one? Okay. We have a mic for you, look at that because we want to hear what you are saying.
- John: I am dangerous with the microphone.
- David: Do not start singing. Excellent. Let us have a look at that next one. Are you all with us now? Let us have a look at this last bar. Rule number one, is it above?
- John: Yes.
- David: Is it Bullish up day, all agree? Excellent. Rule number two, is it above the slow moving average, the purple one?
- John: Yes, it is.
- David: Have a look at the volume?
- John: Yes, it is above.
- David: He is quick. We all agree, we are going to take this trade. What is the worst thing that could happen? If this goes against you and crosses either one of those squiggly lines, we would have to get out yes?
- John: Yes.
- David: We are going to try it. We are going to buy this?
- John: Let us buy it. All right let us get out.
- David: Let us get out. Very good. Excellent. You thought I was just going to give you the good trades. All right, so we will get out of this one and again, you are controlling nearly \$100,000.00 worth. Your risk was \$9,285.00. You were in only three days because you bought on a Friday, Saturday, and Sunday, sold on a Monday. So you made a loss of \$1,800.00. Does that hurt?
- John: Since I have made \$5,000.00 the other day, it is okay.
- David: That is good. Let us have a look at the next one. Are you happy to continue on or?
- John: Let us keep going.
- David: Does anyone else want to come up here? He is doing all right. Okay. Rule number one Bullish up day, John let us have a look at that. Yes, good. Rule number two above the slow moving average. Yes it is. Let us have a look at the volume. He is quick. Yes, it is. It is as quick as that. We are going to buy?
- John: Yes.
- David: The next day. The first few days of a trade are the airy fairy ones. But once it starts to move and once this fast moving average starts coming up behind you, that is your protection right? Because it will get closer and closer. Are you still happy?
- John: Yes. Very happy
- David: He is happy. Very happy. Look at that. I know a lot of people who would have just gotten out there because they would have said I have had enough of this but the whole point is you let the moving average get you out. Every morning, we are going into our broker website and we are putting in an order to either sell or to alert us. Next morning, you would say right, that is where my stop-loss

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is now. The next morning, that is where my stop-loss is now. Are you still in?

John: I am still in.

David: He is still in. Let profit run. Still in? Okay. Now, it is right on it. Here is another little rule. If it is on it the first day, you are allowed to stay in. If it is on it the next day, get out. Indecision. When in doubt, stay out. We will stay in on this one yes? Have a look at the next day? Close drawn on it again.

John: I will get out.

David: We will get out. Let us have a look. You were in that for 29 days. Again, controlling that same \$10,000.00 that you were putting in. We are going to increase it a bit now because you have made some profits. \$103,000.00. So you made \$7,459.00 on that trade. Not bad for 29 days effort.

John: That is excellent.

David: 29 days of running, playing golf, fishing, spending time with family. Let us move on. The next one. Does it meet the rules?

John: Yes.

Speaker: So we are going to get in. All right, we are in David now the next day. Let us do that again, I was too fast for you. It met the rules. Let us say it is above, it is a Bullish up day, it is above the 60s. The volume is great. Remember if it crosses any of the lines. Not just the fast, any of them. We will get out. Who would like to stay in a bit longer because it is actually above? We have got one. Let us have a look if we stay in. He was right.

Let us have a look at the next day. It has broken the line again. Would you like to say in? You were out already. We are going to get out yes? He is out. He is saying cut is. Sell. Are you not lucky you got out? That is why we have rules folks. I will give you three chances strike. We only stayed in after one day. We

got out. So it was a \$1,600.00 loss on that one. Let us quickly go through the next one. Again, it means the rules. It is a Bullish up day, it is above the lines and the volume is good. We get in? You are buying? All right. It makes you feel good the next day.

It might slight off. It has got to slide down a little bit, it might go sideways, it will allow that fast moving average to catch up now. Good. That is still good. You are still in. Good. Still in? Now, this is an interesting one. It opened and it opened down here and this is where nerves, but you have got to remember we are looking at the market just before it closes. We let the market takes its course. Now, we get out.

John: Right.

David: This is the day we get out. Unfortunately, we could have gotten out there and saved a bit but we have got to stick to our rules. Are you happy? We still made a profit, a total of \$6,711.00 in 27 days. So far, John and folks, 22, 29, 27 days and the loses were out basically after a day. This is a bit different. This is not a stock. What we are doing here is we are actually going to trade a futures contract on the future's market with exactly the same rule. A different market, a different instrument but the same rules. No change.

Let us have a look at it again. Have a look at that first bar, John. Is it a Bullish up day? Yes, it is. Happy with that. Is it above? Yes, it is and have a look at the volume. Clear winner. We are in. What we are going to do here is we are going to buy, to put in \$10,000.00 we need to buy two contracts and for every point. You see here the value that we are getting in at is around about 4,409 points is the value of this instrument. For every one point that it goes up, you are going to make \$50.00. For every one point it goes down, you are going to lose \$50.00. But we are in the trade.

Let us have a look at the next day. Happy, you better be. \$50.00 of profit came down, so you

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lost it and got it back but you are still in. This is going to flutter around with our ability to sustain and endure pain. He might not be going as much running on these next few days because you need to watch this \$50.00 a point here. There is 50 points in between the grid. So whatever profit we just made over the last few days is just come back down to break even. But we are still in. It has not closed below it. I will let the suspension go. The suspense will go. It has got to break away.

John: Okay, we will get out.

David: He says get out. Why are you getting out?

John: Because it closed below.

David: Because it closed below the fast moving average. If you had stayed in until the next day, oohhhhh and the next day. They have just repossessed you Bentley and the kids do not go to school anymore. Let us have a look at the results if you had gotten out on the day that you said you wanted to.

It is at that last trade. It is called a spy. The future's contract. \$50.00 per point. You put in \$10,000.00, you were controlling \$230,000.00 but you put in \$10,000.00. You made \$7,390.00 on that trade. In 116 days, just about three or four months, you made \$23,000.00 including the losses. Happy with that?

John: Yes, I am very happy.

David: John, thank you very much. Give John a fantastic round of applause. Well done. So I have lived up to the expectation that I was going to take someone out of the audience that had never met me before and never heard me speak before, never traded before, and shown a simple system and John was able to do that and you seem quite at ease doing it yes?

Let us move on. Let us see how we get started with this. You have got the rules. You have seen the evidence up on stage. All we need to do is follow a step by step

plan to get started. You do not take my work for it. You need to back test this strategy yourself. The first thing you do is get your free trial of the Bourse Data software, install it on your computer at home, bring up a stock, scroll back in time, just close your eyes and then just go one day at a time because you get 10 years of data right?

You can scroll back, three, four, five years, and just one day at a time, ask yourself is that a bullish up day. Does it meet the rules? Yes. Let us see what happens. Okay, get out. That is back testing.

Let us wait for the next bullish up day. There is another bullish up day. Does it meet the rules, yes or no? Let us see what happens, get out. Let us wait for the next bullish up day, that is how we back test. That is step number one, back test.

Step number two and while you are back testing, you would have a trading register, maybe a spreadsheet in an Excel program or just an exercise book and you would write down the days when you get in the stock, whether you are buying or selling and you just keep records of your back testing and after you have done two, three, four years of back testing, which would only take you about four hours to do, you get the results and you can see if it works for you.

Next, you go small live trades. I would never expect John or any of you to go and open up a CDF account and start placing \$10,000.00 or \$100,000.00 position. That would be ridiculous but maybe over the next six to 12 or 18 months, you build up that. You start off with one share, one \$30.00 share which will cost you \$3.00 but it will control that one share. You then make it 10, then you make it 20, then you make it 100 shares and in three months' time make it 1000 shares and in 10 or 12 months' time, as you feel more confident, you make it 3,000, 4,000, 5,000 shares and you control larger positions.

This is where I wanted to get to because if in 12 to 24 months from today, you are controlling \$100,000.00 positions on the market by only risking somewhere between \$3,000.00 to \$5,000.00, I would not say risk because that is the wrong word. You are risking more than that. You are risking that but not if you adhere to a stop-loss. If you set your stop-loss and adhere to it, could the Commonwealth Bank of Australia go broke tomorrow? Possibility but likely, no. That is the only way you would lose all of that but there is a risk so you get there slowly.

Millionaire Phenomena - Stock Market: DAVID GALTIERI (continued)

12 to 24 months it might take you. It might take you six years. It does not really matter as long as you are doing something each day towards it.

If you are controlling \$100,000.00, and we said 1.5 to 2% profit per trade, what is 2% of 100,000? \$2,000.00. Good try. One trade per week. Who would like an extra \$2,000.00 per week in cash flow? Absolutely. But most of the trades that John took before were 5, 6, 7, 10% trades and they went for a lot longer but who would be happy with an extra \$10,000.00 a month or \$6,000.00 a month. Absolutely. Doing it slowly, managing the risks. Starting small and then while you are starting, you use a trading checklist to check off all the rules. Each one of these things here is a check box that you are ticking them off. Does it meet the rules?

Placing a picture of your chart when you get in, a picture of your chart when you get out and then finally, when you have built up the confidence, you go full size positions increasing those positions as you are making a profit. Stick to your trading plan, cut your losses short and make money. Make profits because that is what it is about.

You're probably wondering to yourself, surely trading has to be more complicated than that... Well I'm here to tell you it's not. You just need to have a simple trading plan and disciplined money-management skills. That's it.

Whilst I've given you my formula today, I really don't know how you will react when you put real money in to the market. If you follow my system, you won't have a problem... It'll tell you when to get out.

However, most people find it hard to accept a loss. Get used to it, it's inevitable in the stock market. My recommendation is that you start with 1 contract, get used to trading, placing orders and taking profits.

Once you've done that, simply go to the amount of contracts that your wealth psychology allows you to. That's it. Once you find a system that works for you, and why not start with mine? It's simple, easy to follow and more importantly, it works... THEN trade with 10 contracts or 20. That's how the big money is made in the market.

You CAN make an extra \$5,000.00 a month? It is achievable. On that I would like to say thank you so much for being such a great audience.

Futures Trader Reveals His Own High-Profit, Low-Risk Trading Strategies. Easy and Simple to Implement Once You Know How...

Part of the Millionaire Phenomena Series

Good afternoon everybody. Can I see the hands of the futures traders again? We were having a talk before. I'm particularly after Jeff.

Let me tell you a story about Jeff. Jeff and I were having a talk before. Jeff is a client and is an active options trader, very good options trader. And he said, "What are you going to be talking about today, Steve?" I said, "Well look, Jeff, I'll tell you what I'll do. Today I'm going to introduce you to the man that took a million dollars out of the market on the day of the 1929 stock market crash, the great crash." And he looked at me and he said, "Was that you?"

So he's my target all afternoon, right. I know I've got grey hair. I'm a futures trader but I'm really only 25 years of age. Thanks, Jeff. Um, before we go too much further I need to make a couple of things, what I'm saying to you today is not personal advice. The licenses under which we operate now determine that I, you know, I'm offering you no advice at all. It's general information that I'm giving you today. So we just need to get that out of the way right from the start.

I started trading futures in the late '80s. Who's done the Safety in the Market trading course? Who survived? No hands. One survived. Are you still trading the same strategy? I think in those days we all started with the Safety in the Marking course. It was a very, very good course. It was very, very well put together. David Bowden did a very, very good job on it and Neil Costa did a very good job on it as well.

It was an introduction to futures that people otherwise hadn't been involved in. We've matured and we've grown a lot since those days, and if you've studied the futures markets – anybody... we're all familiar with them, I'll show you some of them later – they offer fantastic opportunities for making money.

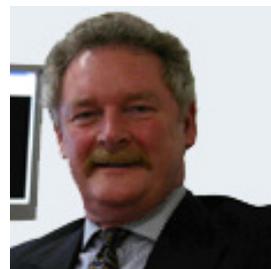
Meet Stephen Jennings

Stephen will demystify the often misunderstood futures market for you and will teach you how to incorporate a rational, logical, common-sense approach to your trading.

Trading is a science that has rules and Stephen will show you how to create a higher probability trading plan focusing on better results rather than wasting time!

Stephen has over 15 years hands-on experience in the futures markets and is a private trader, Fund Manager and dedicated researcher of trading systems and strategies.

He believes that success for you in trading will be a direct result of good research... and good research is all about knowing where to look, and what to look for.



But when we start trading futures, it seems to be a habit of learning that we make all the bad decisions to start with and we never, ever start with all the good decisions because we don't know enough. You have to survive long enough to get to the stage where you make the right decisions and you understand these markets and that's what I'm going to show you today.

Around about the early '90s I had the wobbles in these markets and the wobbles are things like, you just make the wrong decisions. You know, wrong place at the wrong time. Didn't understand the markets. I then thought at that time and some of you will identify with this, I thought, 'Well, okay, the way I'm trading is wrong so what I'll do is I'll trade intraday'. So we tend to shorten the time frame that we trade.

So I traded the intraday market. I did a lot more

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activity. My broker made a lot more money, right, but I didn't. So then I started trading one minute charts. And he made a lot more money and I didn't until I realised that it wasn't in the shortening of the time-frame.

So I went through day trading and you read all the time about people that make money in these markets. If somebody's making money they have a method of doing it. What we're going to do today is go through some of these markets, but we're first of all going to do the bad things. We're going to have a look at some of the bad things that happened in these markets and explain to you why that's a good thing.

These markets are zero sum markets. Does everybody understand what a zero sum market is? Zero sum market is a market where for every winner there's a loser. And for every loser there's a winner. So if we find a loser there's also a winner. Would you like to know who the winners were on the other side of most of the financial disasters that you've read about in the last few years? And if we can find those winners, what are the questions we need to ask them. How did they do it? That seems obvious, doesn't it?

If we find out how they can do it, do you think that might be interesting information? Of course. And if it's interesting information and you can use it, would that be of interest to you? Yes, of course. Of course, because that's the way we should be trading and that's what I'll show you. Let's first of all have a look at some of the facts about the market. The SFE is the Sydney Futures Exchange.

The Sydney Futures Exchange on the 14th of December registered nearly a million contracts traded in one session. Now a session goes from 8.30 to 4.30 in a day. Nearly a million contracts traded in one session. Did you realise there was that much activity on these markets?

The Chicago Mercantile Exchange last year increased its interest rate futures volume, which is activity, by 33 percent and its foreign currency volume by 60 percent. That's a massive increase in activity in these markets. Why do you think this happens? The reason it happens is because there's opportunity here. People are starting to become aware of the opportunities in these markets. And if there's opportunity you should be in there, shouldn't you?

Chicago Board of Trade generally across all its prod-

ucts 9.6 nearly ten percent increase in activity last year. Chicago Board of Trade is one of the, is probably the largest commodity exchange in the world. Ten percent is a huge increase in activity through these markets. This is opportunity for you. So the opportunities are there. People are finding it and people are trading it. Let's first of all explain what a future is.

My Simple Explanation of Futures

Look, I'll do this very simply. It's an agreement to deliver or receive something at some stage in the future. Futures were traded two hundred years ago on the Osaka Rice Exchange where farmers used to sell their crop before it was harvested on the market. So they would get paid now, pay for the running of their farm, and have to deliver at some stage in the future which is why it was called the future. Does that make sense to everybody?

It's simple. Let's have a look at this diagram. Let's say it's January and you want to buy \$100,000 worth of shares and you have a March contract and a June contract but we want a six months horizon so we don't have to deliver those shares until June.

For \$2,250 you can control a \$100,000 position on the Share Price Index on the SFE and hold it and benefit from the price fluctuations in that market during that time without ever having to go into the market and physically buy the shares. So you buy one contract, represents at the moment around about \$100,000 worth of shares, \$106,000 in actual fact, and you control a \$106,000 position for \$2,000, just over \$2,000 and benefit from the price fluctuation.

Who's not interested in doing that? At any time during that period of time you can sell out to take your profit if you've got profits, or you can sell out if you're not making any money or you're losing money. And they're very, very fluid liquid markets.

How You Can Access \$100,000 Worth of Shares for Just \$2,250

The Share Price Index is one of the most traded futures contracts in Australia. It represents a basket of shares, it represents the top 200 stocks in the Australian market. Who was aware of that before? If you had to go and buy \$100,000 worth of shares, would you go to the

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market and buy \$100,000 worth or would you go to the Share Price Index and buy \$100,000 worth for a margin of \$2,250? It's interesting, isn't it? You can take that sort of position on that sort of margin.

We trade the Dow Jones, the S&P 500, we trade the Nasdaq, the FTSE, the Dax, the CAC, we can trade in India. If it's out there you can trade it. If you have an opinion about these markets you can trade it. We've just got through a bull market in the last two years. How much money have you made in the last two years out of the Australian bull market? I'm not asking for anybody to tell me, but let me ask for a show of hands for those who are prepared to tell me, that we've had a bull market for two years and I've made no money out of it? So, yep, there's a few people around. So everybody else has made some money out of this money in the last two years, is that right? Not so sure?

My question to you, you can answer to yourself, how much have you made out of that bull market? I'll show you how much people have made out of that bull market later. Currencies. We trade currencies through the futures exchange. We trade Swiss Franc, we trade Canadian dollars, US dollar, Australian dollar, we trade Euro currencies, we trade all those markets. Bond market.

The Markets I Love To Trade

The bond markets are your interest rate markets. So in America you've got your 30 year bond, your ten year T note, your five year T note, in London you've got bond market, in Australia you've got the ten year bond, three year bond and the 90 day bank bills. All interest rate markets.

Now bonds perform inversely to interest rates. If interest rates are rising, then bonds fall. It's an inverted relationship. If interest rates are falling in an economy then bonds rise. At the moment in Australia, are we in a rate rising or a rate falling declining environment? Rising. So what should your position be in the bond market?

You should be taking advantage of falling bond prices right now in the market. And it's there. I'll give you another example lately of crude oil. Crude oil is a terrific commodity to trade. Get to him in a minute. Precious metals. Gold, copper, silver, um, where is gold at the moment? Gold is traded as a US dollar currency hedge. So if the US dollar is falling, then we trade long positions

in gold. I mean, it's almost a no-brainer trade, isn't it, because it's a currency hedge?

If you have that sort of information available then you take a position to trade gold on the long side as a hedge. Meat. You know, we trade live cattle, lean hogs, the famous pork bellies. Who's heard of pork bellies? Do you know what pork bellies are? It's bacon. It's simply bacon. It was made famous by Eddy Murphy in the movie, I know.

We trade grains a lot because grains have a particular function, which I'll show you later, in the market that makes them very easy to analyse. I don't want to make it sound as if it's easy to make money out of them. But they're easy to analyse because of the structural nature of these markets. If I can't get your interest raised particularly in the grain markets then I'm probably not going to do very well with you at all. And the softs.

Well, that's the little group of things where everything is grouped into it. That's cocoa, coffee, sugar, those types of commodities that can't be itemised in any of the other markets. All of these markets we trade. We try and diversify across these markets and employ diversification to control risk. So we don't load up in any of these markets, we try to spread our positions across all of these markets to take advantage of diversification. Is everybody aware of the structure of diversification in a portfolio?

The more you're diversified across diverse non-related markets the less risk your portfolio has. It's as simple as that. We don't have the time today to do that in detail, but let's just say it's like having a trade in indices, a trade in currencies, a trade in grains, a trade in the softs, a trade in the meats, a trade in the precious metals. At somewhere along there your overall position in your portfolio is going to be affected by the movement of all of these markets which means you can't be knocked out by the movement of one particular trade.

So we try and build diversified positions in our portfolios to take advantage of it, of diversification and reducing risk. In the Sydney Futures Exchange you have the Share Price Index, as I've said, that represents the top 200 stocks in Australia. The ten year bond, the three year bond, and the 90 day bank bill are the interest rate markets that we trade in Australia. They are the four most actively traded commodities in the Sydney Futures Exchange.

We have positions in short, short positions in all of the

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interest rates at the moment and we're long on the Share Price Index because the economy's still doing pretty well and generally we think that there's more up-side in the market so we trade to the up-side.

Does anybody disagree with that? So if you agree with that, why don't you have the position in the market? If you already have – congratulations. It's okay knowing this stuff, but unless you're actually prepared to do something to take advantage of it, it's all just a waste of time, isn't it?

Indecisiveness in these markets can be deadly. However, let's have a look. The way we decide how to trade, it's called the modelling technique. We model the trading of the most successful traders or funds. Now the most successful funds, does anybody have any idea how much money or what percentage return the most successful funds deliver every year?

What Are Realistic Profits For Traders?

Or the last year? Let's have a look at Morningstar Ratings. What does a professional managed futures fund return a year?

200 percent? We'll have a bid here. 200 percent? No, not that much. How much? Forty? Little bit more. 45? Little bit more. Maybe about 60. 60 percent is what the very, very best fund did last year in these markets. Now that's extraordinary. I'll tell you why because they are trading billions of dollars.

We need to be realistic about the sort of return. I'm not going to stand here and tell you that you can do 100 percent in a year, because that's probably unlikely. Probably unlikely to beginner traders. But as an individual trader, can you do better than bank interest? Probably.

Can you do better than the indices? Probably, and I'll show you some of those returns that funds are delivering shortly. So how do the most successful traders do it? This really is the burning question when you go to the markets. How do the most successful traders do it? Would anybody like to know the answer to that question? If I told you the answer to that question, would you be interested enough to do anything about it?

Let's have a look at some of these things. Futures trading is a zero sum game. For every winner there is a loser. That's the generally accepted premise of futures. So if

you take a position in the futures market it's a good thing you can't see the eyes of the other person because you'll know who you're taking money from, or you'll know who is taking money from you. It's an enormous market, the volumes are extraordinary.

These markets are so liquid you would not believe the amount of money that moves through these markets on a day-to-day basis. And they're being traded every day and every night. If you're on the right side and you know how to trade them you can probably do really well. This is the 1929 crash. That's the chart of the 1929 crash. The week, the major week there that comes off the peak. That day was the 24th, Black Thursday, the 24th of October, 1929, was the first day of the major 1929 crash. I will later introduce you to the man that made a million dollars on that day because he was trading on the right side of the market. Somebody loses, somebody wins. I'll tell you who won that day, and it's not me, Jeff.

We'll talk about short side, long side later, but if you had sold into that market off that peak then you would have made a lot of money in that fall. Now who has a problem making money which ever direction that you trade? Who just wants to make money by going, by buying and selling in an up-market. Who just wants to make money in an up-market? Who wants to make money in both an up-market and a down-market? Yeah, if I can show you how to do that, would that really be of interest to you? The tech wreck, the stock market bubble.

The blue line is the Nasdaq, the red line is the S&P. The blue line crashed round about 2000, 2001 or thereabouts. That was the Nasdaq. People who were holding long technology stocks that had no intrinsic value but it was a really good bubble. Do you see the pattern in that blue line compared to the 1929 crash? They look very, very similar. When the market's rising you need to be buying that market, and when the market's falling you need to be selling that market. The fall of Enron, does it look remotely like the 1929 crash and the tech wreck? Enron was an energy company.

They started out as energy producers. They became energy traders and they eventually matured into an energy bank. And they were the largest energy bank in America.

They were the largest energy market maker across the energy commodities. The problem was not with their ability to trade these markets or supply these markets, the problem with Enron occurred to what they call their

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partnership program, and partnership program is Enron-speak for hiding debt on the balance sheet, off the balance sheet. Right? So they used to create partnership programs to shift debt off the balance sheet.

That's where they came undone. But, we have a rally, we have a strong side rally and we have a strong down-side correction, crash if you like, call it a crash. In these markets there's a winner and there's a loser to every trade. Would you like to know who made money in these markets and how they did it? Anybody heard of Long Term Capital Management? Long Term Capital Management was a derivatives fund in the States. It was the largest fund. It left a trillion dollar hole in the market. It boasted on its board of directors two Nobel prize winning mathematicians.

One of whom is named on the Black-Scholes model of options pricing. This was an organisation that you couldn't get into unless you had an IQ that qualified for MENSA. And they still crashed. If they crashed, would you like to know who was on the other side of those trades? Right. Of course we would.

When Markets Go Crazy, Someone Makes A Killing... Do You Want To Know Who?

I mean, that's really the interest. The press will tell you of the great crashes. They'll tell you all this information about the things that have gone wrong but they never say to you, 'Yeah, but look, these people lost that money and this is who made the money.' We'll have a look at who made this money, the funds that made money out of this. The Asian crisis, the stock market crash in Asia. Does that chart look remotely like a crash chart? They all look the same. Strong run up, and then a big fall.

They often say you go up by the stairs and down in the elevator. When that happened in 1929 there were stories about brokers jumping out of windows. The facts of the matter are that there was one broker jumped out of a window, out of JP Morgan offices on the corner of... in Wall Street and it's still not really known whether he jumped or fell. What he was doing out there. The hot tip was that he was out there looking at the crowd in the street and just over-balanced. Shouldn't say that.

It was only three floors and he didn't die. Still, the

crash caused a lot of heart-ache. The Nikkei crash was the crash that hurt Victor Niederhoffer. Anybody heard of Victor Niederhoffer? Victor Niederhoffer was a very, very aggressive trader in the Asian markets during the late '80s, early '90s, and he was on the losing side of those trades. Would you like to know who was on the winning side of those trades? Of course. And our old friend Nick.

Right, the famous 88888 account, the error account that he used to run off the Singapore Exchange. We actually still talk to the desk that Nick used to trade out of. That was the famous breaking the bank of Barings, the Queen's bank, because of unauthorized trading on an errors account. We think of two people who made money out of Nick when Nick was trading because when he was trading, he was trading Nikkei and Japanese Government bonds and there were funds taking the other sides of his trades. One of those funds was a fund called John W Henry fund and the other guy that was taking his trades was a fellow called Pierre Bonnefoy who lives in the Caribbean. They made all the money. They have the bank's money, so to speak.

Um, wouldn't you like to know how they did it? Well, it's a really interesting story, isn't it? For those that are interested, Nick eventually did his time in jail and survived cancer. And the 1987 crash which happened shortly after I started trading. Um, it certainly woke me up in the middle of the night and made me open my eyes. Our '87 crash, nobody really knows why it happened. There are a lot of theories as to why the '87 crash occurred.

Some say it was because of computerised trading program, program trading, those types of things. Really, it's immaterial. It happened, and if you're on the right side of that trade you made a lot of money and if you were on the wrong side you lost a considerable amount of money and we'll talk about who made money in these trades. Just out of interest, does everybody remember September 11? On the night that the planes flew into the World Trade Centre? Right, we just happened to wake up that night. I woke up between planes. And it's funny how these things happen. You just wake up. Something happens in your head and you know immediately what you have to do at that time.

How Long Did It Take For The Market To Recover After 911..?

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There was a correction in the market as a result of that. Four days and Wall Street was closed. How long did it take for the market to recover the ground that it lost after September 11? Does anybody know?

It took one month. It only took one month to recover from that price retracement caused by those planes, to recover and make new highs. Now that's a strong market. And if you weren't buying that market, you don't like money. Who here likes money? What about all these people that kept their hands down? I know you like money, Jeff, from 1929. Right. But we're here to learn about money and how to make money, aren't we? Futures traders are really black and white, you know, we know why we're here. We're here to make money.

Where there are no excuses in our world. We make decisions and if you make the wrong decision you get out quickly and if you make the right decision you milk it to death. If I can teach you how to milk a good thing to death, how are we going? Would you like to know?

Would you like to know how much money milking to death can create? We'll show you shortly. Let's go back to the crash of '87. It took a little while for that recovery to take place but once it started to recover, it was a buying opportunity and you got to buy in quite cheap into that market. Okay, the other side. The media concentrates on the losers. Well, I'm going to show you who were winners and they're mainly funds.

These are people that know what they're doing. These are people who manage lots and lots of money. Dunn Capital Management since the early '90s has outperformed the S&P 500 quite aggressively. This is quite an aggressive trading fund. Dunn Capital Management was, in part, on the other side of all those trades that I've just shown you. And they admit it. They were taking those trades. So what is the philosophy of Dunn Capital Management? Trend following strategy.

What Do Professional Traders Look For?

They follow price trends. Now price trend is, looks like this, let's have a look here. That market is going up. That's what a price trend looks like. It makes higher highs and higher lows. That's what we call it in technical analysis. There's lots of background research that goes into this, but that's a trend. If you see this, you trade it, and I'll show you how to trade it, that's a trend. If you

saw that in a market after how we show you how, and you don't trade it, then you don't like money because this is a very, very tradeable pattern. Let me give you another pattern.

We tend to keep away from patterns like this. That's not good for us because it's not going anywhere. We need a trend. What we're saying is that if you have a trend following strategy you can make money and Dunn Capital Management prove it. John W Henry, I think he owns the St Louis Cardinals baseball team. Since 2001, he has very aggressively outperformed the S&P. John W Henry was on the other side of Nick Gleeson's trades a lot of the time. What's his philosophy? He says, "If trends are not the underlying nature of the markets then our type of trading would quickly go out of business." He looks for trends. He goes to the commodity markets looking for trends.

So, trend following markets. Campbell & Company. Outperformed the S&P quite aggressively since 1991, very aggressively since 2000. Extraordinary return. How does he do it? Our trend following methods do not pretend to determine the value, but they do produce absolute returns fairly consistently. A trend following method. I'll give you another one. Chesapeake Capital. Interesting story. Have a look at that. Since 1990, he has outperformed the S&P very aggressively. Very aggressively. How does he do it? "I participated in the Richard Dennis 'Turtle program'." Who'd heard of the turtles? Quite a few. 1973, Richard Dennis and his partner Big Bill Eckhardt had an argument. It was the basis of a movie called 'Trading Places', I believe.

"Wanted: Trader With Experience To Turn In To Multi-Millionaire..."

Is It Possible?

Anyway they placed an ad in The Wall Street Journal and the ad said something like 'We want traders with no experience. We're going to teach you how to trade.' And they received thousands of applications from all walks of life. And they took a very, very diversified group of people into their company and they taught them how to trade, gave them money to trade, and said, 'Go and trade what we've just taught you.' Now Bill Eckhardt and Richard Dennis were having a little side bet here.

One of those guys said, 'Well, I think it's something

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that people can learn, we can teach this and we can teach people how to trade the markets.' Bill Eckhardt said, 'No, I think it's intrinsic. You've either got it or you don't have it.' And so they had this little side bet which was the purpose of the exercise. There's a degree of arrogance in it. But it is a very, very good story and it indicates a number of things. It indicates, the main thing is that you can do this stuff.

Because all barring one of those Turtles at the moment is still managing a fund in their own right and making money because of that system that they were taught. And Richard Dennis in a later slide is on record as saying, "Teaching people to trade was much easier than I thought. It was a humbling experience." And what he's saying there is that he thought it was really special when they were trading. But if you can teach people the rules of trading, they can go into the market and trade on their own.

It was called The Turtle, they called them Turtles, it was The Turtle Program. So what he said is, "The most important experience that led me to use technical approach was the amount of success that I experienced trading Rich's system." Now when they became Turtles they signed non-disclosure agreements and those disclosure agreements were 20 year disclosure agreements, so in 1993 those disclosure agreements became null and void and it took another nine years for those rules to come out into the market place.

Would you like to know what the rules of trading of Turtle trading is? It's been an extraordinarily successful program. And I teach that in the course that I run, is that Turtle approach.

It's one of the things we teach. Abraham Trading Company. Have a look at that return compared to the S&P. How does he do it? The underlying premise is that there are periods of major price change to higher or lower levels and these major price changes are known as trends. Salem Abraham was a Turtle, he was part of the original Turtle Program.

The Man That Made \$1,000,000 In The Market In Just 24 Hours Back In 1929

The man who made a million dollars October 24, 1929, by trading short the market on Wall Street, his name is Jesse Livermore. Who's heard of Jesse Livermore?

He was called the Boy Bear, the Great Bear.

How did Livermore do it? I love that top quote. That's really for everybody's interest. "There is only one side of the market and it is neither the bull side or the bear side, it's the right side." How obvious is that? He talked in riddles. Anybody that's read his book "Reminiscences of a Stock Operator" would probably need to read it three or four times to understand what he was saying. But he talked about, two thirds of the way down, 'along with the tide'. Livermore called the trends of the market 'the tide of the market'.

You know, we know that prices move up and down. We know that the theory behind these major movements of irresistible force and you take advantage of it by steering your speculative ship along with the tide. That's the trend of the market. Livermore made and lost vast fortunes during his lifetime. Right, he was either dead broke or filthy rich. He owned his own boat, he used to go fishing. He owned his own railway carriage which was equivalent to having a Lear jet in those days.

His offices were on the top of the Heckscher Building which is now the National Library of Art, I think, or the National Art Library in New York. He didn't trade on Wall Street because he wanted to separate himself from the activity on the street because he found that it clouded his thinking.

He was an extraordinary, probably one of the great traders of all time, was Livermore, and he traded the trends. And the way he used to trade, just quickly, was that if the market, if he had an opinion that the market was going to go up or down based on his analysis of the market then he would give the market a little bit of money and in his words, he would say, "If the market did the right thing by me I would give it a little bit more money, and if the market continued to do the right thing by me I'd give it a little bit more money," until he had what he called his 'full line' which means the amount of money that he was prepared to commit to that trade.

And then he would just sit on it because another ones of his quotes which is not up there is, Livermore said, "I always lost money when I was too active in the market place and the most money I made was on the big moves and when I was sitting on my hands." So once you have your position in the market place you then look for reasons to stay in that trade, to stay on that trend. You always trade for the big trend. Yes, we are active in moni-

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toring our position but we're not active in the market place all the time. So we're not buying or selling, getting in and getting out, and doing all that. We look for major trades, major trends, and we look to trade those trends. Just like he did in 1929. There's been three major crashes in the last 100 or so years. October 19, 1907. October 24, 1929.

When Should You Go Long or Short in The Market?

What was the date of the 1987 crash? October 20. Spooky isn't it?

Let's go through the concept of being long in the market and being short in the market. A bull market is a rising market. In Australia we're currently experiencing a bull market. A falling market is called a bear market and I'll tell you how that term came about later.

In a bull market we look to get what we call 'get long'. Who's heard the term get long? Get long in the market means that we buy first and we sell higher and we take the profit. Everybody happy? That's how we do it in the market. How do we make money in a bear market? Well, we sell first and then we buy it back cheaper. And the first concept you have to get used to is that you don't have to own something to be able to sell it. Remember these markets, there's always a winner and a loser in these markets?

There's always a buyer and a seller in the market. For every transaction in the futures markets there's always a buyer and a seller. The markets are guaranteed by the exchanges. It's a process called 'novation'. The exchanges guarantee the market. So if you want to sell you will have a buyer on the other side of the market. You don't have to own the commodity to sell it. So in a bear market we sell high and we buy low. And in a bull market we buy low and we sell high depending on your view of the market. If you think the market is going down, then you'll ring your broker and sell into that market, won't you? If you think the market is going up, you'll ring your broker and you'll buy into that market. In futures markets it doesn't matter. Futures market don't care whether you want to go long or short – you can do either. How valuable has that been to you over the last couple of years? Where does the term bull and bear come from?

Well, in the early days in New York in the absence

of television and when the Indians were quiet, which is where Wall Street came from, by the way. Wall Street is named Wall Street because that's where the wall was built to keep the Indians away, and that's a true story. What they used to do, was they used to build big pits about the size of this room in the ground and they would throw a bull and a bear into this pit and they would bet on who would win the fight. And the bull and bear terminology came from how they fight.

A bull fights by using its horns to throw its prey in the air, doesn't it? And a bear fights by using its claws to drag its prey down. So a down market is a bear pulling down its prey and a bull market is a bull throwing its prey in the air. That's where you get the term 'a bull and a bear market'. Let's go back to our little chart. To take advantage of a trade in these markets you need to buy and sell but the order in which you do that is up to you. You still have to have a buy and a sell for the transaction, but you don't have to buy and sell them in that order.

You sell them and then buy them depending on what your view of the market is. Does that understand... Is that clearly explained? I mean it's about the best I can do as far as explaining. If you want to get short, you sell first, if you want to get long, you buy first. A long market is a bull market. Let me explain it this way, just so that we can... a picture tells a thousand words. If we're long in the market and that line continues to get long, that's a bull market. As long as that line gets longer, we're making money, correct?

Don't Whinge About Petrol Prices - Profit From Them

Crude oil. Is that a bull or a bear market? Ranging? Well at the moment it's ranging but let's take the bottom left-hand-side to the top right-hand-side, is that a bull market or a bear market? It's an overall a bull market, isn't it? You need to be long, crude oil, over that period of time. Who's paying \$1.04 or something or other at the bowser now?

Everybody's paying. Are you happy about it? No? Well, we were just having this discussion and I'll introduce you to one of my traders later in the session, he laughs every time he goes and fills his car up. He says, 'I don't care. When is it going to be \$1.10? I'm happy to pay \$1.10 because if I'm paying \$1.10 then my futures

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contracts are going up.’ Because he’s long crude oil and in futures it’s been the single biggest signal for you in the last six months as in the world is every time you go to the bowser you’re paying more to fill your car up.

What does that tell you about crude oil prices? It means crude oil prices are rising. How many people here went and bought crude oil contracts? One over here. Well done, sir. He doesn’t care what he pays at the bowser. He just smiles at the attendant and says, ‘You beauty.’ Here’s another one. Gold. Is that a bull or a bear market?

It’s essentially a bull market and if I overlay that with the US dollar you’d find that the US dollar is a bear market. Gold is traded as a US dollar hedge and you need to be buying into those retracements in gold. Is that a bull or a bear market? It’s a bear market. That’s the 90 day bank bill contract on the Sydney Futures Exchange.

We’re in a rate-rising environment which means that we need to be short bonds. If you’d sold that contract at 94.70, it’s now trading at around about, what is it, 94.05 or 94.10 or something or other? That’s a very, very big profit. And you don’t need to be a whiz kid to figure it out. You can all see which direction that market is. If you saw that, why wouldn’t you sell into it? And if you believe that we’re still going to have rate rises over the next six months you would hold your position short in that market. In fact you’d look for opportunities to sell more into that market.

And I’ll show you how that affects your outcome very shortly. Coffee, another market we trade. Is that a bull or a bear market? It’s a bull market. If I could show you how to trade these markets, would you be interested? You don’t need a lot of money to get in. Okay, the goal of trend following systems is to profit from a price distribution of all the price from going low to high and price going from a high price to a lower price. That’s the goal.

It’s a very, very simple goal of a trend following system. Most of the successful funds in individual traders over the last ten to 20 years that have made money even in the face of disasters have been trend following strategies, trend following philosophies. So we accept the trend following philosophies make money in these markets and it really works out to be if you can find a trend, then there is an opportunity for you.

My Thoughts On Technical & Research Based System

It starts with research. Technical based systems. Who here trades technical based systems? We’ve done it for years. The problem with technical based systems is that you have to take every trade. Would everybody agree with that? And what you do with every trade, is say, okay, if my system generates a signal to trade then I’ve got to take that trade or somehow we try and talk ourselves out of it.

There are three different things that you need to do when you’re trading in these markets, particularly if you’re looking to trade the major trends and I’ll show you them later. They’re called the power triptych. There’s three parts of your analysis in these markets which help you to identify really, really good opportunities but it all starts from research. Even Richard Dennis in his Turtle Program said, “It all begins with research.”

Bill Dunn from Dunn Capital Management in one of his papers that he wrote for one of the trading magazines, he said, “It all starts with research.” It all starts with where you get your information from and the research that you do. It’s critical. Commodities display seasonal behaviour. Now, there are two types of commodities. There are annual production cycle commodities and there are perpetual cycle commodities.

Secrets To Picking Highs and Lows With Amazing Accuracy in Certain Commodity Markets

The ones that provide the strongest signals in terms of seasonal behaviour are the ones that we plant in the ground. Now let me just explain this for just a little bit. The pattern with grains particularly, with commodities that we plant, is that we only get to replenish supply in that commodity once a year, don’t we? Okay, so what does that mean? For the remainder of the year those supplies dwindle, don’t they, as they get used up? Does that make sense to everybody? So as supplies get less, less supply means what? Higher prices. When is the time that the market turns around?

Planting time. Planting time signals the time when the market then reverses its attitude, it reverses its mindset, it says, well okay, the crop is planted, in six month’s time we’re going to have product replenishment so the risk of no supply gets less and less as the crop matures, doesn’t it? So we have a cycle where the markets fall.

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Let's have a look at it. Let's have a look at soybeans. Soybeans are the second most important food source for humans other than meat. Why? It's the second highest protein source other than meat. Soybeans are planted around May/June which signals the seasonal high which signals a high generally. It will have its low around about October which is harvest time.

Between June and October we look to get short in these markets and between October and February, just prior to the February break, we look to get long and that's a seasonal pattern that we look for every year, year in and year out in these markets. I can't tell you how far that price moves. I can tell you that those price moves are a hundred basis points.

I can tell you, though, that most years soybeans will have a seasonal high mid-year and a seasonal low around about October. Being a trader, how important that the information? Hugely important. Hugely important because we now know what our research has to show us. This is the pattern of wheat. Wheat is planted around December/January. And it's harvested at around about the middle of the year. From planting to harvest we generally have a decline in wheat prices so we're what? Long or short in the market? We're short.

We're looking to sell into this market. From mid-year after harvest which is the period of time when supplies are replenished, right, the only thing that can happen once those supplies are set, what can only happen? Supplies dwindle which puts rising price pressure on the market.

We look to get long during that ascent phase before the next crop is planted and that's the seasonal cycle in wheat. Cotton is another commodity that's planted. It has its seasonal highs around May/June and its lows around September/October/November. Guess what May/June is? It's planting time. Guess what September/October/November is?

Harvest time. I mean, take this down. Go and check it in your own time. Trading systems employed by consistently profitable traders are trend following. Well, I've just shown you three commodities that produce trends every year. They're trading opportunities. They're the sorts of trading opportunities that we look for in these markets. If you could find a trend, who'd be prepared to trade it? Who has difficulty finding trends in the market? Who doesn't know anything about these markets? Everybody puts their hand up, right. That's the purpose of it.

Well, let me ask you this question this way:

If you accept the premise, this premise that you can be shown and taught how to trade this – I mean, if the Turtles can be taught, then you can be taught – if you can be shown how to trade this, would you do it? Would it be something else that you would be prepared to add to your wealth creation program? I'm not saying just do this all on its own, that's not the essence of diversification, I mean, have a bit in everything, but don't deny yourself access to these markets.

Why Most Traders Don't Follow A Proven Path To Success

I'll give you reasons why. There's Richard Dennis, Wall Street, "Teaching was even more teachable than I imagined, it was a humbling experience." What he's saying there is there is nothing special in learning how to trade these markets. We can show you how to trade these markets. The question is really whether you'd do it? What's your objective?

Who's heard of day traders? What's a day trader's objective? Make money? Short term quick cash? Cash flow? Yep, absolutely. Not how I like to use these markets. These markets certainly are available for that, however I do know from personal experience that the biggest money is made by staying in the big trends. That's where you will make the biggest money and I'll show you that shortly. Good results are the result of good research. So you need research, good research.

You've got a high quality opportunities which means you've got to be a buyer at the right time and a seller at the right time. We've got to be a seller into a down-trend, a buyer into a rising-trend and we need to produce a consistent low volatility rate of return. I don't like high volatility rates of return, you know, up in one month down in another month. That's when you wake up in the middle of the night and worry about how you're going to pay your bills next month.

That's called a sleep stop. If you wake up at 2 o'clock in the morning because you're worried about your positions, you're carrying too many positions or you're carrying too much risk. So low volatility rate of return. I like my traders to be calm and collected and know exactly what they're doing. Right? Your trading should be boring. If you're in trading for excitement, you're in it for a

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different reason than I am.

And don't forget, if you're in it for entertainment, you generally pay for entertainment. It comes out of your pocket. Nice and calm, analyse situations, take the research that we can provide you. Take the information, make your own decisions and manage your own entry and exit into these trades. Nice and calmly and then go and do something else.

The other thing that causes traders to have problems is that they sit in front of a screen all day. You know sitting in front of a screen is a hell of a lot of fun, right, but its antisocial, it's really antisocial. I did it for a long time. The live data, on the phone, buy, sell, buy, sell. Get up in the morning and at four o'clock when my wife would come home from work I'd still be in my pyjamas.

And time gets away from you and you burn out in three months time and you're just not capable of making decisions. I mean 24 hours around the clock you're up and you're in the middle of the night. And who's got those little pagers? I know you have, Jeff, from 1929. Right. It's on old one, it's a digital one. Who sleeps with it beside their bed? Jeff. He's got a bit of a problem.

How many times do we wake up in the middle of the night and we turn the little light on in the pager so we can see where the Dow Jones is overnight, right, and that's a real problem, I've got to tell you. You're in real trouble when you do that. You've got to take these positions, particularly in these commodities markets you're going to make the most money the opportunity to make this money if you can stay in and find a reason to stay in the good trades. And a lot of the time, a lot of the mentoring I do with traders is helping them stay in trades because they're scared of taking, of giving back any profit that they've gained.

I'll give you an example. When you're an early trader, as a trader in the market place. There are two examples, these are two lessons. Let's say you buy in at the market here and the market goes up. We have a facility in these markets called a stop loss strategy which means that we have an order in the market place to stop any loss, okay, so we measure what we're prepared to lose but the market goes up and we're all happy, .

We get a bit of a swagger about us when we've got a winning trade going. And then the market falls and our stop loss is positioned here which means that is if the

market trades here I'm going to sell out and limit my loss to that price difference. Is everybody happy with that understanding?

Okay, but no, we're too smart for that. We don't want to take a loss, right, so the market will rally a little bit. The market rallies a little bit and we think, "Gee, I'm back on a winner", So we move our stop a lot further away because we really don't want to close our losing trade. So we'll move our stop loss and the market falls fast and through that stop less level.

This is when we start playing tricks with our head and we're very clever at doing this. We say, oh, look, I'm down here again, how can I explain to my partner that I've just dusted a couple of grand, you know. So you say, well, what I'll do is if the market goes back to where I should have got out in the first place, I'll get out. So if the market comes back to here, I'll get out and take the loss that I should have taken in the first place. There are some chuckles. I mean, these guys have done this.

So what does the market do, it falls even further? And you're forced to get out now because the pain is too much. You can't wear this any more. So you say, look, I'm going to get out, I'm going to cop the loss and then the market goes like that. It's almost like the market can read your mind. But that's how we try and con ourselves. I mean if the market goes back to where I should have got out in the first place, I'll get out. Let's have a look at what happens.

What makes the swings in the markets? So we need trends. We need to be buying in. Let's say we buy in every time it breaks a new high. What's the problem with that strategy? This is a very, very successful strategy by the way. Very, very successful. This is the basis of the Turtle Strategy. There it is, Richard Dennis' strategy right there before your eyes. What's the one problem that we as human beings have in trading that sort of strategy?

That's right. We're always second guessing. Is it going to keep going? But let me offer, let me ask you this. Here's one for you. Market goes up, comes down as it always does, then it goes up again. When it gets to there, who's a buyer? Every time, every time without a shadow of a doubt. Don't even think about it. Just get on the phone and buy it. Why won't you buy it here? I once knew a trader who wouldn't buy at that level because it was near the top of the screen and he couldn't see where it was going.

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And that's a true story. He said, "Well look, it's too high." We suffer altitude sickness, don't we? It just looks too high, doesn't it? What should a market do in a rising trend? Make new highs. Yeah, yeah, it's true. If the market's making new highs in a rising trend, is it doing the right thing or the wrong thing? It's got to be doing the right thing. And if it's doing the right thing you've got to buy it, don't you?

Don't think about it, just buy it. We get fancy. What happens is we get fancy is we say, oh look, I'd like to buy it down here. And I can teach you strategies to buy it there as well, all right, but you must always take that one and if you take this one and that one you're better off, aren't you? Okay, but you always take that one there. You always take that one there. In a rising market, the market must make new highs. If the market's not making new highs it's not in a rising market, is it? So you don't even ask, don't even ask a question. Who's now going to buy it at those levels?

Yeah, of course we are. Be a buyer when you should be a buyer and we a seller when you should be a seller. You be a buyer when the market is making higher highs and higher lows and be a seller when the market is making lower highs and lower lows. It's that simple. You be a buyer after harvest and you be a seller after planting in some of the grains. You be a seller in a market where you have a rate rising environment as we have in most economies in the world at the moment.

You'd be a buyer in a crude oil market where the Chinese are jumping off their bikes and into their cars and there is untold growth in demand and probably a hard time with the producers of crude oil being able to produce much more than what they're actually producing.

So we've got to be a buyer in those markets, you know, you be a buyer in crude oil because you're paying more every time you go to fill up your car you're paying more to fill up your car. That's because crude oil is so much more expensive every time they go to replenish their supplies.

More Proof That Cycle Analysis Systems Work Over and Over Again

Let's have a look at heating oil. Traded in the northern hemisphere. Heating oil is used to heat houses during winter. It has a recurring cycle which indicates a seasonal

low in the market place. The industry anticipates demand. We're a futures industry.

We anticipate the futures so we anticipate future demand. Refineries gear up to meet retail demand well before the retail demand hits the market. The retail demand hits the market when it's cold, doesn't it, in winter? But when are the producers, the refineries gearing up their stock levels, building their inventories? During summer. As they prepare for the retail demand. The heating oil cycle. February/March, maybe April, we have the lows. That's the end of winter. So, your supplies are at their lowest levels.

Between now and October/November we have a, what we call an inventory build in the market. We're looking now to only take long positions in the heating oil market. How much money have we made over the last five years trading heating oil? In the year 2000, I think that one is, US\$8,000 trading that leg from April through to October. Who's be happy with US\$8,000? We're only talking one trade. We follow all the markets. The next year, we were \$1,700. The year after that \$6,900.

The year after that, US\$2,000. Last year, US\$11,000 trading just alongside heating oil once a year. That's a total of US\$30,000 over that period of time. Who couldn't do with \$30,000. So what's happened this year? This year we've had two trades in heating oil. We bought March lows, we're anticipating, we're buying after March. We bought in at 1.34, we sold out on a trade exit at 1.54. We re-entered at 1.56 and on Friday night or Saturday morning the close was 1.66. So what does that mean? The first trade has netted us \$8,500 and the second trade is currently holding \$4,000 profit.

Who wants a bit of that action? Yeah. It's not rocket science, ladies and gentlemen, we simply know that there is an inventory build after winter in the northern hemisphere that generally signals the low in the market. Now I can't tell you how much you're going to make every year.

Look at the difference in the profits in those trades, \$1,000, a couple of grand to six grand. Right. But it's not easy – you have to have a system, you have to know how to hold on to those trends. You make the most money when the market moves the most, but also when you can hang on. Now, that's one trade.

My Simple Breakout Trading System That

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Could Have Turned \$2,250 into \$186,000 in 24 Months

Is everybody familiar with the Australian Share Price Index? Well, you are now because it represents the top 200 stocks in the Australian Share Price Index. The last time this is, this chart represents the Share Price Index, this is a day chart. It had a break out of 3,500 down there on the bottom left-hand corner. If you'd bought one contract for \$2,250 when it broke out of the 3,500 level you'd now be holding \$16,000 profit. Who wouldn't be happy with that? Yeah? Who's happy with that? Just put your hand up. You're happy with \$16,000.

Before it broke out of that 3,500 level it broke out at the 2,800 level. Now if you have a look at the swings of the market there, both sides I hope you can see it. You see how the market is making higher highs on the swings and higher lows on the swings.

There's no reason to sell this. From 2,800, the first trade was the 3,500 trade. The one before that was when it broke out of the 2,800 level. That's 1350 points at \$25 a point. That's \$33,000 on that trade.

Simply by hanging on long term and not fiddling with your trade. Who's happier with \$33,000 rather than \$16,000? Yes of course we are. How much money do you think real traders make out of this market? How much money potentially on a simple strategy could you turn the 16 into 33? How much could you turn the 33 into?

Let me show you a strategy. And it's funny, these signals come in round numbers, but anyway. Let's say our first trade ended this market at 2,800 on a break out of 2,800 on the Share Price Index. The market went up, came back a little bit, and we bought the next high at 3,000.

Well, the number where it says 'buy more', that's buying one more contract. How much more does that cost us? Let's have a look at this. Our initial entry costs us \$2,250 Australian dollars. That's the get in on the break out of 2,800 on that chart. The next entry \$3,000, it doesn't cost us because we're putting profits back, aren't we? We're compounding. We're buying another contract but we're using part of the profits that we've made on that trade to buy that contract.

Does that make you happy? Okay, same thing happens at 3100. Now, the 1,150 where it says buy more, the 1,150 is \$3,000 from \$4,150. Okay, so we're always measuring back from \$4,150 where the market was when this chart was printed. From \$3,000 it's \$1,150. The next entry was 3,100, there was a bit of a break out there.

We're carrying 1,050 points profit in that trade. The next entry was 3200, the next entry was 3300, the next entry was 3400, the last entry was 3500 and we haven't had a new entry in that market since because it just hasn't come back to give us an entry. It's just kept going.

First trade was buy and hold one contract from 35 out, that was worth 16. The second trade was buy and hold from 2,800, that's two years so that's April two years ago. That was \$33,000. What is this trade worth? This trade is worth \$186,000 over two years. What would you prefer? \$16,000, \$33,000 or \$186,000?

Now, let's talk about your outlay. This is called margin. When you have a futures account you put money in. Generally, you start with about \$10,000 in futures when you want to trade like markets.

Margin is what we call a performance bond. That's what you pay the Exchange for the right to hold a position. When you close out your position you get your margin back plus or minus your profit or loss. So it's sort of like you pay a fee to play or to hold that position. You don't lose that, you still own that, you still have rights over that, it's still yours and at the end of the trade you get your profit plus your margin back.

Does that make sense to you? If you trade wheat it's \$800 margin. So you pay a \$800 margin to hold a position in wheat. When you close out your trade you get your margin back. Plus or minus your profit. So yes, you put \$2,250 margin in, but it hasn't turned out too badly, has it? Eh? Not too bad at all. And over two years we've done something. We've rolled the contracts at the end of each quarter.

I've done all those sorts of things. Your execution costs are very, very low and you've stayed in a long trend. And this is the point of this market is you've stayed in a trend for two years. Remember what the big traders say, you make the big money out of the big trends. All right? If you're trading the small trends, what are you going to make? Small money. Well, who's in it for small money?

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Supply and demand research and technical analysis. We've just done a little bit of that in actual fact. We look at the research side to identify structure within these markets that allows us to form an opinion, an educated opinion about these markets. And if we form an opinion we will then turn on the technicals which we use to enter, manage the position and exit the trades. And we're looking for those markets that are going to produce major trends. This is a very, very conservative strategy, it is not a speculative scalping strategy.

We're not going to be buying and selling during the day and jumping up and down and doing cartwheels. This is not exciting stuff. This is simply finding those good old reliable trends that occur in the market and trading them, and trading them well. You only need a couple of good trends a year to make decent money. You don't need 100 trades.

My Cycle Analysis System Is Now Your New Best Friend

Let's have a look at corn. Corn sets its high around about May/June, it sets its lows around August/September/October, that generally equates with planting and harvesting. We're short in the market after planting, it's generally quite an aggressive pull back in corn into harvest and it's a long time between harvest and planting so it's a very, very short, short crop. We're long after harvest and we're short. Let's look at a 15 year seasonal chart.

That's a 15 year seasonal chart. It's one of the things I look at in the research that we do. This is 15 years of corn price action. And what does it show us? It shows us that it makes its highs around March/April and it makes its lows around about August/September/October. Over 15 years. There's a pattern. So how have we traded it?

We've traded that seasonal pattern. We bought in at 224, 260, 280 and at 300 (\$3).

We've reversed at 290. What I mean by reversed is we've sold out of those positions and we've reversed our position after the planting season. We've sold at 280, we've sold again at 230 and we bought it back around about October because that's about at low as it's going to get this year at \$2. We've made \$5,000 on the up-side and we've made \$10,000 on the down-side. By simply following the structure of the market. By simply trading the plant high and the harvest low. Now, I stress, this is

in annual production cycle markets.

When I talk of cycles, I mean, it's really hard to say to you that things happen at the same time every year in markets that aren't annually produced. If you're going to produce something, a replenished supply once a year then you can get some fairly reliable patterns. In other markets, perpetual production markets like currencies and interest rates and gold and silver and all those, it tends to do a little bit more work in different areas to get the benefit of it because that can change. They can produce those things any time. But in these markets – and this is where I like beginning traders to start – in these markets there is some credibility to the production cycle.

It's not a guarantee, but what's the alternative?

Take every technical signal? I would suggest not because in that particular market you'd be chopped around, particularly on the whip saws. So we try and eliminate a lot of the whip saw trades by identifying structure in the market that's pretty reliable.

Here's another analysis I do. This is sort of a little bit look of the window of the room I live in on a day to day basis. This is called a correlation analysis. And this is this June contract Share Price Index. The black lines are the price action.

The green line that you see there is the correlation of this year's price action to three previous years and those three previous years are listed at the top there, where the correlation to that action is very, very similar to '97, '94, and '86, the correlations are above 84 percent. In fact we have one year of '87 which is, at 84 percent correlation, so we overlay that. Now what this market is telling us is that if this market behaves like previous years, we're going to have a fairly significant pull back but then we're going to move on to newer highs.

This sort of analysis is to be used with other analysis, right, in drawing a whole picture so that you get a whole picture, but it is interesting how reliable some of this can be. It's simply saying that at this particular stage in the market it is possible that we will get a pull back. That we will now go to the price action in these markets to determine whether or not that pull back is going to occur. We don't take it as gospel but we certainly have it in mind.

A stop loss strategy like I was saying before is an order in the market place which protects your profits but it

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stops your loss. It's particularly important at the initial outset of a trade because you can't go into a trade with an unlimited loss potential because the market can read your mind and it will take it from you. No, I'm joking, it doesn't read your mind. But you've got to have an idea where your pain threshold is. If you're going to go into a market and you're going to trade it, at least have a structured limit. If you're going to place a stop loss in the market, some simple strategies are moving averages.

A basic one just to give people an idea is every time the market makes a new high, put your stop loss under the last low. When the market makes a new high move your stop loss there because the essence of this structure is as soon as the market makes a new low, lower than the previous one, then the trend has changed. So it protects you. What you're saying is I'm protecting profit, but I'm giving the market room to move.

I'm protecting my profit and if the market changes its mind, if it turns from a bull market to a bear market I want to be out, and I want to be short and I don't want to be long.

3 Simple and Easy To Follow Triggers To Enter A Trade

A trader looks for three signals to trigger a trade. The first is a rational signal, the second is a seasonal signal, if it exists, and then he looks for a technical signal. The rational signal is simply logic and I'll give you an example of logic. I'll reiterate these examples. First is, are we in an interest rate rising environment or an interest rate cutting environment?

Logically we're in an interest rate rising environment across the western world which means there's pressure on bonds. That's logical to me. Is that logical to you? If you know that, you have an opinion about which way bond markets are moving. Is our economy doing really well?

We have an indicator that we use, we call it the misery index, okay, and the misery index is structured this way. You add the prime interest rate, the Federal, the Reserve Bank interest rate, you add unemployment and you add the inflation rate together and you get a number and you graph that number over the last ten years and you can see where, when the misery index readings are high, what have you got? You've got high inflation, high unemployment and high interest rates. How miserable are you?

Pretty miserable aren't you? That's got to be what? That's got to be a bear market, doesn't it?

How do we make money in a bear market. We sell it. Yeah. Let's say your misery index reads low inflation, low interest rates and low unemployment. How miserable are we? Doesn't even register on the Richter Scale, does it? Doesn't even register.

You're as happy as you can ever be. What sort of environment do we have right now? The last two years which is why the Share Price Index has behaved that way. Low inflation, low interest rates, low unemployment. You know, it gives you a logical outlook. You can read the press if you like, and the press will say, oh, it's a new high, the S&P is trading at all time highs. That's fantastic. You know, if the S&P is trading at all time highs and the Share Price Index is trading at all time highs, you know which way the market is going.

But what's our normal response to that? 'Ooh, it's just before a crash. You know, I'm going to sell the new highs because it's going to crash.' Let me tell you a story about HIH. HIH fell from \$3.50 to 18 cents over a three year period. Every time it made a new low, people were buying it. Why? Because it's going back to \$3.50. Imagine the guy – and I hope he's not here – imagine the guy who bought \$10,000 worth of HIH at 18 cents, the trade of the century. \$10,000 at 18 cents, the last trade on HIH. That's what you call a 'good bye'. That's good bye house, good bye wife, good bye boat.

How To Put All The Pieces Of The Trading Puzzle Together

Who's aware of "The Pioneers" by Frederick McCubbin? Has anybody seen it as the gallery? This is an interesting analogy into the power triptych, because we use rational analysis which is logical. There must be a logical reason why prices move up and down. If there's a seasonal pattern it simply corroborates or endorses your opinion and helps you to decide what you should be doing. And if the technicals, which is the price action, confirms your other analysis then you have a trade.

And if you have a trade you've only got one choice, one decision to make. Do you take it or don't you? And don't fool yourself with it. I mean, you'll find all the reasons in the world not to take these trades. We can be very, very clever with ourselves when we don't want to do

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something, right? The facts are you can be taught how to do it, it is being done by other traders.

If somebody can do it, then you can all do it. Even Richard Dennis the great trader himself said, he was humbled by how easy it was to teach people how to do this. The question is, if you are just trading technically I can understand how you can be a little bit hoppy sometimes because of the whip saw trades and you get five losses in a row, it sometimes really, really hard to jump back on, on the sixth trade. So you need some other sort of analysis which helps you to support your decision in your trade. So you need rational, you need signals.

Now, McCubbin's painting. If you're familiar with it, it comes in three panels and there's a story to every panel. But does anybody know the story of the whole painting? The left panel of McCubbin's "Pioneers" are when they're free settlers, free settlers in early Australia were those people that were given land rights if they were prepared to go out into the bush and establish themselves and settle in the bush. And the left panel shows a woman sitting rather dejected, I don't know that she was too happy about being there.

No running water, no electricity, right. And her husband is in the background cutting down a tree.

Now she is sitting on a log in that left panel. That log reappears in the middle panel and he is sitting on the log, she is standing there holding a baby. So things are going along pretty well. If you have a look in the background of the middle panel, there's a house being built. He's cleared some land behind there and there's been a house built. So he's cleared some land, built a house, made a home. They had a family.

The same log appears in the panel on the right-hand side and there's a cross. A grave there. Now McCubbin never told us whether that was the baby, his wife, the family, or whether that was a stranger that simply came across the grave. He never ever said what that last panel represented. But what he did say was that in the background through the clearing on that right hand panel, that's the township of Melbourne being built and grown out of free settling.

And that's the story of McCubbin's "The Pioneers". Each panel is a story but the whole picture is a bigger story. And that's what you've got to do when you're trading. When you're trading you have to have a logical

reason for the trade to occur.

If the trade has some seasonal justification to it that adds more to your picture and if the price action confirms what you have been able to find out about these commodities then you have a trade. If you have a trade and it turns into a trend then you know how to trade it and you only need to find a couple of decent trends a year. Everybody happy with that? Is it logical? Haven't lost anybody? It is important, it's critical to trade in these markets, to have a trend following plan.

Particularly when you start out in these markets because as I said before I don't want you too active in these markets, I just want you to know that these opportunities exist in the market, that these trends exist in the market and when you find one there is an opportunity for you to trade it. How much money can we make out of this market, I have no idea.

I can't say to you that we're going to make X amount of dollars out of a trade. As you can see from the heating oil example. We made \$1,000 one year and we made \$8,000 another year. I don't know. But, you know, if you're not trading it, guess what, you're not going to make anything. So what do you need in a plan, in a trading plan? You need to know how and when to enter. Well, that's the triptych.

That's having a seasonal and having a logical reason for these markets to move and have the price action confirm it. How many contracts are we going to trade? Well, at the start we'll trade one contract and we'll pyramid one contract in by re-investing and compounding the profits on these trades. How much risk?

We have an idea of how much we're prepared to risk at the initial stage of these markets. And we've got to have two exits. We've got to have an exit in case things go wrong and we've got to have an exit to take money out of the market when it's the right time to do so. Okay, let's have a look at wheat. Wheat makes its highs around about planting time, December/January, and it makes its lows around about the middle of the year at harvest time.

After planting we look to take short positions or sell into this market and after harvest we look to take long positions or buy into this market. There's wheat over the last five years. Funny thing about this chart, the highs are always higher than the lows in that chart,. The highs occur, guess when? Round about December/January, round

Millionaire Phenomena - Stock Market: STEPHEN JENNINGS (cont.)

about planting time, and the lows occur, guess when? Around about harvest time.

Single contract trades produced \$1,200, \$1,700, \$6,000, \$6,000 and nothing this year. Why haven't we taken any trades this year? Because we haven't got any price signals yet this year.

We have over-supply in wheat at the moment and our logical reasoning in that justifies our opinion there. For instance, we have what we call the stocks in use ratio in grains, in commodities, and that simply says how much we carry over from last year that was unsold or unused from last year.

How much are we carrying over into this year to add to the new crop? We've got a lot of wheat left over from last year around the world. So what's that going to do to prices? Keep prices suppressed, right?

So, knowing that, we're not really looking very aggressively at wheat for a position. We probably wouldn't take at this stage any buy signals in wheat because they'd be very strong unless our logic behind the trade had changed and they haven't been able to unload the 40 percent carry over stocks from last year yet.

So we've got 40 percent carry over from last year, add that to this year's harvest, what are we going to have? Too much supply, absolutely correct. So that's an example of what I mean by logical trading. The Australian economy over the last couple of years has been very, very strong, it's been driven by what they call a resource boom. What's the one stock in our market that would benefit from a resource boom? Try BHP. What's the one stock in our market that would benefit from rising oil prices? BHP.

BHP is the largest producer of oil in the world. BHP is going to benefit from resources and it's going to benefit from oil. So what are we looking to do with BHP? We're looking to buy it. Does that make everybody happy? Who's got BHP in their portfolio? Okay, good. Jeff has, 1929 crash man. Right. Yeah. So there was a signal in BHP when it broke out of \$9. Now it's that stage, let's use the example you're going to buy 1,000 BHP at \$9. You spend \$9,000 to carry that position.

You're in, you're right, it's logical, you know. Is it seasonal? Well, maybe not but let me give you this example. Whenever there's a resource boom, does BHP benefit? I can't tell you that the seasonal is every seven years you

have a seasonal resource boom, but what I can say is that if there's a resource boom, then the chances are that BHP is going to benefit from it. So we buy it at \$9.00 and trade it to \$19. You're \$10,000 up on a \$9,000 outlay.

You're not out of it yet because it still hasn't given you a signal to get out. Let me show you another way of trading it. You can trade it with what we call an individual share future.

The top 50 stocks on the Australian Stock Exchange have associated with them what they call an individual share future. It is a future on the BHP stock. It costs you \$550 in margin to trade BHP on the Sydney futures exchange. That's a significantly less amount than \$9,000, isn't it?

You still control 1,000 shares. But for \$550 you can control 1,000 shares and trade exactly the same price action. That's leverage \$550 to control \$9,000. For every cent, we call it a tick or a point, for every cent that the share moves or the share future moves you make \$10. Think about it. You've got 1,000, \$10 a point, so you make \$10 a cent in price movement.

We've held that share future for say a year. So every quarter we roll it into the next contract. We sell the future at \$19. We've paid \$150 in commissions compared to about \$420 if you paid it through your stock broker. You profit at \$10,000 and you've tied up \$550 for two years which you get back at the end of the trade. Who's not happy? That's what we call leverage. For \$550 you can control 1,000 shares of BHP and benefit exactly the same as if you'd bought the stock.

Why wouldn't you trade that way? Sorry? If the stock goes down you lose money. No, okay, that's a good question. The lady asked... sorry, I didn't get your name. Gwen. If it goes down, do you lose money? Yes, you lose money at the rate of what? \$10 a point. Right. This is where we put the first risk level in. How much are you prepared to risk when you enter into that trade.

Let's say you're prepared to risk \$500. You're giving the market 50 cent range. Well, you'd get \$50 back out of your margin. You've lost \$500. What's the difference between that and you buy it at \$9, \$9,000 at \$9, you're prepared to sell out if you lose \$500 so you get \$8,500 back. It's the same, isn't it?. Except in this instance your leverage, you're controlling the position, by employing less capital which frees up other capital to take other

Millionaire Phenomena - Stock Market: STEPHEN JENNINGS (cont.)

opportunities. Particularly for people that have limited availability of stock. This is not a bad way to trade.

Does everybody get that? Good.

Folks, I hope today I have opened up your mind to the possibilities. Every day there are opportunities in the market, and we're currently in a super-boom the likes of which none of us have ever experienced before.

Can the market go down?

Sure it can, but when you have a trading plan that can profit from both directions - do you really care? I think not.

What you have to understand is all the components that influence a highly-profitable trade. Once you get it, you'll look at the markets in a completely new light. You'll see more opportunities than you've ever seen before and most importantly, have the confidence to trade the big trends.

That's where the big money is made... Big trends.

My final closing thoughts are, we're in a massive commodity boom... Are you taking advantage of it? I hope you are, because if you're not, you'll look back in 3 - 5 years time and kick yourself for not getting off of your bum and doing something about it.

My name is Stephen Jennings and it's a pleasure to bring this break-through information to you here today.

Thank you.

Amazing Secret Weapon Hoarded By Business Leaders, Celebrities, and Politicians Skyrockets Your Income, Transforms Your Credibility, And Commands Instant Respect From The People You Meet!

Part of the Millionaire Phenomena Series

Do you know, every eight minutes another person becomes a millionaire, every eight minutes, yet the average person, the average person sits on the sidelines and watches as all these opportunities just sort of float around them. Can we all agree that there's the same opportunities around you right now. Can we all agree to that?

So the average person sits around and watches opportunities and they say things like well, that's a great idea but I wish my husband or my wife was here to do that, because that would be great for them to do. Or they say things like well that would be great if I just had a little bit more time, but I don't have that much time because on the weekends I like to relax and sit around and watch the ballgame or whatever.

The average person has a net worth of less than \$30,000. Less than \$30,000. Put your finger out like this for one second. Touch your chest and say that's not me. It's time to stop doing what average people do. I want you to take out a piece of paper and I want you to write three words down real quick. The first word is wait, W-A-I-T. The second word is watch, W-A-T-C-H. And the third word is wish, W-I-S-H. Average people wait for the perfect opportunity and they watch as other people prosper, and they wish that they were lucky. But successful people, millionaires and multi-millionaires, never wait for the perfect opportunity, because they know that there's the seeds of greatness in every single opportunity if they just take action on it.

And they never watch other people prosper, because

Meet Christopher Guerriero

Christopher Guerriero, he's now an international best selling author, who's about to spill the beans and let you in on all the insider secrets that helped him sell more than 319,000 copies of his first book in less than a year.



Chris started with no book writing or marketing experience, yet built a system that helped him sell more books in 60 days than most authors sell in a lifetime – and since then he and his clients have used that exact system to build an army of book empires.

In the process, Chris has also become a recognised Internet expert. His catch-cry is that a book in the bookstore will give you credibility and a simple little e-book can make you rich.

they're too darn busy enjoying life, because they took a little bit of action on something that was going to make a difference in their lives, and now they're enjoying all the fruits of that labour. And they certainly never wished that they were lucky, because luck has nothing to do with it.

Stop Focussing On The Money. Here's What You Need To Focus On...

So you have to ask yourself a question. If I show you

Millionaire Phenomena - Internet: CHRISTOPHER GUERRIERO (cont.)

a system, the exact same system that my clients and I use on a regular basis to make millions of dollars, if I show you a system that's been proven time and time again to improve your income no matter what you do for a living, are you going to take action or are you going to sit on the sidelines and just watch?

Here's a fact; true wealth, true abundance in life comes only after you stop focusing on the money and you start focusing on doing something that's going to improve you personally. When you stop focusing on the money and you start focusing on doing something that's going to build credibility for you. Not one of these get rich quick kind of schemes that you have to hide in your closet and do, because you're afraid that your neighbours are going to find out that you're doing it. But something that actually gives you credibility, something that makes you proud, something that you're proud to tell your family about and your friends about. That's when the money really flows in. When you start doing something that builds credibility for you, you will be amazed at how fast money starts to flow into your life. And you're going to wonder where the heck has all this money been through all those lean years.

Now, let me give you an example. No matter what you do for a living, I don't care if you are an electrician or a politician, or a mathematician or a magician, it doesn't make a difference what you do for a living as far as this example goes. No matter what you do for a living, you could immediately begin making substantially more money if you had a book with your name on it. And it's a simple, simple process. A simple process that I will show you how to do in 30 or 60 days, depending on how much time you want to put into it. It's not something you have to stop your job for, something you can only do a couple of hours a day at the most and really come out with something that you are proud of.

And when you do that, when you stop focusing on the money and you start focusing on something that's going to build credibility for you, when you build a book or an audio or something like that, then the credibility that that gives you, opens up doors that you may have never dreamed could have been opened for you.

In my wildest dreams I would have never imagined that I would live in the home that I live in right now. I would have never imagined that I could own the things that I own right now and I do the things with my family

that I do right now. I would have never ever imagined in my wildest dreams that I would have my own television show, but everything that's happened to me over the last several years has come from the foundation of the credibility that my books or my audios have given to me.

Imagine This For A Moment...

I'm going to tell you a little story before we rocking and rolling here. I want you to picture yourself in this situation. Let's say for example you take, I don't know, 30 or whatever days and you do what I'm going to show you to do and you come out with a product, a product that you create. Not something that you have ghost written or anything crazy like that. A product that you create, and you market it the way I'm going to show you how to market it, which is simple to do, I'll show you exactly how to do it. Let's say you do that and you're sitting in your home office and you get this phone call. And this guy says to you something like well you know Gary, I got your book, I listened to your audio. I'd like to fly you down and I'd like to talk to you about maybe having your own television show. Would you like that? How many people would like that?

So I'm sitting in my office one day and I get this phone call from this guy who is now a very good friend of mine. And he says man, I would love to get you down here and talk to you, because we're building this new network, this new success network with all these success speakers. People like Brian Tracy – does anybody know Brian Tracy – or Zig Zigler, who knows Zig Zigler? Like Bob Proctor, does everybody know Bob Proctor? And Mark Victor Hansen, the guy who wrote all the Chicken Soup for the Soul books?

All these guys have shows, success shows on this network, and he's calling me up now saying I'd really love it if you would fly down and maybe talk to me about – if you would like to have a health show on this. So I'm going to show you a real quick clip from that show, and while you're watching this, I want you to put yourself in this position. You get this call and now you're sitting in this guy's office, and he asks you what would your show be about? And you've got to think, because you've got to come up with a really good idea of what the show is going to be about.

So we're going to cover a whole bunch of stuff today, and what we're really going to focus on is doing things

Millionaire Phenomena - Internet: CHRISTOPHER GUERRIERO (cont.)

that are going to give you credibility. Because when you build credibility for yourself so many great things happen for you, things that you would honestly think right now, wow, that would just be crazy. There's no way that I could do something like that. I'm not quote unquote worthy of something like that. So we're going to cover a lot of things and I want you to just write this down real quick. I'm from New Jersey. For those of you who don't know anybody from New Jersey, I will tell you that we speak fast. There is no need for coffee or caffeine in our lives. We just sort of go like this all day long, and if I had a cup of coffee I may explode. So if I go too fast, you're more than welcome to yell out and just slow me down. However, we've got a lot of stuff to cover.

So when I first start working with people, one of the first things that I hear is that I just don't have the time. That sounds like a really great idea. I'd love to have a book or I'd love to have an audio programme, or I'd love to have something. Everything that you're saying sounds really cool, but it's really not for me because I don't have the time. I don't know if I could fit that into my schedule. Or they say things like I've got no experience. There's no way I could write a book. I have no experience.

Let me ask you a question. How many people in here have ever been through any kind of a tragedy in their life, or maybe a tough situation in business like a bad business partner or been through a bankruptcy or a divorce. How many people have been through anything like that in their lives? Now, did you learn a lesson when you went through that? You learned a lesson? Okay, just about everybody learned a lesson when they went through that.

What if I came to you before you went into that situation, and I said you know what, if you give me \$29 I will teach you the lesson before you go into that situation. So you before you go through bankruptcy or before you go through a divorce, whatever, for \$29 I'll show you how to get through it faster and easier. Would you pay \$29 for that? Raise your hand if you would. So almost everybody in here would do it.

So if you went through those situations and you already learned a lesson, what makes you think that you don't have experience to write a book because all you have to do is sort of regurgitate that information on audio, have it transcribed, put into a book format and you're done. Now you have something that people around the

world will pay you at least \$29 to learn the lesson, so that they don't have to go through it and go through all the same hardship that you've been through.

But the only thing that I hear a lot is that there's no way that I could write a book. How many people in here, just real quick, I've never done this before – how many people in here believe that writing a book would just be too much of something to think that they could do in their life; any in here? It's too big of a thing. It's not. I've thought that. So many people come to me and think that, and I'll prove to you over the next – I don't know, five minutes – that you'll be able to do it really super-simple.

8 Steps To Creating A Book In Just 30 Days...

The way I created these slides, is I took case studies from clients of mine so that you could actually see how a client walked through the process, and I thought it would be easier for you to understand that way. So here's to write a best selling book in 30 days or less. The client's name is Tony Betman. So he came to us and he said you know what, I've got no experience, I've got no clue where to begin, I have no contacts, and you're telling me if I want to make money I've got to stop focusing on money and I'm best to start focusing on something that's going to give me credibility. I've got to do something like write a book or an audio or something.

He said I just don't think I could do it. So I said okay. I just want you to commit to doing eight things for me over the next 30 days, just eight little things. First, I want you to choose your subject. So if you were to write a book, what subject would you write about. What are you passionate about? What do you really love to do? And I want you to honestly spend a whole day thinking about this. If you already have a book done or if you already have a book idea in your head and you think it's complete up here still, spend a whole day going through it. Make sure your subject is fine tuned and focused for a good audience. It's that important, that you have to spend a whole day on it.

But the second thing is after you're done you've got your subject, then you write out the main topics that you want to cover. You make them in little bullet point format, sort of like the table of contents for a book maybe.

Millionaire Phenomena - Internet: CHRISTOPHER GUERRIERO (cont.)

And try to come up with 8-10 topics that you would want to cover, and that whole process is going to be a very quick process for you. A half a day maximum it's going to take. The hardest part is figuring out what your subject is going to be. Once you do that the rest is really simple.

The third thing is you have to gather information for each one of those topics, so here's exactly how I do it. I'll get my subject and then I'll take one plain white piece of paper and I will write one of the topics that I want to cover. You've got to figure I'm going to do 8-10 different topics in this book, like 8-10 chapters, so I'll put one chapter title and one subject on an 8.5 x 11 piece of paper and I'll tape it to my wall. And then I'll tape another piece of paper to my wall right next to it, and that will be the second topic that I want to cover. And then I'll tape another 8.5 x 11 piece of paper to the wall and I'll put my third topic, and I'll do that for every one of my topics, so that I have each one of the topics on a separate piece of paper. And that whole thing takes me about 2-3 days maximum to gather the content.

For example, I may come across a topic that I know would really fit well in my book but I'm not an expert in it and let me see if I could pull something out. For my first book, maximise your metabolism, that book was all about health, and one of the subjects in there was on supplements. And I don't consider myself, at least at that point, I didn't consider myself an expert on supplements, vitamin supplements, vitamin supplements.

So when I got to that chapter, and this is exactly what you could do – if you have a chapter in your book that you don't think you know a lot about, you simply Google it online or you do whatever kind of search you do online. And you read a whole bunch of the best articles out there and then you turn your computer off and all that information's that locked in your head now about that subject is now yours. As long as you're not plagiarising it, you'll now know it. You just like went to mini college to learn about that lesson.

And then you record everything about each one of those topics. I have a little handheld recorder. It cost me about \$40, and I stand in front of my first piece of paper with my first topic written on it and I will stand there and I'll make believe that I am teaching somebody in front of me. I'll teach one of my clients – one of my pretend clients – I'll make believe they're standing in front of me and I'll teach them everything I know about that one

topic and then I'll move over to the second page and I'll teach them everything I know about that second topic. And I'll record everything that I know about the third topic, and I'll just keep doing that after page after page after page.

So I'm making a little audio of everything I know about each one of those topics, and that whole thing, if you really go slow is going to take you a whole day to do. Maybe you'll come out with a two hour audio of that whole process, and then you transcribe it. So my little recorder has a little cord that hooks up to my computer, and I could download that audio back to my computer and I e-mail it to somebody who transcribes it for me. And that transcription process takes about 48 hours for a two hour audio. It costs me about \$120 or so, \$60 per hour to transcribe it.

Now, if I personally tried to do that transcription myself, it would probably take me weeks to do, because I've no desire to transcribe word for word anything that I say. But you send it to somebody who's an expert at that. It doesn't cost much money. They'll transcribe all your thoughts on that book, and they'll send it to you in a word document, just a regular word document. And after you get that, you simply clean it up a bit.

You're going to pull that out, and then you're also going to find that there's a couple of areas that you might want to add a little bit more to, so you add a little bit more to so you add just a little bit more content to those areas. And it may take you two days to do that, and then you send it to somebody who is going to make you sound like you know what the heck you're talking about. You have this great knowledge in your head that you just took out of your head and you put into an audio, and it's great quality stuff, stuff that could change people's lives.

Next, you send it to somebody who is going to make you sound professional. An editor to edit your book is probably going to take about seven days, and it may cost you about \$250, and then you're done. You have this thing that sounds like a book, makes you sound really professional with all of your personal content in it. All that's left now is that it has to look like a book, so you send it to a typesetter, who's going to put the margins in the right spot for you. They're going to put the headlines on each one of the pages, the chapter titles, the page numbers on each one of the pages. All those cool things that make things look like a book.

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All you did so far is you recorded everything that you know about your subject, and then you let everybody else do the rest. The typesetting usually takes about five days, and that's being really generous. Typesetters usually go very quickly. It may cost you \$300 at the most, so the whole process now has cost you well under \$1,000 and you have a book done. Do you think you could do it if you follow this basic process?

Back to Tony's story. I had no experience, I had no context, no clue where to begin. He whined and he complained and I would hate – I wish I had the phone conversation of him telling me how he can't do it. And then after a little more than 30 days he not only has a book but he was able to turn it into an amazon.com best seller. He had a book in 34 days, and he says after failing high school English and never taking a single writing course in his life, even while I was working 50 hours each week at my normal job, he wrote his first book. Making money from it even before it was done, and by using just one technique, he made it a bestseller in 34 days.

Do you think that changed Tony's income, being a bestseller? Here's a question. How many people in here live in a house? Okay. How many people in here have grass outside their house? Now let's say you're trying to get somebody to come and cut your grass, so you interview a couple of landscapers, and two people come to you. One person comes to you and they say I'll cut your grass. It's going to cost you \$50 a week. And the other person says I'll cut your grass, it's going to cost you \$50 a week, but before you hire anybody here's my book. I would like you to read this. This book will show you exactly how to make sure that you have the greenest lawn, so green that all your neighbours environmentally you. \$50, the same exact thing, their lawnmowers look the same, they're going to come the same amount of times. Who are you going to hire, person A or person B? It's a no brainer, right.

Let's say you go get your haircut and this is a new person, you've never gotten your haircut there before, but you're real picky about how your hair looks, you go to this one person and they say I'll cut your hair, it's going to cost \$25. This other person says I'm going to cut your hair, it's going to cost you \$25, but I'm also going to give you a copy of my books which shows you how to have the healthiest hair ever, shiny and healthy and manageable, because I'm an amazon.com bestseller or on I'm a New York Times bestseller. Here's my book. Who are you go-

ing to go with? It just makes sense.

The person who has more credibility is going to seem like the better choice no matter what. Now, picture those two hair dresser shops. One is on one side of the block, the other is on the other side of the block. Hairdresser A, who does not have a book struggles to make money. Struggles so much that they keep dropping their rates, thinking that it's price that people are making their decision on.

I don't want just anybody cutting my hair. If it's going to cost me a couple of bucks more, I'm going to go someplace else. If I think somebody else is going to do a better job, I'm going to go some place else. Person B has the same type of hairdresser shop, but she's an author, just a regular author. She's got a line of people outside of her shop all the time and she can raise her rates every single year, and she can get that money every single year. And in whatever business you're in, you can never have to worry about price war with your competition ever again, because you'll have the credibility, because you'll be seen as the expert in your field.

Now That You've Written Your Book, How Do You Sell It And Make Money

Okay, so I guess I could write a book. It doesn't seem all that hard. I guess I could do it if I just do that eight things, but who the heck would buy it. I mean, it's me. I'm a nobody. I'm not Stephen King. I'm not one of these guys, John Grisham who has a great name. Who the heck is going to buy my book?

When I first wrote my first book I had no e-mail list, I had nobody to really sell it too. I just had a strong desire to write a book and to get that credibility, hoping that it was going to build my business. Within a short time, within 60 days, the first 60 days, we sold over 60,000 copies. Within 60 days of the book coming out. And can I maybe make some money while I write it. Now one of the things that we teach our clients, is that it's very helpful if instead of having to take your credit card out and pay for your editor or pay for the typesetter or pay for any of that stuff, you learn how to make money before you even write your book. So that whatever money you make can fund any expenses that you may have, plus add some money to your bank account. It always makes me feel all warm and cuddly inside when I make money.

Millionaire Phenomena - Internet: CHRISTOPHER GUERRIERO (cont.)

How To Develop A Hungry Audience For Your Book

So here's case study number two, Len Bradley, how to develop a hungry audience for your product. An audience that is going to be waiting for your book to come out, and ready to buy your book as soon as it does come out. Now when we do this, we create – now, what we did for Len, is we took – here's two ways you could do it, before I tell you what we did Len. First we need an audio, because we want to generate traffic for your website. So how are we going to get that audio? Does anybody want to take a guess how we're going to get an audio for you? You could record something in the computer. How about – we already just went through how you're going to write your book. You already just recorded something. How about we promise people that if you go to this website, we're going to give you the unedited version, the thoughts that were going through the author's mind. The behind the scenes thoughts that went into creating this book and we give it to you for free if you just go to this website and you take a survey. There's your audio. It's already done. You don't have to do anything else.

Len wanted something a little bit more powerful, so what we did was we called Len up and we recorded an interview for him. And we talked to him for 60 minutes on the phone and we recorded that whole thing, and we used that little audio. It cost neither one of us anything to produce, and we created an audio. And now we're creating a website for him. And the first page of that website is we're sending people there. We're saying listen, I'm creating a book and I would love for you to go to this website and I'd love for you to just spend 30 seconds and fill out this one quick survey. And if you do that, what you're going to do is you're going to help me to gather contents for my book, so that the book that I come out with is exactly what you want.

Here's what I go so far. This is the general idea, and if you go to this website and you fill this one little quick survey out, we'll give you a \$49 value, which is this interview that I just did and it tells you three ways to whatever you do in your industry. And Len is an expert at helping people to look and feel years younger, so that's what this whole thing is.

So the first page of his website is just a survey page. People go there just to help Len out. Now Len didn't

have an e-mail list. He had about 100 people that were family, friends and co-workers on his list. And he sent them that e-mail asking them to go to his website. And the second thing is, as soon as they filled out that survey, we gave them a page that said hey wait a second, before you go any further, I'd like to give you a one time opportunity. I'd like to give you the chance to get 50 per cent off of a product, and I know that you like to look years younger because that's why you're here. You're here to answer this question. You're here to get a copy of this audio that's all about how to look years younger. So I'd like to give you 50 per cent off of a product that helps you to live life in the body of your dreams.

Now Len didn't have a product so we searched out affiliates and we found one of my personal affiliates who had a product that was willing to give it to Len. And now Len's making a little bit of money each time people go through this. Now people don't have to buy this. They went to the survey page, then they go to this page and they can say no I don't want that.

And then they go to a page which is all about how to build Len's list. He only has 100 people. We want to make sure that there's a hungry group of people waiting for his book to come out, once he's done writing it. So what we do is, we say hey, before you listen to this audio – I mean, it's really jam packed with information, and it's a \$49 value. And it's never going to be offered for free again, and Len will never offer this audio for free again. The only way people will ever be able to get this audio is if they buy his book, or if they pay \$49 for the audio. But please take a moment and tell a few friends about it so that they could get it for free now, before we take this offer down.

And what we found is that on Len's site he got a 23 per cent conversion on this page. That means that for every single person who came here, at least one new name was added to his list. So if 100 people came then at the end of the day, Len had 200 people on his list. Because some people filled out one name to send a friend that e-mail, some people sent out two names, some people gave him three names, some people gave him no names. Some people cheated and came back and gave him an extra name.

But on average, after those e-mails were sent out and we didn't grab any of those e-mail addresses, they were sent an e-mail inviting them to come and get a free audio

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so they had to actually come back and get the free audio before they were put on Len's list. So that's a double opt in. And they had to go through that whole process, so that they had to go through the one time offer and then they had to go to the page that asked for friends names to get that free audio. In the end, every time he ran this he doubled his list size. And in the final page is where Len's friends and family get a copy of that free audio that he promised them.

This is how Len made money, before he even wrote his book. And there's three parts to this page that's real important for you to understand. First, there's the actual audio. On his audio he mentions a coaching programme. Now Len didn't have a coaching programme at the time. He said you know what, I really want to make some money with this and I need to start generating some money, because I've invested so much money in all these other programmes. I need to start seeing some good return. How can I make some money on this?

So I said at the end of your audio, put a little commercial about a coaching programme. He says, but I don't have a coaching programme. I said well let me ask you a question. If you were to get a call from somebody and they asked if I gave you a \$1,000, would you coach me, would you mentor me, would you say yes? And he said of course I'd say yes. Well how many times, how many phone calls would you give them for \$1,000? And he said well, I'd probably give them about 10. I said okay, so now you have a coaching programme. For \$1,000 they get 10 personal one on one calls with you and that's the end of it. Just try it out. Just throw it out there and see what happens. You have nothing to lose.

So we put a little commercial on his audio, and then we put a little link on the bottom of the page. And that link is because a lot of people are going to listen to his audio right on the web page, and while they're there they may click that link and shop a little bit. People love to shop. So that link goes to a page which describes this coaching programme, which he doesn't really have yet but that he's going to sell. And then there's a third part. I said Len, can you please write some cheat sheets, or write a little workbook, so that people could get more out of your audio. And he spent about 30 minutes and he wrote a little workbook for this audio, this free audio.

Does anybody know what Wal-Mart is? Do you guys have Wal-Mart in Australia? Okay, so Wal-Mart's like K-

Mart. Wal-Mart's a huge chain of stores, discount stores in America, 40 per cent of Wal-Mart's profit happens in the last 20 feet before the people check out. And you're going to find the exact same thing in your business. A lot of your profit is going to come right before the people are done. So they listen to your audio, they clicked on your link, they didn't go to the commercial in the audio. They figured nah, I don't want to do that. They clicked the link and they read your sales page and they say I don't know if I want to do that.

Now they've got your workbook. They're at the last 20 feet before check out, and the commercial that we put in the workbook is where the majority of his conversion happened.

So Len had one website with four basic pages. He had a 60 minute interview to create an audio. That was it. He paid nothing for the audio. It was a free recording that we did. He sold 12 coaching packages in two weeks for \$997. He made almost \$12,000 profit, and he didn't write his book yet and he didn't have a coaching programme to start. Does anybody think that's pretty cool? Would anybody like to have a coaching programme like that?

Okay. But wait a second, because now Len does go and write his book, because he says wow Chris, this is really cool stuff. Do you think I could make more money if I actually had my book done? So I said well yeah, get your book done. It's only going to take you a little while longer. You've got the transcripts. You've got everything else. So this is what happened.

"Three months ago I didn't know anything about writing a book or marketing, or really what I had to do to change my luck in business. But as I write this, my new book is selling about five copies every day. That's like \$4,300 every month and I never have to work on it ever again. I also got my first paid speaking gig here at a local corporation, and they already said they'd go ahead and buy 500 copies of my book before I even show up. I mean this stuff is just plain fantastic, and really I feel privileged just to be a part of those that Christopher is personally coaching".

Okay, so Len, what did we learn from Len. Within 30 days of doing that little coaching sale that he did, he now has a book with his name on it, something that he created. And he's got it posted online and it's averaging five copies every day and he's doing nothing else to market it. It's all set up on auto-pilot for him.

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And now his new credibility. What did I say before? The money flows when you stop focusing on the money, and you start focusing on doing things that are going to build you personally and that are going to build credibility for you. He got paid for his first speaking gig \$5,000. He went in for an entire day to a corporation. Personally I thought that was a lot for the corporation to pay him, but I was very proud of him for negotiating it. And through a couple of techniques that we talked about, he simply asked them to buy a certain number of books before he showed up and they sent him a cheque before he even showed up for a box load of books. So now he's selling books to corporations by the box load.

Okay. So I guess I could write and sell a book, but I wouldn't do it unless I knew for a fact that I could sell a lot of books. You guys are so greedy. I can't believe you would even say that to me. 90 per cent of most books will never sell more than 50,000 copies ever in their entire lifetime, and that's e-book sales and bookstore sales combined. So we want to learn how to sell an outrageous number of books, right. Say yes. We want to sell an outrageous number of books. Right.

How I Sold 60,000 Copies in 60 Days

My first book was called maximise your metabolism. I told you within 60 days we sold over 60,000 copies. Within the first year we sold over 319,000 copies, and it gave birth to a really cool business, and it also gave birth to a second book called the two day workout, which took about 17 days to write. And the two day workout is not a hard book. It's just a digital book, but it sells online every day for \$29 and we've sold over 117,000 copies of that, just within the first year. You do the maths on that.

But this is what we did. Boom! We did a lot of different cool marketing ideas. Press releases, we did press releases. Here's an idea. So I get an e-mail from somebody and I'm on their list. I don't even know who this person was. I got an e-mail a while back and it was about Atkin's going bankrupt. Does everybody know who Atkin's is, the diet company? Okay.

The Press Release That Created A Traffic Stampede

So I get this e-mail about them going bankrupt and

I say wow, I'm in the health industry. There's got to be some way I could write a press release about this. So I sit down and I write about and it took me about 20 minutes and I belt out this press release, and I upload it to a company called prweb.com. Prweb.com, for those of you that don't know it's a place that will submit your press release all around the world to all these different newspapers and everything else, and I press submit. And the next morning I got into my office and I pull up my PR Web account because they'll tell you how many people actually pick up your press release. The next morning over 200,000 people picked up that press release. That means it's being used all around the Internet on websites for content, on blogs for content, in newspapers, in newsletters. How cool is that? That's just press releases.

Now, if you could that and have that kind of an impact, how many people would do that at least once a year? How many people would write a press release if they could get that amount of impact at least once a month? How many people in here would do it more than once a month? Now you're starting to think like me, and I'm a greedy son of a gun.

Sell Them Direct To Major Corporations

Now we're not going to go through all these. Corporate sales. I have a good friend. His name is Gary Blair. Gary, I was on the phone with him the other day and we did this interview and I said Gary, how many books do you sell on average to corporations? He says well so far I've sold five million copies of books to corporations. Five million copies. And there's a little secret. And the secret is, is that corporations, most large corporations will buy box loads of books from you if you keep the price down under \$10 each. So \$9.97, make it easily affordable to them and they'll buy box loads of books from you, if that book will provide content for them to either give away to their staff or to their managers, or to their customers. Five million copies.

Non-Competitive Joint-Ventures Created A Truck Load of Sales

And joint ventures, here's an example of one of my joint ventures. Again, the majority of my books are in the health industry. So I went out and I did some really hard work to find some equipment manufacturers, some

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weight lifting equipment manufacturers who sell equipment online. And I did some research on some supplement companies, vitamin supplement companies who sell supplements online. And we created a joint venture with them, and now every single time anybody goes to their website and buys a piece of equipment or buys a supplement, they go to the checkout and in their shopping cart is maximise your metabolism checked off. They have to uncheck my book before they finish if they don't wasn't a copy of my book. How cool is that?

Does anybody think that increases my income just a smidgen, just a smidgen? Here's the books that I created using this process already, and this is about nine books but it doesn't include maximise your metabolism, which was our flagship book and it doesn't include the two day workout.

How To Become A Million-Dollar Author and Live The Life Of Your Dreams...

The goal is to stop doing things that average people do to get average results, and to start doing things that people who get extraordinary results do. It's to stop waiting and to stop watching and to stop wishing for things to get better, and to start doing one little thing that's going to add credibility to you personally. One little thing that's going to make you proud from this point forward. One little thing that is going to make your family proud of you, from this point forward. One little thing that's going to create a product that's going to live on after you're gone, so that future generations will know who the heck you were.

And what's really cool is that if you do this properly, you'll make some money. And what I always tell my clients is I want you to set up three bank accounts. The first bank account, it's where all the money goes. So when you sell your books or your audios, it's where the money goes. And then your second bank account, which is automatic – the first bank account immediately, as soon as let's say \$1,000 comes in, 10 per cent of that goes into your second bank account, and that's your salary. So that's what you can dip into to.

And the third bank account is the bank account for your dream, whatever the big reason, the big hairy audacious reason for you doing this is – I'll give you an example. One of my clients called me up the other day and

he said listen, Chris I just had to tell you that I went into my office the other day and I pulled out my computer. And the very first thing that I do every single morning is I look at my bank account to see if I've reached my goal, and I just the other day reached my goal where enough money had filtered into my dream account, where I could literally pay for my daughter's entire four years of college, and she's only eight years old. How cool is this?

So here's how to become a million dollar author. I learned a lesson from a mentor of mine a long time ago. And that was that why would you make \$29 from selling a book, when you could sell the exact same book and make \$1,000, because that book gives you credibility that allows you to create other products.

So here's a couple of examples, and I'm going to shoot through this but you'll get the slide. Coaching programmes. If you only sell 25 people into your coaching programme, if you take an entire year and you only sell 25 people at \$2,500, then that's an additional \$62,000 a year.

Audio Programs

Audios, every single book you have should be created into an audio. In fact, if you do it this way, you should create your audio before you even create your book so that you can start making money.

E-Classes

E-classes, this is not something that we covered. However, creating an e-class and some of these other products that I'm going to talk about, takes about a day to do after you do that one first audio. If you sell only 25 people into a short little e-class that you do, which is simply a way for you to coach people via e-mail without any phone interaction, without any face to face via e-mail. If you sell only 25 people into your e-class and you only do four of those classes per year, which is going to take you, I promise you, less than three hours to help those people for every single class, three hours total.

So every time you send that class out and you sell 25 people into it, you'll probably only work three or four hours. You're going to make another \$29,000.

Workbooks

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Workbooks, did you know every single book out there, and I laughed, because I think gosh, I see all these authors creating how to books, and they're not creating workbooks.

But what we found is that 35 per cent of the people who buy your book will upgrade to a workbook. So right before they check out, you say okay, well you know what, you're ready to pay your \$39 or you're ready to pay \$39 for the book. Wait a second, we've got this workbook and we've found that people who have a workbook along with the book, get faster results, because it actually gives me as the author a chance to show you how to implement each one of those techniques into your life. \$10 buck more and I'll give you the workbook. 35 per cent of the people in my industry at least, will jump on that offer. So it's money you're leaving on the table, if you don't create a quick little workbook.

Affiliate Products

Affiliate products. To sell somebody's affiliate product takes you zero work. For example, I showed you Len's website, it was four pages long. The second page was a one time offer. Len didn't have a product, so he used an affiliate's product. He went to an affiliate and he said can I have one of your products. I'd like to sell it at 50 per cent discount, but it's a digital product anyway so as long as people buy this, you'll still be getting something. Plus, people are going to love you so much because they get sucked into that product that they just bought, that they're probably going to come back to your website over and over again. And they're going to keep buying more and more stuff from you. I promise you, if you go to an affiliate, a good strong affiliate with that kind of a pitch, they're almost always going to say yeah sure, let's try it.

Teleseminars and Product Launches

Teleseminars, product launches. Here's a quick idea of a product launch that we did about eight months ago. I created a product and I did not have a list for this product, but I had a passion for this product so I had to create it. And then I went to friends of mine who were affiliates of mine, and I said I don't have a list, but you guys have a list that really would benefit from this. My health list will not benefit from this product. So would you please send out this series of e-mails to help me market it? And if you

do, I'll give you 40 per cent of all the sales.

So we got 15 people to say yes to that crazy idea, and in three weeks we sold 1,000 copies of a \$697 product. And immediately after those three weeks was over with, we rolled into another launch, which lasted for one week. And we sold 100 copies of something that cost the customers \$2,997 US, and we immediately rolled into another launch, where we sold 25 of an \$18,500 product. It was a coaching programme. You do the math. In a few weeks, six weeks, we made a tonne of money just because we did a product launch. And there's a very systematic way to do product launches, but the goal for you right now is to know that that's going to be one of your profit centres. You've got to have multiple streams of income coming from different areas, using the same contents that you're creating for your book.

What about offline book sales?

Your book, eventually, hopefully you're going to print it, and you're going to put it into bookstores, because that's when the credibility part really begins. You never saw anybody on Oprah getting interviewed because they had a digital book. But Oprah brings a bunch of people on who have physical books, books that she believes are going to change people's lives. Bookstores, catalogue sales, corporate sales, they all go under offline book sales.

Bootcamps & Seminars

Boot camps, if you've got a book and you really give people a lot of information in there and you can talk, if you can literally just stand up here and talk, then you could sell people into a private boot camp. And go to a hotel and rent a little office space in a hotel and sell maybe ten people high priced tickets to spend three days locked in that room. Where they can pick your brain and network amongst each other and really get all of the contents that you've got in your head downloaded into them and personalised for them. That's called a boot camp, and if you only do two of those a year, that's an additional \$20,000.

You don't have to do all of these. All of you have to do is pick one or two and test it out. Throw it out there and see how many people will get into it. You will be surprised that if you can create changes in people's lives, they will come to you and they'll come to you over and over

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again. But you've got to be able to give them good stuff.

Seminars, live seminars like this one. If you could talk to a room of people, how many people would like to give seminars? If you only do six of these a year, and this doesn't have to be a profit centre for you – I love this profit centre, because I'm a ham. If you turn a camera on or you put somebody in front of me who's going to listen to me, I'll just go all day long until you guys get bored and start to walk out. I'll just keep talking. And if you've got that same personality, you can make a lot of money if you could deliver good content to people. If you only do six of these per year, and you only charge \$2,500 books, remember Len never did one before in his life. Len, the guy who we were talking about before, he sold one corporation for \$5,000 for one day. So I'm saying only \$2,500 each, that's another \$15,000 in your pocket.

Online book sales. If you only have one book or audio, if you just do one, and if you only have two sales per day – remember Len, the example that we used before, he's selling five per day automatically. And if you only sell for \$29 each, then that's another \$2,100 automatically.

Membership Programs

Membership sites. If it takes you a whole year to fill up your membership site, meaning you're helping people on a monthly basis. You give them access to you monthly. If you sell only 500 people, which is a conservative number – there is a guy in my industry. He did a launch for his membership site. He never had a membership site before. He sold it for \$9.97 per person per month. He sold over 1,000 people into that within three weeks. That's how long his launch was. He filled up a 1,000 seats. Now, if it takes you a whole year to sell half of that, because you don't think you're worth it, because you don't have a name in the industry, because you don't have the time to put towards it. Whatever, – if you only sell 500 people that's \$5,000 per month that gets filtered into your pocket per month.

So here's another case study. His name is Peter Walters. Peter came to us and he said I don't think I could do this. I don't think I could do a book but I am desperate and I need to change something, because I've been funding my business with credit cards for the last several years. And I know what that feels like, because personally that's how I funded my businesses for several years in the beginning. And I know the hardship and I've felt for

him. And I just said please, just do one thing that's going to give you credibility. That's it. Just try it. Trust me for a couple of months.

"This programme just plains work. Now, we started a couple of months ago with just an idea for a book. Now we have a full book, an audio programme, a home study course, and we're almost ready to launch our membership site and our coaching programme, and that's really saying something. I'm still working 50 hours a week at my job, while I'm trying to build my business. But for the first time I feel totally in control of my finances. I mean, I love it. I can taste success when I look at my computer and see people from all over the world are buying my books. This course has long since paid for itself. I usually don't recommend many products, many people as a rule. However, I can easily give Christopher and his programme my full endorsement. The techniques you learn over the next few months are terrific, and I'll actually recommend it to all of my clients as the definitive guide for building an online business in the shortest time with the biggest bang for your buck, all while boosting your personal... through the roof".

You got the good part out of it already. What did we learn from Peter? He is now an author after coming to us and saying I just can't do that. I can't do it. I just need the money. Tell me how to make money fast. Now he's an online entrepreneur and he's in control of his finances for the first time ever. He thought he couldn't write a book but now he's got a book and multiple streams of income. Look, he's got a full book, he's got an audio programme, he's got a home study course. He's got a membership site or he's about ready to launch his membership site and his coaching programme. This came in months ago. Now he's got these things done already.

Automatic 12 Month Marketing Plan

But I want something that's automatic. You guys are so lazy. How many people want something automatic? You guys are lazy. So I could set it up then forget it. Okay. Every single business absolutely needs a 12 month marketing plan. This technique transformed my company and it will transform yours and it transforms all of our clients, because it sets everything up on automatic for you. Here is a sample. In fact, let me just show you. This is Tracey Praegar. She's an amazing individual. Just a brilliant, brilliant mother of three who never worked a day in her life. She came to us and said I'm getting a

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divorce. I need to make some money.

So I said the first thing you need to do is to do – what is the first thing she needs to do? Do something that is going to give her credibility. Stop thinking about the money. I know and that's so hard to get through. It's so hard for me to get through my skull. It's so hard for everybody to. Because when you've got bills to pay and you've got debt and you've got house payments and you've got a family to support, it's tough to stop focusing on the money, but that aggressive focus on money is what limits the money coming into your life. You've got to do something that's going to build you personally, and then you've got to have a 12 month marketing plan and here's an example.

Every single month you need to have a promotion that's being run, and you need to know how you're going to run that promotion. What kind of techniques are you going to use to get that promotion out there? And then every month you should – at the last column there it says total sales. You should mark down how much money you made that month from that promotion, so that next year you pretty much know if you send out those same e-mails, the same press releases, the same articles, that you're going to make about that amount of money or more. Because now your list has grown, because you did a few referral friend kind of things. And each time you did that your list doubled. Is everybody seeing how this could work for you?

So here's an example. June, in Tracey's life, Tracey lives in the United States, and in June in the United States that's summer time. So she does either a summer sale or an anniversary sale, and she uses auto-responders. She's got a series of seven auto-responders, seven e-mails in that auto-responder series that gets triggered on June 1st. The first e-mail gets triggered and goes out to her list and it starts selling her products at a discount. And then three days later another e-mail goes out and then three days later another e-mail. That's what an auto-responder is. You write it once, you set it up, you forget it. You never think about it again.

And she also does joint ventures. So she has another auto-responder series. Does everybody know what an auto-responder series is? Does anybody not know? Okay. An auto-responder series. You write a couple of e-mails. Let's say you write four e-mails or five e-mails, and you take those e-mails and you load them up into an auto-

responder software, which is super simple and there's a lot of free ones out there.

So every single time you trigger that, if you put somebody's name in that list, they will immediately get the first one, three days later or whatever amount of time you want, they'll get the second one, then the third one, then the fourth one. So they think you're writing to them every couple of days, but really you're on the beach or you're shopping some place or you're working on something else to build your business. So she does joint ventures. And she has another auto-responder series that immediately gets triggered on June 1st, that goes out to people who will sell her product for her for a percentage.

So she gives people 50 per cent of anything that gets sold if the person sells it to her list for her. And she sends press releases out, and her press releases are on auto-pilot. And she uses a company called PR Web and a company called PR Wire, and every June 1st three press releases get triggered. One gets triggered on June 1st, the other one gets triggered seven days later and the other one gets triggered seven days later. And Tracey doesn't even remember that these things are happening. She also does some paper click and some other things.

So she knows every June she's going to make a certain amount of money, and each year that she runs this, she tweaks it a little bit but she doesn't have to recreate the campaign every single year. That's what a 12 month marketing campaign is.

Let's hear from Tracey...

"This is the third time your advice has doubled my business in less than eight months. I'm retiring this month from my rat race job as a teacher at 32 years old, and although I never saw myself as an author, I plan to really enjoy my life and my family using your bestseller business model."

Okay, so what did we learn from Tracey? Every month Tracey's business grows, because she stopped focusing on temporary techniques. She stopped focusing on things like just generating web traffic or just creating a niche, trying to find another new niche out there. Or any of these other things that just don't build credibility for you. They're temporary incomes that you have to fight to keep up in your life. She's stopped doing those things and she's started doing something that was going to build credibility for her. And then she built a 12 month marketing plan to automate her business like a real entrepreneur.

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Stop Making Money From A Job and Start Getting Paid BIG BUCKS For Your Ideas

You've got to stop thinking of yourselves as a mother or a father or a business person or an online marketer. You've got to start thinking of yourself like an entrepreneur, somebody who creates wealth from their ideas. Stop trying to get paid on the amount of time that you work. Start getting paid on your ideas. Create an idea. Get that idea into book form or audio form, and let that create wealth for you from this point forward. And it's how to stop working like an average person, and begin doing things like an entrepreneur so you can build a powerful future for yourself and your family.

Here's all you need. Number one, you need something that gives you credibility. You need something like a book, something that makes you proud, something that takes something out of your head and puts it down into writing or into an audio format, so that it could then reach out and tell other people. And also, in your book or your audio programme, it should up sell them to another product, like a coaching programme.

The second thing you need is a system that can transform your new credibility into multiple long-term income streams, like coaching and home study courses and seminars and memberships and e-classes and all these other things that we were talking about, and so much more. Any way that you could touch people, you should be able to do it just from the same contents but in a different format.

And you need a 12 month marketing plan set up for your business. No matter what business you're in, you need a 12 month marketing plan set up so that it will automatically trigger your auto responders or your press releases or anything else. So you set it and you forget it. Here's my vision.

One of my income sources is a television show now. I would have never dreamed that could have happened, and I would have never dreamed that that slide would have broken so I couldn't show you. Here's Elayna. Elayna made an additional \$55,000 extra income in seven days from one technique. She ran a promotion for one week and made an extra – that's over and above what she normally makes in her business – an extra \$55,000. In one

week.

The question I have for you is... When are YOU going to get your slice of the action? It's so simple. Today I've laid out a plan that I know every single person in the room can follow.

Here's what I think...

Anybody can do this, most wont. I don't know why that is, all I know is that those who do will be rewarded big time.

I started with just a book idea and a vision of building a publishing empire for myself. Did I know how I was going to do it? Absolutely not, the how was none of my business - I just knew that this was what I wanted to do. I took consistent action, that is the key, and doors opened up for me as I went along.

You my friend, don't have to take the uncertain, slow, school of hard knocks road. Just use a proven formula that has proven results and fast-track your way to success.

You've been a great audience, thanks for having me and I look forward to seeing your name up in lights sometime soon.

'How I Went From Corporate Slave To Over \$4,000,000 in Online Revenue in Just 36 Months'

Part of the Millionaire Phenomena Series

So what we're going to learn today number one, the 10 foundational principles of an online business that makes six figures per year.

We're going to learn the 'Hedgehog Concept' this is a concept by Jim Collins from *Good to Great*. That's a good book, it's a good recommended reading for you *Good to Great* by Jim Collins. It's probably one of my favourite books and when I read the Hedgehog Concept everything in my business changed, everything became so clear and I think when I share that with you today, you'll feel the same way.

We're going to talk about up-sells, down-sells and more. Okay, we'll get to the more in just a little while. We're going to talk about the marketing funnel, I think this was a crucial turning point for me in my business when I went from just regular \$19 products and \$47 products, that's when I went from making money to making some real money.

And if you truly, truly want to create wealth on the internet you really need to understand the marketing funnel. You also need to understand your metrics. Okay, we know that we can only measure that which we test, so if we're not testing then we can't improve it unless we're really measuring it.

And finally we're going to go over Butterfly Marketing. This is probably 70 per cent of my sites - I'll show you some on the screen in just a little while. 70 per cent of my sites actually use this concept. It's based around a free offer, it's based around list building and it's based around viral marketing and relationship marketing. So we're going to go into detail on that, okay.

Who The Hell is Mike Filsaime And Why Should You Listen To Me?

Meet Mike Filsaime

MIKE FILSAIME turned the internet world on its head when he gave away his products for FREE instead of charging for them. Sounds stupid, right? Wrong. Because this former general sales manager of the 4th largest volume Hyundai Dealership in the US generates over \$100,000 a year with web sites which take as long as 3 weeks to put into place.



Everybody sat up and took notice in January 2006 when he publicly launched his "Butterfly Marketing Secrets" to the world and raked in \$1,459,000.00 in just 23 days and continues to make a lazy \$200,000 per month working from home. Since then, he's assisted other famous marketers including Jeff Walker, John Reese and Brad Fallon.

These are extremely advanced, proven strategies for promotions that thousands of people have used to instantly flood their bank account with cash literally overnight. IF YOU WANT TO MAKE MONEY ON THE INTERNET SO FAST YOUR PARTNER WILL FALL OF THEIR CHAIR – this is the guy you gotta see, this is the place you gotta be!

So for those of you that don't know who I am, let me tell you who Mike Filsaime is and why you would want to listen to me. I started marketing in 2003. I actually purchased my first product October of 2002 but when I say effectively marketing it was in March of 2003, that's when I got my first auto responder.

And I went from selling products to driving traffic to a page where I was collecting a name and email address for exchange for a free report or a free product thinking that now, if I had their name and their email address, I don't have to worry about selling them right away, I can build a relationship and sell them over and over and over and

Millionaire Phenomena - Internet: MIKE FILSAIME (continued)

over again.

That's one of the key points of this entire presentation today. And we're going to get to that – stop selling up front and start list building. You start building a true asset in your business.

I operate over 25 profitable websites and what I mean by profitable websites is I have over 25 sites that will generate – some will generate me up to five to 10 sales per day or more and a minimum of two to three sales per week. This is some of the websites, pretty much in order of the way that they came about on the internet.

Let me tell you about some of my sites.

paydotcom is a nine letter domain, p-a-y-d-o-t-c-o-m that's probably my second most profitable that I own.

instantbuzz.com this is one of my very profitable websites. The Butterfly Marketing manuscript is probably the lead-in product in my marketing funnel. One of the first products I start focusing people on selling and then it back ends some of the other products and we'll talk about that.

Other sites that I own and are hugely profitable are *firesalesecrets.com*, *powerlinkgenerator.com* and *viralfriend-generator.com*.

I created the renowned Butterfly Marketing it's become a term now that people that are familiar with the site will say, I'm going to create a 'butterfly site' or I'll 'butterfly' it out. It's a process that we're going to go into in just a little bit.

There are many, many of the top internet marketers today, bar- none, that are using this software and using these concepts because they work.

Since March of 2003 I have over 500,000 unique and active new opt-in members on my list and we grow at the rate of about 1,000 new members every single day. So what that means is I don't know how many people are in this room but I would probably venture to say that every single day about somewhere around two to three times the size of this room is added to my opt-in list every single day, automatically. And because I'm a big believer in automation and viral marketing and scalability and all those types of things.

So just imagine being able to create a relationship with

people that somehow they got on your program for free but you're able to build a relationship with them that they want to do business with you.

A Common Mistake That 90% Of Websites Make Is...

So it's not about the product it's about the relationship with the list. That's the most important thing I can tell you and I'll probably say it over and over throughout this presentation.

If you're driving traffic to a sales page and your trying to make a sale you're doing it wrong. You want to have your main call to action first be trying to get a – give them a free report or a free trial software or something where you get their name and their email address. We can build a relationship and market to them later.

So when I send out an email I'll send out if I do an entire broadcast it goes out to about 500,000 people, so almost half a million people will get an email from me and because of that it's allowed me to become a top affiliate for people.

In 2006 we did \$4.4 million in sales and we're currently doing right now about \$350,000 per month online and growing every month and that breaks down to about \$11,000 per day. And that happens even as we travel, you know and we just got back from Fiji with the Tony Robbins Platinum Partners and we flew to Singapore and we just got here a few days ago in Melbourne and then from there we go to Sydney and Brisbane and then finally back home.

So we'll be away for five weeks but because the way the business is set up to work in an automated process the sales just keep coming in, we don't have to do you know daily marketing and too much managing of our campaigns.

Here's some recent PayPal screen shots this was February of 2007 - 230,000, in March 261,000, April 208,000. So that's the money that comes into PayPal from our product sales and other sources of revenue include things like ClickBank we have some of our major products and one time offers go through ClickBank.

We do affiliate marketing, email marketing and of course speaking and we have our mentoring program.

Millionaire Phenomena - Internet: MIKE FILSAIME (continued)

I speak probably on average of about 25 times per year. It seems recently, I'm doing a lot more in the Asia Pacific area. The market is just booming out here and it's a testament as I remember when I was in Australia last year when I asked, how many people had a website. Probably only about 10 or 15 per cent of the room and now we can we're at 50 per cent of the room.

I produce my own seminars; we do them now twice a year. They're called – they were called the Internet Marketing Main Event. We've teamed up with Brett McFall and Tom Hua in the States we're going to be calling that the World Internet Main Event and that will be going on every September and every April.

Building Face-to-Face Relationships Has Been Crucial To My Internet Success

I have strong key relationships. If you want to put down another important thing that's important in your business, and you guys already get it because you're getting out of behind your screen, you're getting out of your office, you're taking action, building relationships is key. I have incredible relationships with the elite marketers on the internet. I don't try to force it to happen. But I put myself in a position where I have an opportunity to meet the people.

Here are some of the people that I have some relationships with. Steven Pearce up at the top left that's Arman Moran on the bottom left you see Richard Schefren here, that's Jim Edwards, that's Dr Mannie if you know Dr Mannie if you know Dr Mannie.

Here's David Cavanagh, Ken McArthur, Joel Carne, Stirling Valentine. There's some pictures there with Dr Ivan Misner, Dr Robert O'Young, Sean Casey, Craig Porine. Here's a person he's a television star in the United States his name is Armando Montelongo from *A & Es Flip this House*. Tony Robbins here. Top left this was a gathering that we did in San Diego some of the top internet marketers are there. You have Jeff Mulligan, Andy Jenkins, Jeff Walker, Yanik Silver, that's me there in the middle.

This guy here that looks like the uni-bomber that's John Reese, next to me over here that's Brad Fallen, Rich Schefren, worlds best copywriter probably, John Carlton, Jeff Johnson, Ryan and hidden picture there - have you guys ever of the Rich Jerk. Have you guys ever heard of

the Rich Jerk. That's actually what he looks like there, he's a walking cartoon.

So creating relationships with these marketers was key to a lot of different things online, positioning and joint-ventures and being able to help them and when it's time they want to help you just because they enjoy working with you, not because they feel that they you know it's a back-scratching game. And I run one of the premier coaching programs on the internet. So other than that – we have one more there – we have 100 successful protégés plus and growing that came from our coaching program.

Perfect Example Of Why Most People Fail Initially... Until They Find Out The Missing Link

I'm going to give you a couple of success stories from that coaching program. One is a person by the name of Keith Wellman, anybody ever heard of Keith Wellman? Okay.

Keith was a person that was on a tele seminar, if you saw a picture there of Sean Casey, Sean Casey and myself were doing a tele seminar and Sean was talking about how he makes several hundred thousand dollars a year in the niche markets or as you say, in the niche markets. Kind of like Andrew and Daryl were telling you about how you can go into all different types of niche markets, whether it's you know, golf or hair loss or acne or whatever the case is.

So Sean had many different websites in the niche markets and he was making several hundred thousand per year and he created a product on this. And we're doing a tele seminar and at the end of the call he offers his product for \$1,497. And the call went pretty well and we hung up and a few hours later I look on my blog and I see a remark that says, 'I'm sick and tired of all of you marketers making money by selling how-to-make-money-products and the only way you make money is by selling how-to-make-money products.'

So it was very intriguing to me of all products that he decided to pick was this product which was a product on how he makes several hundred thousand dollars in different niches that have nothing to do with making money.

So I broke down his reply, I took his name and his email out and I sent it to my list and I think the subject

Millionaire Phenomena - Internet: MIKE FILSAIME (continued)

line of the email was 'some people just don't get it' and I went to explain why his thinking – you know the negative thinking and taking it out on the blog like that for so many different readers, it was just bad and it was the wrong mindset to have.

And he emails me back after he sees the broadcast go to my members, of course as I said his name wasn't mentioned or anything like that, and he says Mike I want to apologise. He says you're absolutely right I made – you know I made a big mistake. It comes out of frustration. I'm working at a dead-end job I'm making about \$28,000 per year, I'm in debt, my wife is pregnant and I'm about to lose everything and I really wanted this course but when I realised that the price was out of my price range which is really my problem, I took it out on you and your readers, so I apologise.

So it kind of touched me so I said Keith do me a favour, I emailed him back and I said here's my number, here's my home number, give me a call. And within about two minutes the phone rings. A couple of interesting things I realised, number one; he had been online longer than I had been online. Number two; I asked him how many people are you in opt-in list.

He stumbled with, well you mean like my email list, I said yeah just your regular opt-in list and well I guess zero. So he'd been online now for probably about three years and never focused on list building. Didn't have a single person that he could market to.

So, I said Keith well here's what you need to do and I gave him different steps that he needed to do and I said the first thing that you need to do is – I said have you ever been to an offline event? And he says no. I said I'm going to speaking at a seminar in Denver you need to come to this seminar. And he says well I can't afford it. I said well I'll help you get there, I'll talk to the event promoter, I'll get you a VIP pass, I'll get you to stay with somebody in a hotel room, I'll pay for your round trip ticket, I think it was like 25 bucks and I said but you're going to pay me back. And he said, deal.

So he gets there and I said what you want to do from this point now - I've seen some of you guys doing this already, and so you're doing the right thing, I said you want to connect with the speakers.

You don't want to run up and say here's my business card I have a website and it pays 50 per cent commis-

sion I want you to send an email for me, not that type of connection but get to know them, find out where they're eating dinner or where they're having their coffee break or if they're hanging out in the bar at the end of the night or maybe having a drink.

And I told him to get to know every single one of the speakers and he did. And I said and after that Keith what you'll notice is they'll say is there anything that I can help you with, what do you have working? And when that opportunity came he asked them all to do an interview.

Once He "Got It" He Went From 0 To \$50,000 Per Month In A Flash!

He created his first product called Viral FX I think it's at *viralFx.com* and if you go there you'll see that he interviewed every single one of the speakers and he used the free lead-in giveaway Butterfly Marketing style and from there he was able to go fulltime. And he left Oregon and he left his dead-end job and he now lives in Atlanta and he bought a new home and he's got you know, a new car and you know he's making over \$50,000 per month last I spoke to him about three months ago on that topic.

And when he launched the second site here he made \$103,000 in just seven days with his second site. And as I said he's doing over \$50,000 per month. Recently, because of his success a product was just launched two weeks ago by his father Jeff Wellman. His father was laid off from Corporate America. They just gave him the pink slip and after 15 years or whatever it was they said, thank you but your services are no longer required and just cut off just like that.

So Keith worked with his father and they created a product, I can't tell you the statistics because I just don't know, but based on the sales that I did for them, promoting the product for them, I would probably say that the product did probably over 50,000 in sales in its first week for his father.

Follow A Proven Game Plan

The next one here, this is Jason Dinner. Jason is a kid that lives in Long Island and he sent me a message, he saw me on a leader board one day and it said Mike Filsaime Hulbert New York and he realised he lived one town over from where I lived.

Millionaire Phenomena - Internet: MIKE FILSAIME (continued)

So he went to my help desk and he said, hey Mike I'd love to meet you and maybe take you out for a cup of coffee. So I said alright let's get together and we actually met at a pizza place which is like coffee in the United States or especially in New York.

He shows up in this beat up Chevy – Chevrolet Blazer. It was blowing black smoke out the back and we're sitting down and we're talking and he's now on line for about six or seven months and he's chasing opportunity after opportunity after opportunity after opportunity.

I asked him what he's in and he's in all of these different - I don't want to mention the names because this is being recorded, but all these different sites where you know you recruit other people, it could be considered multi level marketing and things like that and just driving all traffic to build other peoples businesses.

So I gave him a game plan I said Jason here's what I need you to do, I want you to do this, this, this, this and this. Read this product, take these action steps. And I said I don't want to hear from you until everyone of these action steps are done. I said, point blank. And he says okay Mike I'll do that. About six weeks later he has everything all set up and he's starting to make some money and we went onto the next step and the next step.

Long story short Jason is now doing – he's doing about \$7,000 to \$10,000 per month. He was working part time as a waiter in an Italian restaurant, probably making somewhere around \$15,000 to \$20,000 per year.

Now he's on pace to do over six figures per year. He just had a little baby there. He doesn't have his wife working any more. She's pregnant again and they're on their way to having their second kid and he works in my office for free.

He basically comes in my office and he has an opportunity to learn around my business and he does a lot for me. He does a lot of things for me while I'm away. But he basically runs his business out of my office and now he's got four profitable websites and he's now going onto his fifth website.

And finally here is – this is David Watson he's from the UK. David is a person that saw me speak in Orlando Florida about a year and a half ago. And he's a brilliant guy, he's a programmer and he had never made any money online. He was buying products and studying products

but didn't really know the proper action steps. He didn't know how to sort through all the clutter.

David started working with me – started working with us I should say and our team. And we put him on a fast track program and this slide here says he went from zero to \$65,000 in a few short months.

The interesting thing about David Watson is he has since had three months that bought in over \$250,000, three separate times at three separate product launches that he's done. So in just about a year he's been able to produce over a millions dollars so probably at this point a million dollars in sales.

He had all the right ingredients, it was just putting everything together that took him awhile to start to really, really kick it in. Now he knows it and he's got it down pat and he's on fire. Now it's your tune. Would you guys like to learn how to do the same?

My Step-By-Step System That I've Used To Make A Fortune Online

I told you we were going to learn the 10 foundational principles for running a six figure business, right. Stephen Covey *Seven Habits of Highly Effective People* – 'begin with the end in mind'. Sounds so logical but I don't know that we really understand how powerful that is to know what it is we want and where we're going.

If we were charting a course we wouldn't just get in a boat and just say well I will just put my sails up and see what's the first island that I'm going to hit, okay because chances are we might not get anywhere and we'll perish.

So we want to begin with the end in mind. Okay, we want to have a clear vision of what it is that we're after. We want to know what type of business we want to be running, what type of money we want to be making and even more than money. We'll get into that.

Number two: know what it is that you want. And Number three: know why you want it. Alright so I've seen sometimes when people say when people point to the audience and say 'You sir what is it that you want in the next six months?' And the person will say something like in the next six months I want to have \$100,000.

Is that what they really want, no right. We say what does this \$100,000 give you and then they'll say some-

Millionaire Phenomena - Internet: MIKE FILSAIME (continued)

thing you know something like, financial freedom, we have to really dig deeper. Well what does financial freedom mean to you? Well financial freedom means I get to spend more time with my family.

So now we know what you really want. What does spending more time with your family mean? Well that means that I can go up to the Gold Coast I can take them to Orlando I can take my wife on a vacation to Fiji or Tahiti or the Caribbean or Hawaii or Las Vegas.

Now you're starting to envision what you really want; now you know why you wake up every morning and do what you do. If you just say \$100,000 it's so arbitrary. And it's so hard to really connect with that and say you know, I want \$100,000 it's a figure, it's tough to really set that as a goal.

When you know what it is that you really want, if it's a certain car that you want to drive, remember in the movie *The Secret*, clip it out put it next to your desk, create a vision board know what it is that you want and why you want it.

Speaking of *The Secret* – number four: you *The Secret* is a tremendous phenomenon and everybody's talking about *The Secret* you know let's do it, who's heard of *The Secret* and what it okay. but 80 per cent of the room. we recommend it is at thesecret.tv.

You know I think *The Secret* is not telling the entire story, okay and they tell you, it's been around forever it's called 'The Secret is the law of attraction'. You know you can attract anything that you want if you simply declare it.

But there's a couple of things that you really need to do that aren't covered or aren't covered in detail in *The Secret*. Declaring what you want is one thing. You need to focus, proper focus is key, you need the right tools and you need to take massive action.

There's a story of a man he's 18 years old and he gets down on his knees and he says, "Dear God please let me win the lottery". The next day he wakes up doesn't win the lottery, he's doing this for years, he's now 25 years old and he gets on his knees, 'Dear God please let me win the lottery, I promise to do great things with the money.' Doesn't win the lottery.

He's now 50 years old he gets down on his knees before he goes to bed, 'Dear God please let me win the

lottery let me show you what good I can do in this world with the money.' And he's sincere about it. And he doesn't win the lottery.

He's 80 years old he's an old man at this point. He gets down, 'God please let me win the lottery I promise I don't have much time left on this earth. I promise I can do things with this money for charity I'll show you' and the clouds spread and the sun shines through and a big voice comes down from heaven and says, 'Saul buy the ticket'.

So the moral of that story is it's okay to declare something and say I'm going to attract a million dollars or whatever the case is. We need to focus, we need to have the right tools and we need to take action. Does that make sense? Okay. So I don't want you to think that I'm against *The Secret* I think it's the first step but there are some other things that need to be done.

And then finally, 'don't be a perfectionist' – don't be a perfectionist. There's a very funny story about this slide. I had this presentation in Singapore last week and I said don't be a perfectionist and somebody came up to me after and said Mike I thought that was brilliant on your PowerPoint presentation how you misspelled perfectionist.

And I said, oh thank you. I didn't even know that I had misspelt it. So now I'm just leaving it in my PowerPoint presentation. You don't have to be a perfectionist to get things going.

I think we get too caught up sometimes in our projects and you know will ask people sometimes, you know how come you haven't gotten it out there. Well I'm not really comfortable with the sales copy. Well get it out there start making some sales today and improve the sales copy and start testing it from there.

Alright, so stop feeling that you have to wait for everything to be perfect before you take action. So rule number five 'don't be a perfectionist'.

Number six: always think in automation. Remember the word I say before – leverage and scalability. Okay, everything that we do in our business we look to automate it and we say can we automate this process so that we can set it up once and it pretty much takes care of itself with minimal staff help, minimal employees, minimal resources, is it scaleable? Will it allow us to go from \$3,000 a month to \$30,000 a month or one day \$300,000 a

Millionaire Phenomena - Internet: MIKE FILSAIME (continued)

month or \$3 million a month, will it scale?

Sometimes if you're dealing with telemarketers, you can have a business that's doing \$15,000 per month right, but as soon as you start advertising, let's say you're in the United States and you start advertising in Philadelphia and Atlanta and Orlando and Dallas Texas and now the calls start coming in and they're flooding your call centre and you can't take enough calls, your business isn't scaling well, so now you have to start hiring more people and then your getting into hiring and firing and whose quitting, whose not showing up.

And you'd be able to really blow this thing out if you could advertise all over the country, but it's very difficult to scale that type of business for massive growth. And sometimes if you're ever in a position where you can't control the growth because the marketing just takes on it's own – let's say your into search engines which has nothing to do with your advertising but you just happen to do everything right, but maybe you set up your business in a way where your dealing with physical products and your producing them.

Maybe your in the business where people are sending you a photo and your doing sketches of them and mailing them and now you get such high rankings in the search engine, your getting 45 orders per day and you realise you can't keep up and the only other option here is the most terrible thing in the world and that's to take the website down until you can hire more people to help you.

So always think in scalability, ask yourself this question. What would happen – what would it look like today in my business if my business was doing 100 times more business than it is right now? Ask yourself that question. It will become so obvious. Wow, I need to start outsourcing this product with a filming company or whatever the case is.

And leverage – leverage is key. Leverage means in internet marketing is using joint-ventures setting up an affiliate program; viral marketing all those different things you want to make sure are in your process. Okay. 75 per cent of my sales that come in are not generated by my own actions. 75 per cent of the sales that are made at every one of my websites comes from an affiliate promoting my product. So that's leverage, that's incredible.

Number seven: Form a mastermind. We've heard it a thousand times right, Napoleon – Napoleon *Think And*

Grow Rich. You know the importance of a mastermind.

I don't necessarily want to tell you that you have to get with exactly eight people and get together every Thursday night at 5 o'clock and you know, have an agenda, if you can do something like that that's great, but you do want to have people that your telling are in your mastermind and they know that your in their mastermind.

For me you know, there's people like Stephen Pearce and Brad Fallin and Andy Jenkins and Richard Schefren and John Reece and Gary Ambrose, Tom Beale. These are people that are in my mastermind.

And what I mean by that, we will sometimes gather on a telephone call with at least three or four of us at a time. But more importantly when I have something I need to talk about, I give them a call. When I released my software Viral Friend Generator. I contacted about four people from my mastermind group about the name of the group.

The name came out of that, I had a completely different for it before that. in fact many of the names for my websites came out of talking with a mastermind. To me I think the domain name was one of the most important things of the product.

Sometimes it will take me three, four, five days to get a domain name. and I think here's something that's not on the slide. I think if you can have your USP or your niche selling position, in your domain name it says it all.

If you can tell people what your product does in the domain name it says it all. Alright sometimes Rich Schefren will give me a call and it will be 2.00 o'clock in the morning or 2.30 in the morning and I'm working late at my office and he gets me at midnight and at 2.00 o'clock in the morning he's saying alright Mike what do you think about this should I go with a dollar trial or should I make it a \$97 trial and then \$2.97 per month. And should I pay my joint-venture partners on the back end or more on the front-end and nothing on the back end.

And he just keeps working and working and he'll say – then he starts this thing where he says, give me a great idea Mike. And I'll think and I'll say well you know what you should do for your pre-launch Rich, you should do X, Y and Z.

And he's like wow that's a great one and I'm like ready to get off the phone because I'm exhausted and he says

Millionaire Phenomena - Internet: MIKE FILSAIME (continued)

give me something else. And I'll give him something else and I'm like alright Rich I gotta go.

And he says before you go give me one more great idea. I say alright the day before your launch – and then I'll give him a strategy, something that he should do. And he pulled stuff out of me that I wouldn't even do for my own launch.

He'll pull things out of me that I start writing down and say I need to do this next time. And then when it's my turn when I have a big launch coming out I contact my JV partners and try to brainstorm some ideas. We try to keep things fresh in the marketplace. We don't want to just keep doing what we always do.

Number eight: 'Find a Mentor'. For me it was immediately in the early days it was Frank Kern and then after Frank Kern, Mark Joyner, Steven Pearce, Richard Schefren, John Childers and Tony Robbins. Those are my mentors. I have multiple mentors.

I think having a mentor is so important. You know they tell you you have to learn from your mistakes. I think you know that's a load of garbage. I would rather learn from other people's success. I don't want to know a big encyclopaedia of all of your mistakes. I want to know the short abridged version of what works. Just tell me what works. I'm not even really always concerned why it works; I'll figure that out along the way. Just tell me what works and then I'm just going to duplicate the process.

And when you have a mentor they keep you accountable, they've done it before, they can see your mistakes before you do and they can help you out, okay.

In fact every single person that I know that is successful – every single person that I know that is successful has a mentor. So I don't know if that's a qualification that you need to be successful but it sure doesn't hurt.

Number nine: Do what you do best – outsource. You probably heard about that this week. Outsource and Out-task the rest okay. in the beginning alright, if you're just getting started, many of you are just getting started, at that point you want to learn everything that you can.

Alright, you want to learn copywriting at the beginning. You want to learn how to do graphics if you can. You want to learn of course html and how to design a web page and how to make a sales letter look good. Okay, you want to learn how to post a project on Elance and

different things like that.

But as your business starts to grow and you start making money you want to start taking that money and re-investing it into the business and you focus on the things that you do best and you outsource and out-task the rest.

If you're a mediocre copywriter well what you want to do at this point you want to start outsourcing your sales copy. In the beginning you definitely want to learn sales copy your self. One of the guys here David Watson, the guy that was making – made \$65,000 in his first month, David was a guy that when we went over his website, this guy is a brilliant programmer, seriously one of the best programmers for software and web development that I've ever met. He was a horrible copywriter and horrible with making images.

You know what one of his biggest problems was, he wanted to do everything himself. He wrote this disgusting sales letter that I wouldn't send to my worst enemy and he had one of these cartoon graphics that you know look like he made it with an upgraded version of Microsoft Paint.

It was so obvious what his problems were with the sales. So what we did we hooked him up with another copywriter and he said Mike I don't have the money right now. And I said well you have to think what is it that you can do, how can you leverage this. maybe you can pay for 20 per cent of it now and then give him more money. Maybe the copies going to cost you three grand – pay him 4,500 but pay him after the profits, doesn't that make sense?

Tell them, well I don't have the \$3,000. I'll pay you \$500 now but after I launch the site and you have your \$8,000, \$10,000 day or more or less whatever the case is but your making a point to pay the people after the job is done. You'd be surprised how many people would be willing to help you with such things like that.

And finally habit number seven of Stephen Covey *Seven Habits of Highly Effective People* – sharpen the ... Saw.

Sharpen the saw 'always sharpen the saw'. What does that mean? That means if you have you know the best saw that's out there, the big muscles everything like that and you have the best saw and you're out there and nobody can compete with you. After several months and several years what's going to happen to that saw, it's going to get

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blunt right.

So you can find somebody that's maybe not as strong as you and maybe not as experienced as you and comes over with the latest greatest saw and they're going to be able to go right through something in half the time that you do. So you want to sharpen the saw.

What that means is always be learning. Okay, in the beginning you know, it's kind of like the reverse 80-20 rule, you want to spend 20 per cent of your time taking massive action and 80 per cent of your time learning.

But there is a difference between knowledge and learning. Knowledge is information without action. Learning comes from implementation. When you start to implement everything that you've learned everything that you've been reading, that's when you start to learn it and you can duplicate it.

As you start to have more success your probably going to get more focused 80 per cent of the time and taking action and 20 per cent of the time in learning, but you'll always be learning. You always want to stay up on what's going on in the industry.

You know things have really changed in the industry in the last year, Web 2.0s is something that you know we were hearing all the time, search engine has completely changed. Search engine optimisation used to be about optimising your sites for the search engines. Search engine optimisation now is about leveraging other Web 2.0 sites like *Digg* and *Technorati* and *del.icio.us* and *YouTube* and using tags at these sites.

Like if you put a video up on *YouTube* and you tag it with the word Mike Filsaime Melbourne Australia or Internet Mastery Secrets or Knowledge Source and that way when people say hey I wonder if Mike's presentation is up online, maybe somebody had – maybe you could use his video to start building relationships with people.

Here's a bonus principle, 'The end goal is not where happiness lies. Happiness comes from the means and the action of the activity as a whole'.

A lot of times we talk with people, friends of mine, they're either in a state of depression or just not you know they don't have the energy level that they should and they'll say things like as soon as I launch the site I can get it all over with and then I can finally be happy.

Okay, that's – having a goal is one thing but being able to enjoy the process is really where the true happiness comes in. Because what you'll find is that if your not living in the moment at all times and your just waiting for a big launch to come through you going to maybe have – you'll have pleasure for a day but your not going to have true happiness.

The Hedgehog Concept That Catapulted My Business Into Multi-Million Dollar Turnover

You're Hedgehog Concept – this is a very abridged version of it okay. It should be a crystalline concept that comes from a deep understanding about the intersection of the three circles. And these are the three circles and you can see where they intersect right here in the middle.

You want to hone in, right in the middle of these following three circles. Circle number one, 'What you can be in the best in the world at'. And I don't mean the single best in the world at but I mean that if you were a basketball player you would want to play in the MBA.

I would consider any person playing in the MBA to be among the best in the world. Okay, and that comes from facing the brutal facts.

Number One: You need to know what you cannot be the best in the world at. Some of us are good at math and terrible with reading comprehension and writing and things like that.

I have a very logical mind, I've always excelled in math and programming and things like that but when it came to reading comprehension and things like that I always suffered. My SAT scores which is an aptitude test in the US was very high on the science and math and not so high on the reading comprehension. Understanding what you can be the best in the world at is knowing what your core competencies are.

There are things that you know that excel in and there re things that you know that you struggle with.

Passion Can Equal Profit On The Internet

Circle number two, just as important, 'What you are deeply passionate about'. Okay imagine, you know a

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kid that loves to play video games. Recently I found out about this game called *World of Warcraft* I found out how addicted some of these people are to this game. I don't even want to get anybody in here to admit that they play it, that's addictive I've heard this game is.

But imagine being able to make a million dollars a year playing that game. There are some people that make a lot of money playing that game in tournaments and things like that. But if you ask that person there going to – you know you ask Michael Jordan or Tiger Woods or Derek Jeter on the New York Yankees, they are deeply passionate about what they do. They probably wake up every morning say I can't believe that they're paying me to play baseball or they're paying me to play golf, I would do it even if they didn't pay me.

So you need to ask yourself that question, when your involved in a project or you're evaluating an opportunity, you know sometimes are we just looking at the screenshots are we just looking at the income or are we just looking at the words 'make 10,000 a month'.

Are we looking at that opportunity and saying, am I deeply passionate about running a business like that? in some cases yes and some cases no. It's different for everyone. Some people like to create sites and make money with *adSense*.

For me that's not necessarily what I like to do because I'm not the type of person that likes to write three articles a day and post articles to different directories and things like that. but if your good at writing articles then creating content site that brings in natural traffic and pays you one *adSense* is probably the way to go.

Okay but the bottom line is, you want to be in a business where people say to you wow your working again and you say to yourself, you call this work, there's no other place I'd rather be. I'm in my element. You want to wake up every single morning and say how blessed you are to be able to do what you do and make money at the same time.

If you're waking up in the morning and you're putting your feet down and you're saying 'oh' - you've got this knot in your stomach and your driving to whatever it is that you do and you just despise what you do, it doesn't matter if you're the best in the world at it and people say to you wow you're really good at this. If your not passionate about what you do, you shouldn't be doing it.

Are You An Opportunity Seeker Or A Business Builder?

And finally, the third circle is what drives your economic engine. Okay you need to know how the money is made in this market place. And it needs to be able to come to you like that.

Sometimes you'll talk with a real estate investor and it's just so easy for them. They can go to a house and they can look right at the property and they know the area, they know it's a \$250,000 house, they know they'd like to buy it for \$180,000 it's going to cost them \$14,500 to fix the roof and the windows, they're going to be able to flip the house in 60 days and sell it for \$275,000 when it's all refurbished and you know and they know their net profit and just by driving up to the house they can see this. And other people struggle with those things.

Alright, so you need to know how the money is made in that marketplace. When you have all three of these circles working together it is impossible for you not to have everything you want out of life and be truly happy.

The big problem comes when we chase opportunities and we're not focused right here. And we wonder why we're constantly chasing opportunity after opportunities and we never blame anyone, we don't blame the person that sold it to us, we don't blame the magazine that we purchased it from. In fact we enjoy the process. If you're like me I enjoy buying things.

But what we find out is we tend to blame ourselves. Hey, did you ever open up that course that you purchased from that infomercial? No I didn't I didn't get a chance to do it. You know why, because we identify with the money on the commercial. Well when the product came we realised we don't want to be placing tiny classified ads all over the United States and all over Australia and all over Europe or whatever the case is.

You could have saved yourself a lot of time and money just by asking yourself, am I going to be deeply passionate about that type of business, do I feel I could be the best in the world at it and I do know what drives the economic engine of that marketplace?

Maximise Profits With Up-Sells, Down-Sells, Cross-Sells and Bumps

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Okay so you guys have McDonalds here, I've eaten it. You go to McDonalds you will see a classic up-sell, cross-sell and bump. And I don't know if they're doing it as much any more with the super-size after super sizing but this is how it would it go.

You would go through the drive through and you would order your Big Mac and you would order that in a Combo Meal. So you say I have a number one and immediately the clerk behind the counter says to you would you like to super size that?

Okay, that's an up-sell. What that means is they've already have a customer taking action and they realise there's a small little action that they can do to increase the profits. And probably 30 per cent of the people that are made that offer will take the up-sell just by asking a simple question.

And we need to recognise where can we put this process into our sales process? Where can we have an up-sell in our sales process? And I'm going to show you that.

Then they give you the cross-sell and they say to you, you say yeah I'll super-size that. And they say would you like and apple pie with that? And you say, okay yeah I'll have a dessert yeah give me the apple pie. And then here comes the bump, especially in the States.

They say to you would you like two for a dollar and you're by yourself and your thinking you've got this Big Mac and this large fries now and this super size diet coke of course and you already have your apple pie, and they say would you like two for a dollar and you say, well how much is it for just one and they say 95 cents. And you say well I'm not going to let you get away with selling me another apple pie so give me the extra calories for five cents and then we wonder why everyone in the United States has a weight problem.

What you are seeing right there is a classic up-sell, cross-sell and bump. And we want to see how we can put those types of things into our marketing. So here's a quick flowchart for you. you can try to take notes but remember your going to get – you'll be getting this as well.

Your First Step Is Not To Sell Anything

So what you want to do is always start in with a free offer, remember we said that earlier? We don't always want to be trying to sell something when we're driving traffic to

a sales page. After we capture their name and their email address we want to present them with an offer. If we can you see the word 'OTO' there that stands for 'one time offer'.

A one time offer is where you make an offer to someone but it uses a strategy called urgency. Okay there are a lot of different triggers that we want to have in our sales processes. There's urgency, there's scarcity, there's social proof which are testimonials, there reciprocity, there's bonuses but urgency gets people to buy now.

It's very important if you're going a one time offer to have a reason why it's a one time offer. It doesn't really matter how important the reason is but you always want to address the reason why and you always want to use the word 'because'. There's been studies shown where – I'll give you a quick example. In the book *Influence The Psychology of Persuasion* by Robert Cialdini there was a study that showed where someone walked up to a line of like 20 people that were waiting to use a copy machine and they walked up to the fourth person inline and they said, 'Excuse me would it be okay if I made a photocopy?' And only 18 per cent of the time were they allowed to make a photocopy.

So then they said well let's see if we give a really good reason, let's see how that affects it. So now the person goes up to the fourth person on a line of 20 and says, 'Excuse me would I be able to cut in front and make a photocopy I'm late for a final exam?' And what they found was that 91 per cent of the people were allowed to cut the line and make a photocopy.

So then they said I wonder how important it was to have such a good reason or was it just the fact that they had a reason. Let's make the most absurd reason and see what happens with the study.

So now the person approaches the line goes to the fourth person and says, 'Excuse me would it be okay if I cut the line I need to make a photocopy?' That's an absurd reason but what they found was that 88 per cent of the time they were allowed to cut the line.

They went from 18 per cent to 88 per cent because they used the word 'because' and had any arbitrary reason. Okay so if you're having a one time offer, you want to address it, the reason why can only purchase this right now is because and then give a reason. We're doing a market test or we're hoping that you like the product so

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much that you'll give us a testimonial. And as soon as we have enough testimonials we'll pull this offer down and it will be selling for the normal price.

With a reason why you can buy this now for 3.97 instead of 1.97 and then you know give whatever that reason right there is. And tell them you know that we can't let – the reason why you can't buy this later is we can't make this price available to the general public. It will ruin the perceived value of our product. So you can only buy this product right now at this one time offer.

But either way you want to make an offer but if you make it a one time offer your conversion rates will go from probably two per cent to two and a half per cent up to anywhere from three and a half per cent up to seven, 10 or 11 per cent. And in some cases we have some one time offers that are converting at 21 per cent.

So they come to our site, we ask them for their name and their email address and we present them with a one time offer and they buy it, what should we do right now?

Increase Your Sales By Up To 50% With This Cool Strategy

Up-sell right, offer an up-sell and normally, just for this sake here we're going to call this person a platinum member. Normally 50 per cent of your buys that take you up on the original offer will take your up-sell, 50 per cent of the people that buy your original offer will take you up on your up-sell, if your up-sell is half the price and of good value.

So if your selling something for 100 bucks what should your up-sell price be, \$50 right. And if you're selling 50 a month at \$100 and you put in an up-sell you'll sell and additional 25 sales per month. Right, if they don't buy it they've made one purchase from you, that's for this sake of the discussion here, we'll call that member a gold member.

Okay if they don't buy – some of you got that. if they don't buy what do we want to offer them now? A down-sell right. So in my sites I give a person an option to say no. A lot of times people will just put an order button and the only way to say no is to hit that button in the top right corner of the page where they x out the page.

I like to give people an option that says no thanks.

Okay and if they hit the no thanks I give them a down-sell and in this case we'll call this a silver member okay the number here, 50 per cent of your buyers will purchase your down-sell if your down-sell is half the price of your original offer.

So what that means, is if you're currently making 100 sales per month and you give them a no thanks option you can pick up another 50 sales per month by just offering a down-sell at half the price.

I'll give you an example. When I purchased my Mac computer in my office I was installing the operating system you know when you first get it and it's asking what's your name and all this type of stuff and I'm hitting next, next and somewhere in the process it said would you like to join Mac.net for \$19 a month. And I looked at it and I said I don't even know what Mac.net is right now I don't even have the time to research it. So I said, no thanks and I hit the no thanks button.

Instead of sending me to the next process they gave me a wait before you go why don't you try it free for 90 days you can cancel at any time after 90 days but it's free for the first 90 days. So I said okay for free I'll try it for 90 days so I gave my name and all my information, hit the next button it asked me for my credit card details I gave the credit card details and now it's been about a year now that I've been a member of Mac.net for \$19 a month and I still don't have any idea what it is. That's the truth.

I'll give you another example, let's say you were offering your original offer, you were offering an eBook and three bonus products for \$197. Well what you can do is let's say each of the bonus products had a value of \$50 each so you had an eBook with three bonus products for the down-sell you say, I tell you what I'll still give you the eBook and I'll give you bonus number one but I'm going to take out bonus number two and bonus number three. Each of those bonuses were of \$50 value. So I'm going to take \$100 off the price.

So instead of pay 197 you 'I'll pay just \$97 and you'll still get the main product and this free bonus. Does that make sense there, how a down-sell can work? So we justified the price drop by taking out two bonuses, making the offer a little bit less. By lowering the price in half and offering them a down-sell you'll notice that if you're making as I said, 100 sales per month for whatever product you'll now pick up another 50 sales per month at half price.

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And by putting the up-sell and the down-sell together just whatever process you currently have you just increased your profits by 50 per cent per month.

What If They Buy Nothing?

But the nice thing about this free offer is that they came in for free they saw the one time offer they didn't buy. Then you offered the down-sell they didn't buy, now they're a free member. Is all lost? No, right because we have a free member, we have that free member is now a new opt-in prospect and now we can follow up and we can build a relationship with those people.

And we know how important that is. The people that raised their hand, there was probably about 50 people in this room that raised their hand, they're in this room because most likely they went to one of my sites and signed up for a free offer and then I built a relationship with them.

You know there's one example I wanted to give you about up-sells and cross-sells that I didn't. has anybody here ever registered a domain with GoDaddy. Right. When you go to GoDaddy and you find a domain that's available and you hit check out, how many years did they ask you to register that domain for?

2 years. That's a classic bump right there. if you go to some other websites like Namecheap they set you up at one for whatever reason. GoDaddy they're brilliant they set it up for two years it's a classic bump. When you register a domain name it should be just one.

They get you for two years, do you know why they don't do it for three because they probably tested that, for three years it gets you to think too much, well do I really need to spend \$21 just to get this domain and then you hit the drop down button and then you drop back down to one.

So they've realised that their sweet-spot is offering two years. If they could get you for three they would do three, if they could get you five they would do five. But they can get you for two more often just by offering that bump right there.

Alright and so that's the bump and then they try to up-sell you. Now they want to up-sell you with hosting. Okay so as soon as you – you know your checking out they say do you want to host your websites for \$9.00 a

month now how much more important was that bump when they got you for two year domain registration.

Now they're taking their \$9.00 a month hosting out 24 months instead of 12 months. And then you say yes or no to that. And then they start offering you the cross-sells and the cross-sells are would you like to get index in five major search engines for \$49.95. Would you like the Traffic Blazer package. I have no idea what that is and that's \$39.95.

So the truth is GoDaddy their prices are so low and were going to get into that in the next section, their prices are so low that they can compete in the marketplace with prices where nobody else can compete, where most likely they're losing money on what they're selling the domain name for, especially with their expenses in their office, it's a loss leader.

But because they have their up-sells and their bumps and their cross-sells in order they're maximising, they're making all their money on the backend.

So in that example, as you can see there are four possibilities platinum, gold, silver and free for when somebody comes to our website when we lead them in with a free offer.

Understanding How The Marketing Funnel Works

Setting up your marketing funnel, okay we're going to get into the marketing funnel here. Your front-end office drive your back end profits. Okay, see that example that we just gave with GoDaddy when you have a lead in front-end product it drives the backend.

All your money is generally going to be made in the backend. Your front-end you could lose money or even break even on the front-end and when you do that you can really start to dominate your market place.

Here's an example of what your product funnel, your marketing funnel, your services funnel may look like. Okay, remember start in by opting in the prospect, it doesn't start in at \$19 or \$47 it starts in with opting in the prospect with free or better. What's better than free, even additional bonuses that were unadvertised, really start building relationship with people.

Next after that your eBooks, your eBooks are gener-

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ally priced between \$19 and \$47. Sometimes a little less sometimes a little more but on the internet the going price for an eBook is generally \$19 and \$47.

If we're talking about doing an up-sell if you have an eBook what could your up-sell be? Well your up-sell could be, they have the sales letter they see your \$47 eBook, they click the buy button, they go to PayPal and they purchase and now they land on what's called a thank you page where it says thank you, you were just \$47 download your project.

But if we up-sell them we could move that page over and insert an up-sell and the up-sell could be something like would you like to buy the deluxe spiral bound edition for only \$19 more simply click here for an additional \$19 we'll ship you the deluxe spiral bound version.

And what we just said before is that 50 per cent of the people that buy the eBook will buy this product. And it's very easy you get hooked up with somebody like Speaker Fulfilment Services.com you send them your eBook and they'll turn it into a nice spiral bound edition for you for about \$2 with the spiral, they'll ship it anywhere around the world between \$3 and \$6. So your total cost is about \$700. and you can set your shopping cart up to send them an email every single time you make a sale for that spiral bound book.

And that's found money if your not doing that right now with your eBooks. *speakerfulfilmentservices.com* they will ship it out for you so while you literally at the beach or while your sleeping and somebody buys your digital book because we love digital products then they buy your physical product you don't even have to know about it. The email is sent to the fulfilment company by the end of business day they're sending it out, within two days the customer gets their deluxe spiral bound version.

So that's a typical up-sell for an eBook okay. A \$97 product that could be used for an up-sell could be a CD where you have audio and where you know maybe it's an interview or something like that. maybe you're offering the transcripts. Transcripts guys you can go to *eScriptorist.com*.

You can give these people a one hour conversation of two people. It's going to cost you about \$100 and they will get you back in about 48 hours a Microsoft word document of Mike said – Tom said – Mike said – Tom said. Now you have an instant eBook that you can have

graphics made and you can either give it away for free or use it as a bonus or sell it or use it as an up-sell.

Okay it's an instant eBook just by going to *eScriptorist.com* and giving them any recording that you have. It's about \$100 per hour when two people are talking. Alright, if your doing a DVD course \$197 to \$297 that's generally the price for a DVD course.

A home study course, now we're getting into it like a multimedia course where maybe you have DVDs and you have screen recording where you use Camtasia and your recording step-by- step how to do things on the screen. Maybe it comes with bonus software and it comes with printed materials, like a printed eBook and everything like that.

A typical home study course will normally sell between \$497 and \$997. Now your starting to establish yourself as an expert in your industry and if your industry and your niche gathers in offline events, where it's personal development or it's health or it's Forex it's stock trading or it's real estate or it's golf, whatever the case is, in most cases there are offline gatherings.

You want to start finding out how you can speak at these events. And if you're speaking at these seminars generally you can have one of your packages that you can sell and those prices normally go between \$997 and \$5,000.

Right and as we said before \$47 products are important the front-end is what drives the back end. It's what makes the backend possible. But if you wanted to make a million dollars how many sales of \$5,000 would you have to make in a year – 200.

So if you broke that down per month, that would be roughly 20 sales – roughly 20 sales per month if you're a speaker and you've really, truly established yourself as an expert in the field.

So you know 10 months out of the year you could travel speak in front of a room with 300, 400 people, sell a package at \$5,000 and if 20 people are buying 10 times throughout the year, you've made a million dollars just on your backend products okay. I mean to make a million dollars selling \$47.00 eBooks what is that 20,000? Is that the math about 20,000 sales that's a lot of sales.

Alright and then finally at the bottom of the funnel, if you choose, there's group coaching, inner circle programs, workshops, boot camps, one-on-one coaching, these

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prices generally go between \$2,500 and \$20,000 whether it's group coaching or one-on-one coaching or an inner circle program.

If you take a look at like Mark Victor Hansen and Robert Allen they have an elite inner circle program. It cost \$37,500 a year to be in. If you look at Tony Robbins he has a platinum program that cost \$65,000 per year to be in. When you're a true expert in your field, if you're at the top level you can command these prices because you have the value that goes along with it.

My Million Dollar System Summarised

Here's a quick recap. I said this at the beginning of the presentation 'stop selling up front'. Alright we want to opt-in our prospects, we want to drive all of our traffic sources to a page that has a free offer.

We want to convert those prospects to customers. So after we get them into our marketing funnel we want to build a relationship and by building a relationship we can endorse other products, we can review products and we can make sales by endorsing and reviewing quality products that we feel and we know can help people along their journey.

And we want to drive our customers and our prospects through our marketing funnel. What that means is simply this, when we go back to this slide here, okay we don't want to think that somebody has to buy the \$47 eBook before we can offer them the \$97 CD and then before we send the home study course, they have to buy the home study course before we offer them coaching.

We can have somebody that's a free member that comes in we may follow up with them on the eBook for \$47 three times and they don't buy and then we offer them the home study course for 99¢ and that free lead now buys the home study course without buying the eBook.

Many times that's exactly what they were looking for in the first place. And if you're not offering it to them they'll get it from someone else. What they saw was your eBook and they said you know that's a basic version on real estate, I'm really looking for the step-by-step guide. I want the big box sent to me. I want the accelerated learning program. The eBook was more of a 'how to course' I want the 'what to do course'.

So going back here we want to drive our customers and our prospects through our entire marketing funnel and finally, okay knowing your metrics. Before we were talking about GoDaddy how it's very obvious that GoDaddy completely dominates the marketplace because they know the exact metrics, they know the life value of each customer.

If you were to talk to GoDaddy they will tell you that for every person that buys a domain they make \$71.62 over 4.5 years or over five years. They'll tell you that the average person keeps a domain for this long, they know the exact metrics.

So what that means is if I was to ask Keith Wellman or one of my friends, how much is an opt-in prospect worth to you? They'll tell me Mike for every opt-in prospect I get I make \$5.63 in my business.

So now that they know this, and it's very simple, you look at how much money you're making every month and then you look at how many opt-in leads you're getting and then you divide the two and now you see that for every opt-in that's coming into your site you make \$5.00 at the end of the month.

So you can start doing simple things like, well if that's the case I can go out and I can start spending \$3.00 to get an opt-in prospect and if you're spending \$6.00 to get an opt-in prospect you know that the campaign is losing you money and you're not guessing.

You can pay your affiliates a commission higher than the price of your product. You can completely dominate your market place when you start doing these strategies and what that means is, you can pay your affiliates 100 per cent commission on your front-end product.

Whose product are you going to promote? Are you going to promote the real estate eBook that's paying 50 per cent of \$47 or are you going to promote the real estate book that's paying 100 per cent of \$47? The 100 per cent right? If I'm signing up for an affiliate program and all things are equal I'm going to promote the one that's giving the higher percentage.

So remember we said before that 75 per cent of my sales come from my affiliates. Well if that's the case the person that is competing in a marketplace and he's giving people 100 per cent commission, the other person that's paying 50 per cent commission is going to say how he

Millionaire Phenomena - Internet: MIKE FILSAIME (continued)

doing that, he's got 6,000 affiliates and I've got 12 affiliates he's making 400 sales a month and I'm making four sales per month and he's not making any money because he's giving away 100 per cent commission. I don't know what in the world he's doing.

That person has a backend strategy. They know for every single person that buys the eBook for \$47 they get put into an auto responder and they get followed up with for a \$497 home study multimedia course on real estate investing. And they know for one out of every 10 people that buys the eBook, one out of every 10 of those people are going to buy the \$497 course, they know those metrics all the way down.

You could lose money on your front-end product if you're dealing with physical products. Let's say you've done all the research in the world and you can get this particular widget only made in china for \$50. Alright and everybody else knows that the cheapest you can get this widget is in China for \$50 so it's a real commodity everybody's selling the product for \$59 - \$56 - \$54, some people for \$53 and they're making \$3.00 per sale. And then you go into the marketplace and you sell the product for \$49 whose going to dominate the marketplace?

You, you're doing it at \$39 your buying it for 50 all your competitors are going to say, I don't understand how this persons selling this product, I've looked at the product, I even purchased it from him, says made in China and it comes from the same production warehouse I'm getting them. They call the warehouse are you selling it to them for cheaper no we sell it to everybody for \$50.

They say to themselves how in the world is this person selling 10,000 of these a month at \$39? Nobody wants to come to my site. I'm making 10 sales a month for \$53 because that person has a backend. They know that for every single person that buys the widget may also want the lighting kit and you know the accessories and everything like that.

I see it all the time guys on eBay, sometimes maybe I'm looking for a high production digital camera or something like that. And there's one guy with a 'buy it now' price that's selling it cheaper than anybody else. It recently happened to us. after we purchased it they contacted us and offered us this complete up-sell package with a green screen and microphones and everything like that. So they're dominating the marketplace, probably breaking even on the front-end and making their money on their

after sell packages.

The best example I can give you is when I was a general manager in the automobile business I was general manager for the second largest Hyundai dealership in the United States and the ninth largest Toyota dealership in the United States.

And the average Toyota dealership in our area was doing about 125 to 150 Toyotas per month. We were doing between 400 and 600 Toyotas per month. Almost four to five times as many Toyotas as the next leading competitor and the reason was the Toyota Camry would probably have a dealer invoice of \$17,400. We were selling it for \$16,999.

Where everybody else was trying to sell it for 17,999 and make a 400 or \$500.00 profit. We were losing \$400 on every sale because we knew our metrics, we knew the backend, we knew that for every customer that bought the Camry we were going to introduce them to our business manager or our finance manager.

The finance manager would offer financing and they would offer Credit Life and Credit Disability. They would offer an extended warranty and they would offer and alarm system and tinted windows and a pinstripe. And they would put together an entire package for this person and we averaged \$1,500 profit on the backend for every single customer that bought a car.

So we knew I mean how often would be willing to lose \$400 on the front-end, all the time. We would lose \$400 on the front-end if we could sell 1,000 cars per month because we would net \$1,000 when it was all said and done. When all the other dealers were so focused on the front-end that they were making 100 and 150 sales per month and we were completely dominating the marketplace. And it built momentum because it brought more referrals.

And then finally you can loose money on your front-end advertising. I won't get into this in too much detail because it can be a little complicated but just to make it very simple for you. let's say that before you knew your backend, you were using Google AdWords.

So you're paying 20 cents per click and when your paying 20 cents per click your spending 1,000 and your making 1,500 so you're making a \$500 profit. So now you want to see well let me see if I can generate even more

Millionaire Phenomena - Internet: MIKE FILSAIME (continued)

traffic.

So now you go up to 30 cents per click but now you find out when you go to 30 cents per click you're spending 2,000 a month but your only making 1,900 in sales. So by raising your price you're actually losing \$100 and your competitor knows that. so your competitor is paying 20 cents per click and you and your competitor are down here on the right side of the Google search engine. But now you put into place a backend and you're now selling a \$497 course after they buy your \$47 eBook.

So you say, you know what let me do that as an up-sell as soon as they buy and I'll sell it as a one time offer for \$297 instead of \$497. As soon as they make that purchase for the eBook I'll walk out on video and I'll do a little demonstration and I'll show the product and I'll give it to them for 297 as a one time offer.

So let me see what happens now. Instead of paying 20 cents per click I'm going to bid 60 cents per click and you shoot up all the way to the number one slot. And now you find out at the end of the month you spent \$10,000 in Google AdWords and you bought in 7,500 in sales, so you've lost 2,500 but now your backend product you find is converting at 20 per cent and I'm just going to make up a number here, but now you are seeing that you made \$22,000 in all profit on the backend.

Does that make sense here, how you completely dominating the marketplace. This competitor is getting five clicks a day and your getting 100 clicks per day. You're getting all the traffic to your website. He doesn't understand what's going on. He or she is saying I don't understand according to my calculations this person paying 50 – 60 cents per lick. They try it they lose money. They go back down to 20 cents per click. Your spending more money per lick your losing money on the advertising campaign because it's a front-end offer that drives the backend products. So did that make sense for everyone?

Okay remember, begin with the end in mind. Okay I'm going into a lot of maybe above strategies that are a little bit more than newbie strategies but it's so important for you to know this as you're starting to build your company now so that you can take advantage of every opportunity instead of doing what I did, figuring this out two years later and then putting in a process and seeing that it brings in additional \$2,000 per day and then you pick up the calculator ...

What Is Butterfly Marketing?

I'm going to pick up pace a just a little bit here. I'm going to go over Butterfly Marketing with you remember I said this is how I run 70 to 80 percent of my websites and will continue to do so. These sites are very easy to create. After awhile you can create a site like this in about five to seven days, everything, graphics, copy, everything and go straight to launch with it.

Alright it's a passive list builder, remember the real important asset in your business is your opt-in list, your subscribers and your customers, not how many sales you're currently making. When people evaluate your business they want to know the assets and your assets are your opt-in list, it's a passive money maker, it means that it will automatically bring in money for you every single day. And I mean this and I'm not trying to use those words that we see in *Get Rich Quick* it brings in the money for you on virtual autopilot.

I don't want to say total autopilot because that would be misleading. There are people that lose their passwords and you do need a help desk to help people that you know, 'I don't know how to download a zip file'. But for the most part with the exception of the person in the help desk, it's total autopilot.

It creates backend sales alright, so you can a front-end offer and I'm going to show you how you can make big commissions on the backend. It can be used in any market or any niche. Alright and when you're creating a site like this you always want to make sure that whatever niche you have you try to get the domain with or without the hyphens in these examples 'niche secrets.com' or 'niche secrets revealed.com' and if that's taken find whatever niche that your in or niche that your in and get 'niche secrets exposed.com' with or without the hyphens.

Whose got a particular niche that they're in right now? What niche are you in madam?

"Women's empowerment."

Women's empowerment secrets would be an example. Okay the word 'secret' is so strong it implies that there's something that the reader doesn't know on the other side. And the other important thing about the word 'secret' why it's in every single one of these domain names is if you look in the thesaurus for the word secret there is no other word that really compares with it, there is no other

Millionaire Phenomena - Internet: MIKE FILSAIME (continued)

word that can be used in place of the word secret.

And that's why you see it on so many different products. Mastery secrets, everybody uses the word secret because it's powerful and it can never be overused, psychologically it tells the person that this is the key to something that they don't know that it's going to unlock for them

And to create a very quick product with Butterfly Marketing using these principles what you can do if you don't have your own product, or if you're not yet the expert in your industry, alright as John Childers calls this, becoming the reporter. What you can do is you can interview an expert on his or her backend product.

So let's say you went up to Chris Guerriero and you said Chris, you know I found your presentation mind blowing I absolutely loved it. I think we can help a lot more people with this type of product that you have. Would you be interested when you get back home, sometime when you're not busy do you think that we could maybe do a one hour telephone conversation. And we can record it and I'll do all the marketing I'm going to make it viral and the audio is going up-sell your product in the backend. Do you think Chris would say yes or no to that?

You know he'll spend an hour with you, you'll do the marketing and you're going to have this audio that promotes his product on the backend. So what type of domain would we get for Chris' product with the secrets in it?

Chris Guerriero Secrets Revealed.

What type of niche was he in?

Best selling books secrets.com, well that's taken. Best selling books secrets revealed .com, best selling books secrets exposed.com. Something along those lines you get that domain and then you create a site that looks like the following.

Here's an example of something that we call the 'thank you page concept'. There are two pages in a marketing process. There's the sales page and then there's the thank you page. Right, the sales page is headlined, 'This is what you're going to get, these are your bonuses, buy now'. They go to PayPal and then they land on the thank you page, right.

And the thank you page says congratulations right,

download here. The process that we're doing here is we're making our sales page a thank you page. And we're assuming that everybody that comes - and I'm going to show you on the next slides - everybody that comes to this website, is brought to this website by invitation

They're sent an email by their friend that says something along the lines of 'Hey Bob I just want to let you know I just got a hold of Best Selling Book secrets.com by Chris Corriero it's a \$97 value and it's very easy to say that information has value, right. even if it's free. So we say it's a \$97 value but Chris has allowed me to share it with some people so you can bypass the sales page and go directly to the thank you page and download the product.

So now the conversion rate on a page like this, if you notice the URL at the top it says Firesalesecrets.com/thankyou page. Don't worry about the Fire Sale Secrets basically this was an interview that I did with four other marketers that all made over \$35,000 in four days doing what was called a fire sale but basically what I did is I turned into those interviews into a free lead offer.

So people come here they're invited by someone else. They don't - very rarely do they find these pages organically. Most of this is all viral marketing, somebody coming to the site and I'll show you in the process, they go through the process and then they later invite their friends. And their friend thinks that they're coming to get this \$97 value product where they don't have to go to the sales page they're right at the thank you page and they follow the download instructions which are enter your name and your email address. So the conversion rate on a page like this goes from like 30 per cent up to about 60 per cent. Because people think - 60 or even 70 percent. People think they're not entering their name and email address for more information they think they're just registering the product.

Now you guys remember the flowchart we had before right. There was start - there was free offer and then there was one time offer. Right. So then what we do is now we give them a one time offer. And if we can we keep this offer related to the framing of the website. And what I mean if they're at a website about how to cure their golf swing you know with six easy steps, a free report well maybe the one time offer is going to be six DVDs streaming videos for example.

We don't want to give them a one time offer to get a free iPod. Right everybody wants a free iPod or whatever

Millionaire Phenomena - Internet: MIKE FILSAIME (continued)

or a discount on an iPod but it doesn't make sense on a golf website right. Alright so we want to keep our offer congruent with why they're at our website.

Now they're inside the members area here is an audio example of me and Jeremy Burns and what we did it's a one hour call or a one hour and 15 minutes talking about how we ran these fire sales, great information by the way. I mean I've had people even Willy Crawford listen to this call and he went out and he did a sale that raised over \$100,000 for his daughters wedding.

But I gave it away for free. And over here you see it says download the text eBook of the call eScriptionist I gave them the call and they sent me an eBook and I was able to give that away as a free bonus.

The call is great content. Everybody that hears the call loves it. but also, it's a soft sell infomercial. So while they're listening to this call we constantly say, you know Jeremy that's great information and thanks for sharing that and if your listening to this call and your wondering the type of software that we used to run this sale to automate this process, there's a link right underneath the audio button that you can click and you can get your hands on this software. But Jeremy I have another question for you and we get back into the interview.

Alright, so if this was with Chris Guerriero – Chris would be giving great content right and then on the call you could say, thanks for sharing that Chris. If you guys would like to learn more about what Chris Corriero has to offer right underneath this audio button is a link where you can get started with Chris's home study course which normally sells 1497 and he's agreed to give it to you for just 997 and this is your affiliate link.

And with viral marketing that I'm going to show you you can get 30, 40, 50 people listening to this audio every single day and some of them are buying your one time offer, that's the passive backend sales that I – passive sales and then I said, you make money on the backend, people click on this link and they buy whether it's a \$97 product or a \$400 product or whatever the case is.

It's an automatic process it's an infomercial, giving great content driving people every single day making you if it's a \$500 product, they're making you \$250 in sales every time somebody buys from that okay.

Notice the affiliate URL here. the one that we use is

fresalessecrets.com/thankyou page. So the affiliate is using a URL and this is all created with the butterfly marketing software. We can make this say anything that we want. I'll show you another example that we did in the resource report recently.

We provide them with copy paste tools. It's a little difficult to see but basically it says as I said as soon as they get into the members area their name is automatically added for them, their affiliate link is automatically added, they can just copy and paste us or use our tell-a-friend and start inviting people.

And it says something along the lines of, 'Just got a hold of this great product by so and so it's a \$97 value I was told I can share it with you. You can bypass the sales page go directly to the thank you page, click on this link',

The person thinks they're going straight to a thank you page. That member grabs their affiliate link and now tells five of their friends and these five new members now arrive at the website and the process repeats.

They arrive at the website, they see the one time offer, they listen to the call, they get their affiliate links, they tell their five friends those people tell their five friends, those people tell their five friends, those people tell their five friends and the site now has just gone completely viral.

I launched this site – I'll give you a case study in just a quick second. Here's a screen shot nine months after we launched the site, the sites over two years old now. As you see all these people came in all on the same day nine months later.

These are the people that joined the site. What your seeing right here this is the affiliate ID of the person that referred the member. As you can see all different people are referring. Member number 613 this person referred here again 613 - 613 this person was probably a member for gosh at least seven months if their number was 613 still promoting people to that day.

Then you have new members like 7120 who had just joined the site recently and was starting to promote. You have member 6140 number 29 – 471 – all these different members on any given day are promoting the site because we give them tools to put on their website and it's just virtual autopilot.

I launched this site in February of 2005 I to this day I have never even told my own list about the site. Here's

Millionaire Phenomena - Internet: MIKE FILSAIME (continued)

a case study. I launched it with 12 JV partners. I simply sent instant messages to a couple of friends like Russel Brunsen and Telmen and Mike Rasmussen and I said hey guys I got this site called *firesalesecrets*. If you go promote it to your list they'll see it as a \$97 value. There's a one time offer for 100 bucks you get \$50 if anybody buys it. So they promoted it for me.

As I said to this day the only way my list ever found out about it or my members is that it's at Mike Filsaime.com but I never sent an email out to my own list for it.

In one year we had 14,416 total members come into the site. 3.5 per cent one time offer conversion was our one year statistic that gave us 519 sales at \$97 that bought in \$51,000 in sales and still counting to this day over two years later and still to this day brings me in over 40 plus new members per day.

To some of you that is very impressive. To others your saying well \$50,000 you know that's good but you know I was really looking for something more. Keep in mind, this process was nothing more than a phone interview that I turned into this process.

What if you were to create two of these sites per year, you'd have your six figure code right there. What if you were to do four of these sites per year, that's your \$200,000 per year US and an opt-in list and pack back end sales and an email list that you can use to endorse products in your marketplace.

The Challenge: Make Money Online From A Standing Start In Front of 500 People LIVE

Here's a recent example. At World Internet Summit in Melbourne here in March, 2007 just a couple of months ago Brett McFall calls me up two weeks before the event and he says, Mike we do this thing on Thursday called Newbie's Day. We do the internet challenge. We'd like for you to launch a product on that day. I said well I don't have anything I could launch.

He says is there anything that you're working on? This is like the middle of March I said well the only thing that I have is something but it's not going to be ready for like two weeks I can mock up something and try to get it ready.

He says great, let's do it. so basically what I did the reason for creating this report called the Resource Report was to create a viral report that would showcase quality software products and my own products. I have such a suite of products as you saw.

It was very difficult for me to get somebody into my marketing funnel and then promote 25 different websites. So I created something called the Resource Report and I said here all the tools eScriptonist, Speak Fulfilment Services all those types – every single resource that I knew I made it a free report and I said these are the tools that I use to learn my business. And then in there I included my software and wrote reviews about them

And it was a way that I could bring somebody into my marketing funnel at one site and give them all the information about my products.

The offer, what was I going to make as a one time offer? I called it a kitchen-sink-sale. I'm going to give you every single one of my products – almost, every single one of my products, an incredible value at one low price, everything but the kitchen sink. That was the hook of that offer. The 'whats in it for me' WIIFM means why would somebody want to promote this site for me is because when they come to the site after they get the eBook they can share this free report with people and I pay them 50 per cent if somebody buys the one time offer.

So just by promoting this free report for me, they help me build my list and get the word out and they make 100 bucks if somebody buys the offer. So here's what happened. We launched the site, our one time offer wasn't that good on day one, it was around two per cent I think.

So right there in the lobby in Melbourne at the Hyatt Hotel, Tom Hua took the camcorder and he recorded me and I did a video one time offer. So we added video to the sales pages. Our conversion rate went from two per cent to four per cent overnight just by adding this video about the sales page of the one time offer.

We offered a down-sell, very similar package for \$97 if they didn't purchase that. we offered the promotion tools inside, all these different types of tools that people can copy and paste and we empowered our affiliates, hey you have a website put this banner on your website. Whatever the case is show them little places they can advertise, tell a friend, whatever the case was.

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Gave them little copy paste code they could put this on their website. We put all these little butterfly viral marketing affects out there. The Resource Report instead of saying thank you page I told we could make this anything we wanted. I called the *Resource Report.com/newest version*. So when they promote it the people think they're always clicking on the newest version. Here's the case study results in six days of launching this at the World Internet Summit.

It launched without me emailing my list. Because it was very important for me to show people that I didn't want to come up the next day and show all this income and all these new members on the list and somebody say Mike, yeah but that's because you mailed your list, what about us, what does that really show?

So the challenge here was, I was not allowed to tell my list. I asked every single in the person in the audience, just like you, I said go to the Resource report.com and you guys are going to launch this site for me.

So the next day Brett called me up on stage he said Mike where are we I said I'm not sure, logged into our computer and what we saw was 13,955 members had come in, well this was after six days 13,955 members. I think the first day was like 5,400 members.

\$8,700 In 6 Days

So after the sixth day of this case study, these were the sales. On March 8th it brought in \$8,700, the next day \$2,700, 1,100, 1,900, 2,00, 1,400, 2,000 in sales it bought in over 20,000 sales at the World Internet Summit just launching with the JV partners in the room.

Two months later it brings in over \$450 in sales per day plus all the other affiliate links that are inside that report. It brings me in 85 new members every single day on autopilot and total sales to date in just two and a half months, about 10 weeks total sales today, over \$45,000 in sales in under three months. Creating a free report with an offer tied into it and letting it go viral.

Does everybody understand what I'm doing here? Does this sound complicated? Create a free report, put it out there, create an offer that ties in and let the viral marketing take it's place.

Butterfly Examples:

\$500,000 in Sales in Just 5 Months

Two other quick examples. My friend Michael Rasmussen had a site called Email Promos Exposed. He was going to sell this as an eBook. I said Mike you really should consider the Butterfly Marketing he said you know let me try that I have the software let me do something with it.

In five months he's had over 45,000 opt-in members added to his list and over \$500,000 in sales by giving away part of the course for free as a lead in and then up-selling people for the rest of the course. So he gives away a light version or a couple of chapters and the up-sell was the entire course.

Recently Hosting Secrets Revealed Joel Tieran my web host at the kiosk says to me Mike I want to do a site like this, what do you suggest? I said I'll interview you on why your such a great web host and we'll talk about the pitfalls of web hosting and what people should be concerned about in web hosting. And we'll give that call away for free and we'll call it Hosting Secrets Revealed.

Butterfly Examples: \$100,000 in Just 6 Weeks

So we did the call, took as an hour to do the call, I recorded it in my hotel room, you can actually hear somebody knocking on the door saying room service while I was in LA. In six weeks we had over 3040 customers that he got paying \$297 a year for a dedicated server. So that they pay every single year. So just in the first six weeks my web host picked up an additional \$100,000 a year in annual revenue and the site is still going.

Okay so here's what we learned. The 10 foundational principles for a six figure internet business your Hedgehog Concept and why that's so important. We spoke about up-sells down-sells cross-sells and bumps, developing your marketing funnel. How you can dominate your marketplace when you know your metrics and you're setting up your backend and powerful Butterfly Marketing results.

So we're going to look at these following results here. let's try to see if we can pick out what these people have in common? Here is Fabio Marciano – Fabio started working with us, another person was online for about a year and a half. When he started working with us he launched

Millionaire Phenomena - Internet: MIKE FILSAIME (continued)

his first site he made \$12,668 and 5,400 opt-ins in his first 10 days. Fabio has since gone fulltime online.

Butterfly Examples: \$12,251 In Just 7 Days

Dan Kelly left his fulltime job. Dan Kelly launched his site called Many Site Secrets Revealed. He bought in \$12,251 and 3,000 members in just seven days. Dan is making – he was at a seminar recently in the audience I asked him how you doing currently at this time Dan. He says between 300 and \$400 per day with that site and he's working on his other site right now. I think its even launched already.

Butterfly Examples: \$41,000 and 8,800 Members in First 20 Days

This gentleman, his name is Jordan Hall launched the site, made \$41,000 and 8,800 opt-in members in his first 20 days. Jordan was sitting in the audience in Seattle. At that time I did a raffle I said if anybody could tell me what the seventh habit of *Highly Effective People* were was it on the slide. He jumped up and said Sharpen the Saw. I saw great come on up and he got a free cop of our Butterfly Marketing software. He used it to launch that site.

These folks here, they're in a niche market in personal development and they say they weren't sure if it would work in their niche. Alright they launched they made of \$10,100 in sales in just four days.

Mike Ambrosio just went fulltime a couple of weeks ago. This is an old slide says he's making \$5,000 every month. Mike is now making about \$9,000 every single month online.

Brian Edmondson was our very, very first protégé. Brian saw me in Orlando. He was the very first person to start working with us and Brian, this slide is about four or five months old. Brian says he's averaging about 2,000 a week. He's probably closer to about \$4,000 per week right now. Multiple projects.

James Grandstaff launched his site just over three months, 109 days after launching he generated over \$80,000 in sales in just over three months. James Grandstaff now working fulltime online and left his job where

he's making \$18,000 a year.

Eric Rockefeller, this was a kid that was just all over the place. He was – he started working with us he was all desperate and I need to do this and you know I've got 2,000 left on my credit cards I'm working on my credit cards and we put together an action plan for him.

He's currently earning \$25,000 per month now in is one of the top affiliate marketers in the – with email marketing nearly overnight. Launched three projects so far this year and he's making about \$25,000 per month. So the successful case studies. What did they all have in common?

You might be thinking, "Mike Filsaime" ... Well yes, you'd be right, but I was leaning towards "they all had a mentor."

Whilst in this case it was me, you rarely find a successful person who doesn't have a mentor. I've personally had 5 or 6 that I've employed to guide me along the way. Not all have been in the internet marketing area, some have been on business-building and personal development.

I'll say this, and I know that you may hear this from others, that the greatest return on investment that I've ever had has been my own education.

What I've shared with you today is a guaranteed way to get started online, build a bit of experience, have some fun and make your first dollar.

I want to reinforce and stress to you the importance of building a list first. That has been my secret to success and I've observed that the largest internet players in my area have all done the same.

With that said, the internet has provided me with an amazing lifestyle. In the last 3 years, I've travelled the world without my business missing a beat. Not many traditional business-owners would be able to say that.

Is it going to be tough starting out? Sure, everything is at the beginning but hopefully you'll look back in 12 months and be in complete awe as to the progress you have made.

On that note, let me leave you with a famous Chinese proverb, "the journey of a thousand miles always starts with you taking the first step."

“How This Chinese Immigrant Went From \$300 In His Pocket... Sleeping On Newspapers In A Tiny Apartment For Months To Self Made Millionaire”

Part of the Millionaire Phenomena Series

Good afternoon. Ladies and gentlemen, it is my absolute pleasure and privilege to be able to speak to you this afternoon; to be able to share my personal experience and powerful knowledge of doing business on the internet successfully, with you. Now, I would like to ask how many of you already have a website? Wow, quite a few of you. Congratulations. Thank you. Now, how many of you haven't got a website yet? Thank you too.

Regardless of which hand you have raised, every single one of you, all of you, are in the right room at the right time. Beginning with the information I'm going to share with you in the next hour and a half, it's going to help you take your business to the next level if you already have a website. Or it will help you to set up your online business in the right direction, without any confusion whatsoever.

Before I get started, I have to confess that I am not one of those professionally trained public speakers at all. I did not have to speak until 2004, as John said. The only reason my partner asked me to come to the stage, is because I was making more money on the internet than any other individual in this country.

So let's get into it. Today, what you're going to discover first of all, we're going to discuss the principle of internet business. I understand you have experienced a jam-packed weekend. You have been hearing from speakers, speakers, and more speakers. Sometimes you think internet business is kind of complicated.

My job in this section here is to discuss the principle of internet business. Regardless of what website, regardless of what business you do on the internet, they all come down to this principle. The good news is the principle is not complicated at all. It is no more complicated than

Meet Tom Hua

TOM HUA is one of the most famous guys on the internet. Want proof? Next time you're tapping away on Google – enter the name “Tom Hua.” And you'll find at least 400,000 web pages.

Do you think you'd be making more sales if you got 400,000 web pages linking back to your web site? How did he do it? How much does he make? He lays it all out on the table.

Tom is a grandfather of ebook publications with over 150 ebooks in circulation. He's a master at viral marketing and to be frank, Tom makes money from projects that he has stopped marketing, and even if he wanted to - he couldn't turn them off.

Tom literally started from ground zero – emigrating from China with \$300 in his back pocket and sleeping on newspapers in tiny apartments for months.



one, two, three. So for this weekend, if you take nothing home but this principle, then your time, your money, your effort is worthwhile. This principle, I sometimes refer to it at a simple system, is really quite underestimated. However, it is simple, but it is so powerful. It can guarantee your success on the internet. Would you like that?

So if you understand the principle, you know where to start, and also, you can plug-in all the valuable knowledge, valuable skills, valuable techniques that other speakers have been sharing with you into those areas; apply them to the principles. On top of that, I'm going to teach you the most powerful traffic-generating technique. That can help you to speed up your online business by ten times. Would you like that as well?

You see, it's important to understand the basics of the

Millionaire Phenomena - Internet: TOM HUA (continued)

basic. It is also important to understand the most powerful technique that you can apply. So this way, you secure the bottom, and also, you have something that can take your business really to the next level. On top of that, I'm going to give you a lot of tools and resources to help you to put everything together into the right place, so that you know your online machine will be completed. Okay, thank you.

Now, I'd like to show you some of my work, so you know what can be done and what I have achieved, and also you can understand what you can do. Back in 2000, I released a little booklet called Working With ClickBank. ClickBank is one of those payment processing companies in the world. They are one of the most popular ones. They simply provide a solution so that everyone can accept credit card payments on the internet.

Back then they had 110,000 affiliates. They wanted us to go out and promote services for ClickBank. They had a reseller contest, and invited all of us, 110,000 people, to go out and promote ClickBank. Now, I did not simply send a broadcast through my newsletter, did not simply have a banner on my website. Instead, I put this booklet together called Working With ClickBank, taking people through the entire process of how to set up an account with ClickBank. Let's take a look at it today.

I put something that is quite interesting, called a viral marketing device, in this booklet. Let's take a look at it today, at Yahoo!. Do it, search at Yahoo! live, while we speak. As you can see, many people are still selling this booklet today. At Yahoo!, we have 7,190 websites. And at Google, you have 26,200 websites that are still selling this little booklet I released in 2000, today. This is because I not only sold that booklet to others, but also I allowed other people to sell it to others.

But guess what? The inside of that booklet has my affiliate link to ClickBank, so as a result, I became the winner of the ClickBank reseller contest.

And back then, we had every single internet marketer out there promoting affiliate Clickbank services - 110,000 affiliates altogether worldwide. I mean, for a little Chinese guy, who didn't even want to put his name on the internet, to me it was quite an extraordinary achievement. The websites that you've seen indexed by Google and Yahoo! are really a very small percentage of people who had access to this booklet.

Let's take a look at another example. Now this is an excellent example of viral marketing, which I'm going to share with you today. Another example, also in 2000, I put this e-book package together called Free To Sell. That was the first e-book package on the internet, and every single internet marketer back then had access to this e-book package. What I did was, I put together about a dozen e-books and software, which I purchased the resale licence to, then I created an e-book package. But on top of that I put on all the resources and all the website addresses, and all the services that I was using to build my online business, so in a sense I was sharing with other people. On top of that, I allowed other people to sell this package to others, so that's where the name of Free To Sell comes from.

Today, let's take a look again at Yahoo!, and see how many people are still selling this booklet today as we speak. Yahoo!, we have 19,200 websites. Google, we have 17,200 websites, still selling this very booklet today, which I released back in 2000.

In that e-book, I recommended lots of services to other people through my affiliate links. One of them was a link to a project called Host For Profit. Back then, again, every internet marketer was promoting Host For Profit. Host For Profit is simply a website hosting service. For the host customer's website they charge \$25 a month, then they pay the resellers \$10 each account, for the life of the account. I became number one again - overperformed thousands, tens of thousands of internet marketers out there - back in 2000. Became the number one reseller of Host For Profit. I used to receive over \$5,000 every single month, as a result of referral to Host For a Profit.

Later, I had my very own website hosting company. It kind of became the direct competitor of Host For a Profit. I did not want to promote Host For a Profit anymore. But guess what? Even today, I still receive over a \$1,000 a month, as commission from Host For a Profit. I mean, speaking about passive income, how much more passive can it become? Even if I wished; I couldn't take it off! Do you understand? Can you imagine if you had tens of thousands of websites featuring your name, your products, your services, what that could do to the bottom line of your business?

Again, this is an example of viral marketing. I thought I was smart. Back then we had a little service called Hu-

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manClick. What it does is, you can put that little code on your website, so that each time someone visits your website you will receive a signal. Like someone comes to visit, it will give you a signal that sounds like, 'Ding Dong'. So I thought I was smart. I put that device inside of that e-book package. So as soon as someone opens that package, and this person is online, and also I'm online at the same time, I will receive a notification. Obviously, because this book had very wide distribution back then, and I personally had sold 5,000 copies at \$49.97 by the end of 2000, before I stopped counting.

But you know what? One day I switched on my PC and the notification went like 'Dddddddddddddddding,' because so many people were reading that e-book package at the same time, I had to disable that link.

As you can see, these websites that you've seen today - 27,000 at Google, 27,000 at Yahoo! - they are only a very small percentage of people who had access to that Free to Sell package. In fact, there are hundreds of thousands more people who had access to that e-book package. Now, every move they're going to make clicking on those affiliate links, they are putting money into my pocket.

But also, I'm delivering good value, because at the same time they don't have to go through the entire process of research to find those payment processing companies, website hosting companies, and all kind of resources and tools that they need to use. At the same time, the website owners pay me commission as a result of my referrals, as simple as that. If you like, you can go home and type my name Google or Yahoo! - you'll see more than a million websites have my name listed.

This can happen to you if you know how to do it. You can only imagine, if there are millions of websites that have your name in front of them, you're going to be famous. I didn't know I was that famous, until I checked.

Later, I established this e-book wholesaler network. That was again, in 2000. We develop, we publish and we sell more e-books than anywhere else on the internet, for that many years. We're still going very strongly. Every single month we publish two titles; every single month for the last six years. Like a heartbeat, we've never missed a single month.

Of course, I have this website, a hosting company called Hostingbay.com.au. It is now one of the fastest

growing website hosting companies in Australia. I set up a software company in China last year, because to me, I understand that any healthy market will allow more than one supplier. I don't see India to be the only software export country in the world. China has what it takes to become a healthy competitor.

With my long-term vision I set up this software company. Of course we take on software development projects, any web-based or desktop application, and also at the same time, we offer professional translation services between English and Chinese, both ways. So we help people outside China get ready to tap into this huge market of \$1.3 billion. Watch this country. They'll become the third largest economy in the world very, very soon. The United States is number one, Japan is number two, Germany is number three, but China will become number three very soon, and watch, it's going to become number one very soon in the near future. So whatever you do offline or online, you need to take a serious look at this huge emerging market.

Here are a couple of website addresses that you can use to contact my company. We can help you with the software development at very, very competitive rates. And also you know you are dealing with someone that you can trust, and of course we provide translation services.

Brett McFall and myself have these world leading internet marketing seminars, World Internet Summit. We've been to 14 different countries and regions, 24 times. The very last one was in Singapore. We had over 2,000 people. It was really only a few days ago. This is the seminar that we go around the world with. Because we think the internet is just too big, that not only can you just make money on the internet, but also the internet gives you a platform to share your idea with the rest of the world.

I don't know if Brett has mentioned this, but \$170 billion was sold last year, across the internet. It's easy to say \$170 billion. Do you really realise how big that is? Let's do this exercise. What is one percent of \$170 billion? \$1.7 billion, right. \$1.7 billion, that's one percent of the internet's wealth. What is one percent of that \$1.7 billion? \$17 million. That's one percent of one percent of the internet's wealth. Let's take one more step. What is one percent of \$17 million? \$170,000. That's one percent of the one percent of the one percent. That's one out of a million, if I'm not wrong.

Millionaire Phenomena - Internet: TOM HUA (continued)

Are you with me ladies and gentlemen? We are not here to teach you to become the next Google or the next Yahoo!. We are here to teach you how to find a tiny slice of this huge pie. One out of a million. Can you imagine if you had one million people standing in front of you, can you find one thing that you can sell to one person? Absolutely. That's your chance.

We go around the world and we teach people how to share their idea with the rest of the world, because you don't want to take your idea to the heavens. You have to share your idea, that's your responsibility - to share your idea with the rest of the world. This way you create value at the same time, and we know how to share ideas, and we're going to teach you how to use our technique to share your idea. That's why we go around the world, and teach people how to use the power of the internet.

I did it. Many of my friends and students are doing it every single day. You can do it too. The only thing between you, where you are and where you want to be is one thing, one thing only, that is knowledge. You don't need a university degree, you don't have to be a programmer, you don't have to have a huge investment. To become successful on the internet requires only one thing, that's knowledge, and that's what we're here for today. Now let's get into it.

The 3-Step System That Lay The Foundations to A Successful Internet Business

The principle of internet business. You take a look at any successful website - they all come down to this principle. The good news is, it's no more complicated than one, two, three. It is very simple, yet it is so powerful.

First of all you need a product, as simple as that. You have to have something that you can sell to the other people before you can have a business, regardless of whether it's online or offline. Doesn't it make sense? You have to have something other people are willing to pay money for, before you can have a business. That's a product. You need to have something that you can sell to the other people before you can have a business.

Second thing, you need a website. Websites are where your online businesses live. This is what allows you to make money while you sleep. Websites are where your

product gets to meet the market. It's like a shopfront. Of course, it's much simpler than your conventional shopfront. They're the two things you need.

The last thing is traffic. That's the only thing you need. Traffic means a constant flow of visitors come to your website to take a look at what you have to offer. You see, I don't like to make things more complicated than they absolutely have to be. If you ask me the core formula of internet business, that is it! No more than that. Can you imagine ladies and gentlemen, if you had a product that people are willing to pay money for, and you had a website simply explaining the benefit of that product, and on top of that you have a constant flow of visitors coming to your website to discover what you have to offer. Your business on the internet has to be successful! Do you agree with me? I want more than that, say yes!

Thank you. Now for those who raised their hand, you agree with me, you say that you already have a website and if you are not making money or if you are not making enough money, take a look at one of those things. I'm sure one of those things is not working, or one of those things is not working as efficiently as it's supposed to. If you had a good product people want to buy, if you had a website, that can convert your visitors to actual buyers and on top of that you bring visitors, constant flow of qualified visitors to that website, your business has to be successful as simple as that. Now let's take a deep look at each one of those elements. Product. There are millions of ways of gaining product. Here I'm going to discover three most common ways of getting products.

How To Find Ready-Made Products That You Can Sell Instantly

First of all you can join other people's agreed programmes. Now this way you are going to send the visitors to a website that is owned by other people and as a result of sales of these people you send to that website you get a paid commission. This you can start immediately. But you have very little control over it because this is other people's product, this is their website and you don't really have a lot of control at all. But you can start this immediately. It gets better. The second way of getting product is to purchase resell licenses. There are resell licenses available out there. You can buy resell licenses so you can sell the products and keep the money. Now you have better control because often you can download a product, often

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they supply a website that is already made and you can approach your own server and start to sell from your own website. You process the payment; you deliver the product and provide customer services.

This way you have much better control of the entire process. May I ask if you have any idea of how much normally a piece of software, an e-book, will be sold on average? How much normally? \$29, is it fair to say anyway between \$10 - \$100, e-books would be sold for that kind of price. Do you know how much a decent resell license to those quality information products would cost you? Perhaps a few hundred, a few thousand dollars right. As soon as you buy the resell license you will be able to sell those e-books at \$27, \$29, or \$97 for as many copies as you want and keep all the money. Obviously those resell licenses won't be cheap. The problem is it can be expensive. How many of you like to know how to get those quality resell licenses to these good products for less than \$20 each. That's great. I'm going to show you how you can get that later.

That's resell license. Now you have much better control, you choose what product to resell and you keep all the money, you process the payment, everything is under your control. Your own product. That's a big product. Your own product is what makes you totally unique. You see I don't know what other speakers have been promoting but one thing we cannot ever change because we cannot sell you something or give you something in a box, you open up with your personality, with your individuality. Do you understand, we can give you a programme, but you still have to participate so that they become a better you. Don't think developing your own product is difficult. I do it every single month. Two at least minimum, every single month.

Now you have full control. You decide what product you're going to develop, you decide how much you're going to sell it for. You decide how you want your website to look like and you can also have your own affiliate programme so that thousands of people will sell the product for you.

What I've Found To Be The Best Products To Sell On The Internet And How To Create Them

Let's take a very deep look at how you can develop

your very own product. I want you to follow me very very closely from here on. You ask yourself an important question. What can you sell on the internet?

Let's start from here. What are you currently doing? Do you have a business, do you have a job. Is it possible for you to sell what you are already selling over the internet? Ladies and gentleman remember internet is designed for information exchange only. You can sell a piece of information, a digital file to one place to another on the internet, regardless where they are in the world, as long as both of the parties have an internet connection. But you can never send a pizza over the internet, can you? That's not what internet is designed for. However you can use the internet as a powerful promotional tool to promote whatever you sell. Only towards the very end, do you have to add one more step, that is go to post office or a delivery company to deliver that physical product.

But why do you stop there? Ask yourself can you develop some information product based on what you are doing? Let me give you an example. If you are a real estate agent, you cannot email a house from one place to another, can you. Also consumers are not quite ready yet to click a button, buy a house. To pay you over a few hundred thousand dollars, or even a million dollars. Consumers are not ready for that kind of transacting yet. But how about if you write an e-book, let's say call it 137 Secrets, Real Estate Agents hate you to know and you can even have a subtitle, read this report before you lose thousands of dollars next time you buy or sell property. You see your knowledge has value. If you are a real estate agent, don't you think your knowledge about real estate is worthwhile sharing. Because ordinary people don't buy or sell houses every second week. They only do it a few times in their lifetimes. They have no idea what they have to look out for when they buy or sell their houses, and your expertise, your knowledge has value.

On top of that, of course that e-book, towards the very end or in the front, you can ask them to give you a call, to give you business. Because now they've learned your knowledge. They think this guy knows what he is talking about. I better let him sell or help me to buy a house. Otherwise other people are going to trick me, right. Play tricks on me.

So this way not only you can sell e-books for \$97 every copy you sell, after, while you sleep, but also you can use at the same time as a powerful promotional tool

Millionaire Phenomena - Internet: TOM HUA (continued)

so that people come back to your website or pick up the phone, give you a call and give you more business. That's another example. If you don't like your job or business, you are only doing it for the sake of making money, then internet gives you the opportunity to make a switch. Ask yourself what you are good at. Where is your expertise, where is your real passion, do you have any hobby. I made that switch in my life, using the opportunity given by internet. If you don't like your job or your business, make a switch. We all have something that we are so passionate about. You see internet is designed for information exchange. Information exchange is all about idea sharing. Now you can have the best idea in the world, if you only share with your wife or husband or kids, or close friend, it's not worth much value at all commercially.

Sharing Your Ideas Can Make You Rich

If you are able to use the power of the internet and share the idea with millions of people in the world, then you are actually creating value. The value of an idea has got nothing to do with the idea itself. It's got everything to do with how many people you can share the idea with. Speaking about making money, on the internet. Who is the richest man in the world? What does he sell? Information, software, isn't it. That's how he became so rich. The internet created more billionaires than any other media. Internet is the biggest market place human history has ever created. At the same time it is the fastest media human history has ever seen. You have to share your ideas. It is your responsibility. Don't take it to the heaven, share it while you can. So that it can benefit millions of people. Before we had internet, it was almost impossible for us to share our ideas because it cost too much money to print the books for advertising in front of people, ordinary people just wouldn't be able to do it. But now internet gives us that opportunity. And I believe every single one of us, we all have something that is so valuable, so unique, that we can share with the rest of the world. Internet not only made it possible, but also made it an opportunity so that you can become really wealthy. If you do what you love to do, I can promise you you will be successful. Making money is no longer the only driving force behind you. You work, work, work and you also enjoy it. When you see millions of people buying your product, buying your e-book from you and they all benefit from your idea, you would be a very happy person and at the same time you will be very wealthy. If you haven't identified that very

unique idea inside of you, don't let it stop your business. Take a look at your close friends, your family members. They might have something that is worthwhile sharing.

Take a look. Some of them have really good ideas but they have no idea how to share their ideas. Now because you attended this seminar you have very powerful knowledge how you can help them to share their ideas to as many people as possible, so this way you both create value and you can become joint venture partners. They can become the provider of the content and you can become the market of their idea. I will give you some more product ideas.

What do we believe popular these days. What do we believe will become popular very soon? You pay attention to the television. What's hot in the TV, newspaper, magazines? What people are talking about over dinner parties, corporate functions, family gatherings, if you have the ability to get to where the mass of the market is going to then you will be in a very good position of making a lot of money.

The Most Popular Search Term Online Is...

Do we have anyone that is under 18 here? Let me see if I can say it without saying it. People are looking for all kinds of things on the internet. Two most popular key words. One starts with f and the other one starts with s. People type in those keywords and look for information. Now the one starting with f, I'm sorry it's not what you think. It's free. Free. People looking for all kind of free information on the net. Now the one that started with s, yes, that's what you think. If you put these two words together, the f word in the front, and the s word behind, that becomes one of the most frequently searched key phrases on the internet but those are not your type of market. But guess what there is also another type of key phrase, starting with s word, a position behind, lots of searches for that key phrase. I was making over \$5,000 every single month before my wife told me not to do projects like that. People type in those key phrases. I have 200 of them, positions. I had a ghost writer, okay. People type in that key phrase, they are in the mood to look for something that can improve their lifestyle, something that is educational, that is informative. Are we getting somewhere? Internet is huge.

Millionaire Phenomena - Internet: TOM HUA (continued)

How To Find Out What People Are Looking For Online

We had over 250 billion searches over the internet in the last year. You can give away 99%, 170 billion, how big that is. All you need is to have a niche market. I will give you another example. There is a website that I'm going to refer to, share with you very soon. You can type in a key word so that people, so that the website will give you a report of how many searches were performed across their network for the current month and a list of related key words with the search volumes of the current month. We did this exercise in Singapore last year. We put a key word called dog, millions of people search for key words called dog or key phrases related to dog. What surprised us is we had over 15,000 searches for that particular current month. People looked for a key phrase called dog food recipe. I don't know about you but I was lucky enough, I always had someone cook for me, but I would never imagine people would go onto internet to find some information so that they can cook a nice dinner for their dog.

People are looking for all kinds of weird information on the internet. Do you have a hobby, I can promise you many others will have that same hobby too and if you are good at it, you can share that idea, share that knowledge with everyone else in the world who has the same interest. Interests can be overlapping. I'm an internet marketer but at the same time I'm interested in lots of other things. People have different hobbies, different passions, different interests. The internet is forming communities. You take like a youtube. Look at My Space. It's all about idea sharing, all about creating a community of your interest. That's what you are here for, to learn the knowledge so that you can share your idea within your community, the community has the same interest.

The One Critical Thing You Must Do Before You Develop Your Product

So before you go ahead and develop your product, you do your market research. This will guarantee your success, because you know people are going to buy your product. I don't want you to spend any money any time before you do your marketing research.

Don't develop the product yet. You have to do your

marketing research. I tell you but I have to tell you we all think we are the centre of the universe because our body and mind is the only thing we can feel and control. It's not true. Sometimes we know it's not true but it's very hard to give up, you don't want to simply sell something that you feel like to sell, you have to sell something that the market wants to buy. So this is how you do your marketing research. You need to find out the potential of your product before you go ahead and develop. You need to know how many people are searching for the topics that are related to your product. You need to know how much competition the market place already has before you get into it. You need to know how many websites offer free content, you go to Google and Yahoo and find out how many websites are listed, on the left hand side, and also you need to know how many websites are selling similar products. Type in those key words so that you know how many potential competitors you will have, and you need to know how many websites are bidding at a pay per click, search programmes, like Ad words and Yahoo, or Overture, now they call them Yahoo search marketing. You need to understand the market place before you get into that, so that you can position yourself into the right place. You have enough room to grow. I give you another example, weight loss. Weight loss is a huge topic. Millions of searches every single month. Huge market, but also there's lots of competition. So I wouldn't advise that you go into sell information products about weight loss itself. But how about if you, because the principle of weight loss, I guess, you know, I don't understand really the industry but I guess most of the principle would be very much the same, right. Instead of selling weight loss information in general, why can't you narrow it down. As I said you don't need a big chunk of the internet. All you need is 1% of the 1% of the 1%. How about this. You sell programmes for weight loss for 60 plus. Weight loss for aging man weight loss for babies, weight loss for teenagers. This way you narrow down your market so you have less competition, but at the same time you still have a decent market you can sell to. Here are some more of the websites you can go to to do your marketing research. Google.com, of course, overture.com, Inventory.overture.com, this is a very useful website address. This is where you type in the key word, it will give you a report of how much search volume they have received across their network for the last current month. They cover about 30 per cent of the market, while Google cover about 70 per cent of the marketplace.

Millionaire Phenomena - Internet: TOM HUA (continued)

With Yahoo!.com, of course you type in your keyword at Yahoo! or Google and see how many websites are listed. See what they are doing. Now don't really feel bad if you have one million websites offering free content, because to me, information - you don't really invent information. Information is a result of research and information overload is one of the biggest problems of the internet. Spam is another shape of information overloading isn't it? People get onto the internet, they try to find something and it's just too much so they don't know where to go.

How To Make Money From FREE Information

You just go through your research and then you come up with a really, really good report as the result of your research. So people don't have to go through millions of websites to find what they want. You make sure you take the best, the most updated, most related information, and then you write it in the e-book. So even though there are millions of websites offering free content, you can still sell something to that market as long as you have good quality, as long as it is the result of your research.

Because you don't invent information; information is the result of research. Now you spend hours and hours and weeks to research this topic that presents information to the other people so that they don't have to go through those weeks to find that information. You can present it in a way so that they can absorb the information and obtain the information in the most sufficient way. This is again what you can do with a huge market with a lot of competition.

There are lots and lots of other techniques that you can use so that you can find a market and you can have ample room to grow. Wouldn't that be wonderful if you had a piece of software that could help you to do all this market research? All you have to do is brainstorm your product ideas, list them down, save them in a word file or a text file. Then put that list of the keywords into a piece of software and let the software to do all the research.

You can go have dinner - it might take a little while - but when you come back all the results are there for you, telling you exactly about dog food recipes, how many websites are listed free at Yahoo!. How many websites are listed free at Google. How many websites are buying pay per click programs and how much they're paying.

Wouldn't that be wonderful? How many of you would be interested in a piece of software like that? That's great. You'll have access to this unique piece of software towards the end of my presentation.

After You've Done Your Market Research, What Is NEXT?

Ok, so you've done your market research. You know there's a good market for you to sell to. Now, positioning yourself into the marketplace is very important; let me emphasise that again. For any market that is normally shaped or formally shaped like that, at the bottom of the market you have more customers but you have more competition, as the example that we just covered. At the top you have fewer customers, less competition. But at the same time, because at the bottom of the market you have more people and more competition, of course you can potentially sell more copies of your product.

At the same time you might have to sell at a lower price. But at the top, you have a smaller market, but now because it's narrowed down and it's more specific, you can normally sell at a higher price. That's how you need to take a look at your marketplace and position yourself in the right place.

Now is the time to develop your product. An information product can take many different shapes and forms. It can be in a written format; often we call it e-book. An e-book is really an electronic book. Instead of you reading the paper, you just download it from the internet and then you read it from your PC. Of course you can print it then read it, just like your normal book. Of course you can have it as an audio recording.

How To Create A Product Without Being An Expert

An excellent example is if you identify a hot market, but you know nothing about it. How about if you interviewed some expert in this area, so you could become a joint venture partner? You could tell him that this is going to create you a lot of publicity. And towards the end, or in the beginning, of course this expert could quote his website address or his telephone number so that it could generate some leads for him. Interviewing these experts is a very easy way to develop your product.

Millionaire Phenomena - Internet: TOM HUA (continued)

Of course it can be a video recording, or it can be a software program, or it can be a password-protected membership website that you only allow people to access after they've paid you a membership fee. Or it can also be a paid, fee-based electronic newsletter that you send to people through e-mail, so that you only send to the people who paid you a subscription.

Anything that you can save on your PC or on your laptop is called a digital product. It's also called an information product. So this is where you make most of your money. Here is how you're going to develop your product. Of course if it's your own passion, if it's something that is based on your own idea and your own expertise, you write it in your own in word format, then you can go to this website so that you can convert it into PDF format. PDF format is the industry standard for e-books. This is so that both PC and Macintosh users can read your e-book.

And you don't have to buy expensive software - you can upload your word file and it'll come back in a PDF format. Or you can use some existing materials public domain. Here's a unique website address so you can go to. There are thousands of publications. It no longer has copyright - even music and graphics. You can use this material as the base of your own product.

Of course you can go and collect all those articles. There are some websites that you can go to and find all the articles. For example, if you are writing just about anything, you type in the keyword in those article websites, and then it will give you a list of hundreds of articles about that topic. So all you have to do is go through the articles, select the best ones and then compile them all together and it can become your own product. This is because all of the authors give you the permission to use those articles.

You see, again, you don't invent information. You do your research and then you present information in a way that other people can easily access that information. How long does it take for you to collect a bunch of good articles when you have all of them in front of you? Cut and paste, cut and paste. That's all you do. You don't want to be just the author when you can simply become the publisher. Why do you have to write everything? You think I write two books every single month? Come on! Right?

How Do I Get Other People To Create My

Product For Me?

Then of course you can hire someone that you don't know to develop your product for you. Elance.com is a good ghostwriting website. RentACoder.com is a software development website that you can go to. All you have to do - there are a couple more that I'm not going to read out but you can download the entire PowerPoint so that you can click to those websites.

Let me tell you how Elance works. Elance is very simple - it's like a reverse-auction website. All you have to do is post your project. Say I want an e-book written about weight loss for babies. Those people, there are thousands, tens of thousands of people - their passion is simply to write. They will come and bid on your project. The first guy says I'll do it for \$1000. The next guy says I'll do it for \$700. And the third guy says I'll do it for \$500.

Now I'm not necessarily going to pick the cheapest one, because each one will have a track record for you to check, and you want to give your project to someone who knows what they're doing, right? So you check it out and you just give your project to those who you can trust.

When the project is done and the e-book is written, they'll send it to you. In the beginning you may pay 50 per cent. Only after you receive everything and you are happy with it, then you pay the rest. If anything goes wrong, Elance will act like an agent, make sure both of you do the right thing. So it's very safe and very cost-effective - ghostwriting.

So you see, ladies and gentlemen, you think - you know there are many, many bestsellers in history, including those from the most famous political figures. They're not written by themselves. You think that those presidents and all those people know how to write books professionally? No. All they did was tell other people what they wanted them to write. I mean, honestly, even before they go and give a speech, they have to have someone to write the speech for them, right?

And you can tell them what you want them to write. Those people simply listen to what they want them to write. They took all the time to write a book about their life, or just about anything they want them to cover - on behalf of them. That's why we call them ghostwriters. Now if you use a ghostwriter, it's your copyrighted material. It's yours - you will be the author of it. They

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are ghostwriters - that's why we call them ghostwriters, because they're not even allowed to appear, right? And this is how you get your product, your very own product developed. You can outsource just about everything you do to other people.

Research Done and Product Written... What's NEXT?

Now while your product is being developed, don't wait. Take a look at websites, put this together. Again, I don't like to make things more complicated than they have to be, so I'll give you three things that you absolutely need for your website.

First of all you need a domain name and a hosting. A domain name is like Google.com. Yahoo.com is a domain name. A domain name is what people type in the address bar of their browser to find your website. You need a domain name. Domain names are kind of cheap these days.

Go Daddy is the biggest domain registration service in the world. They used to be the cheapest, until this - ikeys.net. That's my very own. Because we had hundreds of thousands of customers registering domain names, I had buying power, so I negotiated a good deal. Now this way, you register a domain name every time at our website and you save a couple of dollars. Why not? I'd simply pass on the savings to my customers.

Of course, hosting is also important because your website is not going to be on your PC. After you've done everything, you need to upload it to a big computer in one of those data centres, we call them servers. Of course I highly recommend my very own company.

There's no shame about it. Because I work with hundreds of thousands of website owners around the world, I know exactly what we want and we have the financial strength and buying power to offer the best website hosting service. I made it as good as it can be. The good news is we have an office in Melbourne. My office is based in Melbourne, so that you can simply pick up the phone and call.

The website hosting industry is very, very competitive. You can sometimes even have three website hosting services. But the key here is that you want your website hosting service to be reliable. That's very, very important.

Because the last thing you want to find is, as soon as you launch your main campaign is that your website goes down, right? So people click the link and hit a 404, and a page cannot be found. That's the worst thing that can happen to your business - it's like you are dead. People won't even go back to your website if they find your webpage cannot be found. So that's the key. You need to speak to someone that already has a website - that have already hosted with someone reliable so that you know you can use those services. It will not necessarily be the cheapest one. That's the first thing you need for your website.

The second thing is a sales copy, if you are sending something that is based on your expertise. I'm pretty sure that you can write a sales copy by yourself. Simply explain the benefit of your product or service. Of course here I highly recommend, developed by my business partner Brett McFall. It is a very nice piece of software where you can simply fill in the blanks and your sales copy will be generated based on Brett's winning formula.

Of course you can hire other people - ghostwriters - to write your sales copy for you. Here are some websites you can visit and ask them to simply write a sales copy for you. There are professional copywriters out there that can write a sales copy for you that are top form.

Then the last thing is you may think that sometimes e-commerce is kind of complicated. Really, the only thing that makes an e-commerce website work is the way to accept payment online. You have a domain name people can type in and visit your website, you have a domain name that you can send to your affiliate, send to your joint venture partners so that people can visit your website. When they come to the website you have a sales page explaining the benefit of your product.

Then towards the very end you have a button called "Click Here and Buy" or "Click Here Buy Now" to accept payment. PayPal.com is one of the three services I highly recommend. It's free for you to join. Also clickbank.com and checkout.com, plus worldinternetpay.com. You can choose any one of those or all of them. It's good to have options so that your buyers can have, for example, PayPal as an option. They have 100 million users registered at PayPal. So it's handy to have PayPal as a payment option so that for many people that already have money in a PayPal account, it's much easier for them to spend with you.

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Really, this is all it is. You can make your website as interactive as you want, as complicated as you want, but really, the absolutely necessary things that you need to have for your website to be able to do business on the internet are only those three things. Have a domain name, have a sales copy, and have a way of accepting payment. As simple as that.

Of course, on top of that, you can apply all the rest of your knowledge and skills to increase the performance, to enhance the performance of your website. But that can come later. I don't want you to try to get everything perfect. I want you to put everything together, then you can come back and fine tune. So then you can increase the performance of your online business. That's about the website.

The Life-Line of Your Internet Empire is... TRAFFIC

The third and last thing you need for your online business is traffic. Traffic is the most important element of your online business. I don't care if you have the best product in the world. I don't care if you have the most beautiful website in the world. If no one ever comes to visit that website, you will still not have a business. So traffic is the bloodstream of your online business. You will not be able to survive unless you have traffic. There are millions of ways of getting traffic to your website. Here again, I'm only going to cover three. Three most effective ways of generating traffic to your website.

First of all, let's take a look at search engines. Search engines are where most internet users start their online activity, am I correct? They normally go to Yahoo! or Google or their favourite search engine to find what they want to look for. Or they go to one of those bookmarks, which are really the result of their previous search. They've saved the website address and then they go back to find what they're looking for, right?

Searching is designed, unfortunately, for internet users. They are not designed for website owners like us. Why is Google successful do you think? For one reason, one reason only - because they provide accurate search results. That's why people like to go back to Google to do more research, am I right? They are not designed and not interested in promoting your website.

Search engine optimisation. This means that you do

the things that need to be done to your website so that it will be listed high at those general search engines, like Google or Yahoo!. But unfortunately, they are not interested in promoting your website at all. So to achieve long term success of search engine optimisation, that is to be listed high at Google, what do you have to do? You have to provide most accurate, most relevant, most updated information towards those keywords that you are working on.

You can have some software, and you can have all the secrets and play all the tricks. You are only stealing traffic from search engines. Google wouldn't like it if they realised it's another form of spamming search engines and if they realised you are only simply stealing traffic from them. They'll penalise you - they can ban you for life. So if you are only starting your online business, I wouldn't recommend you do search engine optimisation yourself. You have to have to the professionals of the professionals to do this for you, and even before you give them any job, you have to ask them what their website address is. Where are they ranking at Google? If they can't even have their own website optimised, how could they optimise yours? Naturally, isn't that common sense?

The professionals of the professionals will teach you how to construct your website in a way that certainly can find those most accurate, most updated, most related information from your website, so that your website can be listed naturally high at Google or Yahoo! for many, many years to come. That will give you a tremendous amount of free traffic and you don't have to pay a thing.

Of course you can choose to buy traffic from search engines. Again the principle does not change. Google said okay you are a newcomer you have a website, it might be very good but you have no idea how to do search engine optimisation. So we can't find you, so how about if you pay for it and every time we send you a visitor you pay ten cents or whatever you choose to bid on. But the principle doesn't change, can you see that?

Because only you would do the things, only if those visitors that Google sent to your website do the things that you want them to do then you'll be able to keep bidding. Every visitor you buy from Google has to be worth ten cents or whatever you picked. So you have to show them what they wanted to see and take action in what you want them to take, that's how pay per click search engines work, as simple as that.

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So they give you a faster track so that you can pay for the traffic every time they send someone to your website and they say you make sure you do the right things so that they will take the action. You give them the information that they are looking for and then you also ask them to take the action you want them to take. This way you are in profit and Google also makes money and the visitors they do find the information that they are looking for quickly.

That information is listed on the right hand side when you go to Google and of course Overture.com, that's the second largest pay per click search engine on the internet. Yes, nowadays they call themselves Yahoo! Search Marketing. And there's a third one: FindWhat.com. I forgot to update my slides; now they have changed their name to Miva.com but if you go to FindWhat.com it's the same thing and you hit the new website. This is the third largest pay per click search engine on the internet.

People normally don't even mention it but to me it is important, why? Because Google is great but Google is not God; you don't have to have Google to become successful on the internet. As we said one per cent of the one per cent of the one per cent perhaps, is all you need. Why do you have to have Google? You can become successful without Google. You can become successful without even Overture.com.

FindWhat.com is the third largest pay per click search engine on the internet and here is a very, very unique website called Payerclickprofits.com. In fact there are thousands of pay per click search engines on the internet. If you go to this website they recommend many, many smaller pay per click search engines and often most of them are industry related. That gives you much cheaper rates and also much better qualified visitors because they are already narrowed into a niche market for you.

How To Generate Large Volumes of Traffic Without Having To Pay For It Up-Front

The good news is that if you go through the list of the pay per click search engines that they are recommending accumulatively, if you are running with a tight budget but you have enough time, you go through the list and you sign up an account. Because most of them will give you \$20, \$50 credit as soon as you open your account. Accumulatively you can have about \$10,000 of free advertising money. Is that useful for your online business when you just start?

That search engine will give you instant traffic and the problem here is that you may face some competition. But if you did your marketing research properly in the beginning before you developed your product you shouldn't really face tough competition to start with.

If you do have to compete in the marketplace for some key words, the key here is to find those golden key words. As in the example that I gave to you in the beginning of my presentation, there are first category keywords with millions of searches. Why do you have to have those keywords? You don't, all you have to do is have perhaps two worded phrases, three worded phrases. The more words you have in the phrase the more targeted it is and often they will still have a huge volume of searches and with less competition. So here the key is to find those golden keywords. When I say golden keywords I mean those keywords that have a lot less competition but still have a good search volume.

The number two powerful way of generating traffic to your website is joint venture. That will give you almost instant traffic and it is free because you only pay your joint venture partners after they generate sales for you. You ask yourself who has got your potential customers and a large list, a large customer database.

Let's go back to that example. If you are going to sell an e-book about dog food recipes wouldn't that make sense for you to go to those big dog training websites or dog breeding website owners and tell them I like your website, it's great and you have a lot of customers that have dogs. Guess what? According to our research we had 15,000 searches of people who were looking for dog food recipes. Here I am. I have a brand new e-book about dog food recipes; how about you let your customer know. I'm sure that a certain percentage of them would be interested in that brand new e-book and I'll give you a commission for every single sale you make for me.

You see the beautiful thing about internet information products is that it does not cost you anything additional to produce as many additional units as you like. All you have to do is have a download link after the payment is processed, say thank you very much your payment is processed, click here to download the e-book, as simple as that. You wouldn't even have to raise your finger.

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So now you can afford to give them not only 50 per cent even sometimes 60 per cent, 70 per cent, 80 per cent even 90 per cent of your sales price as commission. You give them an offer that is irresistible; it's too good to refuse. You tell them look I want you to make more money than I make.

I've been in the marketing and internet industry. If you develop some product that is targeted to the internet marketing industry, you can come to me and say Tom I want to do a joint venture with you. Unfortunately I don't know who you are and also I receive those joint venture proposals, hundreds of them every single week. I don't even have time to read it; I have to simply delete them. Now if you come to me and say Tom can you promote this new product through your list and I'll give you 90 per cent of the profit, I might think twice. Wow it's kind of like a good deal so then I'll do it for you.

After that you can go to Brett McFall and you give him only 80 per cent or maybe 60 per cent and that'll still do it for him. Ask yourself who has got your potential customers and also have a large list. Open your mind; open your heart. If you have to give 80 per cent of your sales volume as commission, guess what? If you had 20 joint venture partners over the entire year you are still the biggest winner, am I right? Because now you can afford, you don't care. Every additional sale these people make for you is going to put additional profit to your business so you can afford to give them a lot more. This is not possible with conventional business models; only the internet made it possible.

You will be hearing about those phenomenon - people who made a million dollars in five days. A good friend of mine in Singapore [Yuan Chan] made \$1.497 million in 48 hours. All these phenomenon. You know what, they have one thing in common, that is they have powerful joint venture partners. This made it happen. Joint venture is the fastest way to generate sales for you. All you have to do is to find people who have your potential customers and also have a large customer database. The sales can happen overnight. You'll be amazed how easy it is if you know how to form joint venture partners.

Viral Marketing Secrets

Now the third way of generating traffic is viral marketing, viral traffic. This will give you non-stop quality traffic. You can even get paid for doing so. Now that's

where my expertise comes in. Let's take a good look at viral marketing. You see we all receive viruses don't we? Unfortunately that's what the internet is capable of doing, spreading viruses, but we can turn the viral power of the internet into a benefit of our businesses and this is how you do it.

Again you have to have three things. First of all you need to create an information product with value. A piece of virus is also information. Now you create information with value, no not a virus anymore but with something that can benefit people. Then you distribute it to as many people as you possibly can and on top of that you share the back end so others will distribute to others as well.

When I share back end, say for example if you are going to write a dog food recipe book, why don't you slim it down and make another smaller product and use it as a viral device. Quote the best dog food recipe or 20 best dog food recipes. Then you give it away or you sell it at a very, very low price from your website and at the same time of course you will invite your readers to come back to your website and say hey did you like the dog food recipe? Did your dog like the dinner last night? So come back to my website and visit my website to see what else I'm going to offer. That's what you do and in there you can share this back end with your distributors.

Now here's how you do it, the power of duplicating over the internet. The internet has this viral power where it can duplicate things from one to one million almost overnight. You can choose it to give away as a free product and then allow other people to give it away, or you can choose to sell it at a low price and allow other people to sell it but at the same time you let them keep all the money.

Now here's the key, let them keep all the money. I'm always going to ask when people say I want to do business on the internet but I don't have a product. Now provide something that it can sell and it can keep all the money itself is a very good solution. This is how you make everyone want to go out and sell your products for you. You need to put the viral power inside of your marketing campaign and make it as powerful as you can so that people will rush out and sell your product to the others.

You provide value in the products. Value is important. You can't give away rubbish. You have to provide some time or money solutions so that people can benefit from

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it. It doesn't have to be something revolutionary as long as it is something that will provide a tiny little solution, that's all it takes.

Then at the same time you give them resell rights so they can sell and keep all the money and at the same time you share your back end. Not only are they able to keep all the profit by selling your product for you but also because there is an affiliated link inside that book that allows them to participate. So not only do they keep all the money for now, upfront cash but also if anyone clicks on that link and comes back to your website over anything else this person will get paid commission at the same time.

This is how you put more viral power into it. You offer a brandable affiliated link in the product. What is a brandable link? A brandable link means it will look like or say did you enjoy my e-book? If you did, please click on this link and come back to my website and visit my website to see what else I have to offer. Now that link, you can have an affiliate link attached to it and also on top of that you can make it brandable. When I say brandable it means it can be changed by your resellers so that each one of them can have their very own affiliate link attached to the copy before they sell it. So each one of them can participate in your affiliate program.

Remember joint venture is powerful. Now imagine if you can have your affiliate program that will have thousands of people join and promote your product for you. And also you offer them master resell licenses so not only can they sell the product and keep all the money but also they can sell the license for selling those products. So while all of your direct contacts come to your website or have the license to sell those products but also their buyers of their buyers of their buyers, each one of them during the process, they all have the rights to sell that e-book.

I'll give you an example. Here is your viral e-book. Now you put your quality content in there, of course you know you have to provide some value and with a brandable link. A brandable link is what makes a viral campaign live. A brandable link is very, very important. Your readers don't have to see it. Now from your website you say today you buy this e-book for only \$9.97 or whatever low price that is and at the same time you can sell it and keep all the money. You see yourself that it is a very good offer so not only are they spending the money to buy this from you but at the same time they are spending the

money to buy that license and at the same time they can sell to others. So everyone buys from your website and then they brand their link.

You tell them hey hold on a minute. Before you sell this e-book, brand your affiliate link inside of it so that every time you sell the book you keep all the money. And also every move your purchasers are going to make after they read the e-book to click on the link to visit my website, you get paid commission. That's how they will be really, really encouraged to go out and sell your product for you, so everyone sells again to others and everyone comes back to your website and everyone gets commission if you make any sales. Are we learning something so far?

I'll try again. Viral marketing is kind of a little complicated, but if you understand the principle it is not hard to implement. But here again I try to describe it. You develop the viral product with a brandable link so you sell from your website. Then you have more viral products out there, each one of them coming and branding a copy of their own. Then they will sell to others. Then you will have many more viral products out there and everyone will again brand their link and sell to others.

We have a lot more viral product out there like the example that you have seen at the beginning of my presentation. Remember how many copies of free to sell e-book are out there. Each one of them is branded by a reseller so that they sell to others. And at the same time I kept some of the most profitable affiliated links to myself, but at the same time I allow them to brand many, many affiliated links to their self. That's why each one of them were going crazy to sell those. Not only do they sell the product and keep all the money but also every move their customers are going to make is going to make them money.

Now over the entire process all of these people are going to come back to your website of course and on top of that of course you sell your back end product. It doesn't have to be just one; you can have multiple back end products that you can sell to others and at the same time you can build your database or you can invite them to join your list so that you have a list built. Imagine if you have this system built up and then release another viral device through the system. That's why people hardly see me doing any promotion because every single thing I did out there is generating a constant flow of qualified traffic to my website. Now if you are selling an eBook, at \$20, and

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you have to buy from google, ten cents for each visitor. You have to make how many sales, 100 people you spend \$10, 200 people you spend \$20. Out of 200 people, you have to make a sale to breakeven. Now if your eBook is a viral eBook, now you don't really care because this viral eBook is not your profit generating device. It is going to generate a loss, a loss of traffic to your website. And after the wider distribution of your viral eBook as I said you can't even turn off. Make sure the links and everything you put there is working. People are going to come back to your multiple website and you can recommend multiple websites to your eBook. Now you don't even have to make a profit when you bid at pay-for-click search engines. You don't even care if you have to lose a little bit because you know there is a huge potential to generate lots of profit for many, many years to come.

Regardless what you do on internet, I can tell you one thing. All top internet marketers, they all used viral marketing techniques. Whatever you are going to sell, you have to apply viral marketing technique, otherwise you are not even scratching the surface of the power of the internet. That is what internet can do for you. Don't just stop there buying pay-for-click, selling \$20 eBook and you spend \$10 so you make \$10 profit. Don't settle for that, you can do much much more.

Your Job As An Internet Marketer Is To Get A "Pay Rise" Every Day. Here's How...

I will teach you some more tips and secrets that you can apply instantly to your online business, and all this I use personally. I only teach the things that I do personally and I do everything that I teach. Let's start with this one. Test your price. You have to test your price, because with conventional business model, even click, you have cost, you have the warehousing, distribution and also your expectation of the profit margin. The price is fixed. You can't have flexibility in pricing, but with internet digital product, you could. When you have your e-book developed, how do you know how much you can sell it for? Do you know? You don't, you can only guess. Everyone is selling for \$29 so I sell for \$29.

You can do your testing to find the maximum profitable price point. This is what you do. You have two websites, selling the exact same product. Everything is identical. The only thing different is the price. You can't test too many things at any given time. You have to test

one thing; otherwise you wouldn't know what made the difference in the result. I give you the example; if you are selling the e-book you have two websites exactly the same. The only thing different is the price. You sell from one of your websites for \$10 each copy. From the other website you sell for \$100 a copy. You bring the same amount of traffic from the same source for these two websites. For example if you are selling 10 copies from your \$10 website, how much does it give you, \$100? From your \$100 website you sold two copies. How much does it give you? \$200. So obviously \$100 is a more profitable selling price, am I right? So what you do next is you lift the \$10 to \$20 or \$30. That is closer to the winning price point. The next time you realise \$100 is a little too high then you reduce it. So you take two extreme price points within reason, start your testing. We call it split testing, and here is the facility what internet offers, you can do this split testing scientifically, you don't have to guess anymore. So you merge those two extreme price points by moving the loser closer to the winner until you merge a maximum price point. You have to do this if you are selling anything that is information product. Otherwise you might leave a lot of money on the table for a reason that you never imagined existed.

Sometimes with an unprofitable online business, all it takes to turn the price from \$27 to \$97 and that is all you have to do to make it profitable. So please do your price testing. Did you like that? Cool.

Offer bonuses as I said, the value of information product or the idea, hardly has anything to do with the information itself but has a lot to do with how many people you share it with, so when you can, why don't you offer bonuses and a bonus and a bonus. If you have those bonuses you can offer to customers, you are not going to spend any money offering additional bonuses, but at the same time your customer will receive a lot more value. That's how you build up an irresistible offer. The point is not only I want you to give them a lot of bonuses, lot of bonuses, but also I want you to leave one of those bonuses out of the list and give it to them as a surprise bonus because there are many psychological triggers that you can pull to close a sell, and it is a big one. People simply like to know what they don't know. So you tell them if you buy today, I give you bonus one, two, three, four, five, hold on a minute, if you buy today, I am also going to give you a surprise bonus, I won't tell you what that is until you buy. That's how you apply those psychological principles in your sales copy and it is one big trigger that

Millionaire Phenomena - Internet: TOM HUA (continued)

you can work on to improve your sales. Did you like that one as well? Great.

You see, internet business has given me great wealth, freedom and endless happiness. You can have them all. You need the knowledge, that is what you are here for. You also need the tools, the resources so that you can get there much faster. Believe me or not, it took me 17 months before I made my first sell on the internet. I wouldn't be here speaking to you if I'd given up at any time during that period. Why did it take me 17 months? Because back then we didn't have any seminars, we didn't have any programme that I could follow, I wish someone was there holding my hand so I didn't have to spend 17 months, ladies and gentlemen. If you think internet is powerful, if you think what it takes just to achieve, maybe only 10% of what I achieved you have to take action today, because if you don't do that today you will never do it honestly. You need to do it now to fully take the full advantage of what the Internet has to offer.

Not only has it provided me with financial freedom, it's given me the opportunity to buy a house for \$1.7 million in one of the best streets in Melbourne that I bought for my beautiful wife, for her 30th birthday.

Money is only a measurement. You are not going to make money just for yourself. You make money, you work hard, you catch the opportunity because you want to give the ones that you love, and you want to give back to the ones who love you.

So ladies and gentlemen, you need to give yourself an opportunity. Because you are not only doing it for you, you are doing for the ones you love. The internet business has changed my life, has changed thousands of people's lives, around the world and I believe wholeheartedly from the bottom of my heart it can change yours. I wish you every success and happiness. My name is Tom Hua.

'How To Convert Web Traffic Into A Virtual Cash Register – The Secrets Behind Online Copy'

Part of the Millionaire Phenomena Series

In the next 90 minutes folks, I want you to remember every single thing I say. It's very very important. It changed my life. I want to congratulate you for being here today. There are obviously people who didn't choose to come and you chose to be here when you could have been doing something else, true? Yeah, so I'm going to make it worth your while. Much more worth your while.

What I want to show you today folks is the inside secrets of making money while you sleep.

Folks, I just want to let you know that I'm not a genius, I am not a guru. I am 36 years of age and I failed English when I left school. Oh, I think that's funny. I went to do my high school exam and I wanted to become a psychologist, and you need to be very good at English to become a psychologist. And I failed my English exam. So I had about three months there over Christmas wondering what I would do and a job came up through a friend of a friend in the advertising department of Dick Smith Electronics. I worked at their head office in Sydney and I was a gofer. Which means it was Brett go for this, Brett go for that.

But I got to see how the advertising department worked. I got to see print buying, media buying, design and I got to see copy writing. Now copy writing simply is the art or the skill of writing the words on the page. Copywriting, word writing, text writing, same thing okay. And basically you have to write the ads to the words. It really took my fancy. So I asked the copywriters can I maybe do what you do. Maybe you can train me, would that be okay? He said no problem at all. He said in fact here's an ad that you can try out on the way home tonight on the train.

So I get on the train home, it's a two hour train ride to where I live, and I'm writing and writing. I get home, have a really quick dinner. Into my room. Writing, writing, writing, and I think this is brilliant you know. So I walk in the next day and I put the ad on his desk and I'm

Meet Brett McFall

BRETT MCFALL is widely regarded as Australia's best sales letter writer, Brett McFall has written over 9,000 ads and sales letters for 153 different industries, creating million dollar marketing over and over again.



He's the creator of the super-easy "B.U.R.P.I.E.S." copywriting formula and top-selling software which helps you write powerful sales letters in just 30 minutes. He's also an in-demand teacher of internet marketing in the UK, Australia, Singapore and here in the USA.

Whether you're in business ... or want to be able to produce your own income at the drop of a hat while still working at a job ... Brett will show you the "magic keys" to create massive income using the internet. Good news is ... you don't have to have a technical bone in your body.

half an hour early. I leave it there and I walk back to my desk. And he comes in and he grabs the ad and he puts it on my desk with a big red X through it, and he says forget it, I'll write it. I'll show you how to really write advertising.

So I had no skills. A said it just to let you know that I had no extra skills, or I had to start from the very bottom.

And so around about six weeks later a job came up for Tandy Electronics. In their advertising department and I went for it. It was a job for a copywriter, and I went for the job and they said are you a copywriter, and I said yes I am, yes I am. I'm working here with Dick Smith Electronics, right. He said fantastic, you're hired.

So over the next seven years – you know sometimes when you're up against it you've got to back yourself don't you? You've got to step up and say yeah, I'll take that on. So for the next seven years I wrote for Tandy Electron-

Millionaire Phenomena - Internet: BRETT McFALL (continued)

ics. I worked really hard, wrote for about 3,000 different products from computers to scanner to multimeters to light emitting diodes. Yeah, if you can write copy for an LED, you're a better copywriter than me, that's for sure. So I did that, but it really built my skills, that's where I really learnt my trade.

So seven years in I said it's time for a change. So I went for another job. And this time it's for McGrath Partners in Paddington. Who knows McGrath Partners? Real estate agency in Sydney. John McGrath, very famous real estate agent. I know nothing about real estate. So I go for the job anyway. And it's to write the copy to sell their houses this time. And so I would have to walk through the mansions, you know all in Double Bay, Rose Bay, all that sort of stuff and I would write the copy. I didn't know anything from anything right. This is a big a room over here, and then that's a kitchen and this is a dining room. El fresco dining and I'm going what the hell's that. I'll go home and get the dictionary tonight and have a look.

So, when I'm in the interview I didn't know who John was, and I've got the person interviewing me and John's sitting over there, and we're talking, talking, talking, then suddenly John gets up. And he walks over and says Brett, how much money would you like us to pay you. And I said – and I'm like on \$23,000 a year right, at the other job. I said well John, I would like \$35,000 and a mobile phone please. Sometimes you've got to back yourself true? And he says deal. \$35,000, you get the phone. I say yes, I'm in. Alright. And back then the phones were like you know the old – the brick. And anyway I was going great, I loved the job, they loved me.

Anyway, six weeks later after they sacked me - Yes, they sacked me. In fact, here's the deal. I walked in – Friday night, 7p.m. I'm still in my chair working. Well I'm trying to make the best go of this I possibly can. 7 p.m. on a Friday night don't you love it? They call you in, and Brett, we're letting you go. Isn't that nice? We're letting you go. Oh, thanks very much. Anyway it really annoyed me, it really upset me. And I'm driving home. And I've got about an hour and a half drive home.

And I remember like driving and I just feel like – saying to myself, I never want to feel this way again. It was at that moment I thought you know, something has to change. I need to do something so I don't have to feel this bad again.

Why they sacked me, simply there was 14 sales agents and I could write for nine of them but I couldn't write for 14. Well they each had their own style of copy, what they liked and copy what they didn't. I couldn't hack it. I could do it for nine, I couldn't do it or 14.

So when I got out the very next day I walked into an advertising agency in Penrith in Western Sydney, and I said – this is where I lived – and I said hi, I'm Brett McFall. I'm a copywriter, I've just been sacked and I think you should probably hire me. Who's impressed so far? So that's when I said – I said I've got a deal for you. I said how about I do this? How about I work for you for four days, don't pay me a thing. And if after four days you like me, then we talk, if you don't I will go on my merry way, no hard feelings. They said hey, sounds like a good idea.

Two days they say – you're hired. They give me the job. They sacked the other copywriter. I'm feeling terrible. I see him walking out the door. See ya, I'm sorry, I didn't mean it. I forgot to tell him that all you have to do is go to another advertising agency, tell them you'll work for four days on your own for free, you'll get the job, oh don't worry, it worked. Trust me. I forgot to tell him, right. So I stayed there for another seven years. Folks I built up. I wrote over 10,000 sales messages, adverts, TV ads, radio ads, magazines, just getting my experience. So you know. Again, I wasn't a genius. I had to work really hard at it.

So it came to a time when I thought you know, I want to have my own business. And I sat down and I said here's what I want. I want a business where I have no staff, where I can work from home, raking in a lot of money, have a great lifestyle and really do some good, affective marketing for companies so that they actually win. So they win more than I win. That was my criteria. And I said I don't know how I'm going to do that, but that's what I want. And folks, it takes courage to do that doesn't it? It takes a lot of courage and it takes a lot of faith, and it doesn't come easily, but I did it. And I started reading books. I started reading Tony Robbins. Anybody read Tony Robbins' book? Stephen Covey. Absolutely brilliant. Those two books changed my life forever. Got my mind in the right spot.

It doesn't matter what I teach you today folks, if you're brain isn't functioning effectively it will go over your head or you just won't use what I teach you. Got to get your brain in the right space and that's what I need you to do

Millionaire Phenomena - Internet: BRETT McFALL (continued)

as well. I was always fairly optimistic, but that wasn't enough. You know you've got to have some skills and some right ways of thinking and hopefully I can share some of those with you today, but it's certainly helped me.

So I started a newsletter. While I was working at the agency I started my own newsletter. Once a month and I would write eight pages and I called it the Brett McFall advertising ladder. And so I advertised in the magazine called Australian Money Making and Business Opportunities and it was a full page and it cost me \$450. And it basically offered a subscription to my newsletter, 12 issues, \$127 was my price. Three weeks in a get a fax to my home and it's an order for my newsletter for \$127. And I'm thinking holy crap, I have to write it! Someone's actually paying to hear my advice.

So I procrastinated for a few days and I went and wrote the newsletter and got it out, and for the next 12 months I got every issue out. And I only ended up getting about 19 subscribers that whole year. I didn't mind. I just wanted an excuse to write the newsletter. Here's why. I hope you folks are picking up tips here for getting out of a job. This is the safest way to get out of a job. I had 19 subscribers, 12 issues, which those 12 issues became 12 chapters. One newsletter a month, eight pages long, 12 chapters right. So instead of me going hell for leather and getting – you know doing all this crazy work at once – I simply spread it out over the year.

That book became *The Inside Secrets of Advertising*. And it made me over \$400,000 over the next 18 months.

So you know, it didn't just all happen overnight. It happened because I applied some principles and stuff that I learnt. I mean Americans are in the league when it comes to marketing. They are right now, they will be for a very long time. They are the best at marketing. They have some great ideas. So I learnt from modern Americans, wasn't too many Australians to learn from.

And so what happened then was that it gave me money in the bank to be able to leave my job nice and easily. And so I was able to cover my mortgage easily. If I never got a job for the next 12 months my mortgage was covered. That really worked for me. So it allowed me to go full time. When I went full time folks, here's what I did. Because of the newsletter right, I did a website. Now the newsletter was for free. And the more I taught people what I knew, as in the more I taught you how to do what I did, as in right advertising, create headline,

create ads to make you money, the more people wanted to pay me to do it for them. And I kept on showing you more and you kept on wanting to pay me more. I had clients demanding to put \$10,000 in my bank account every week, just for me to write for them. Now it didn't happen by chance. It happened because I taught people freely. I gave freely and then they came to me. Do not be afraid to give away your intellect folks. The more you give out, the more you'll get. And it absolutely works.

So then I flew myself off to Phoenix Arizona for a Copywriting Seminar by a guy called Gary Halbert. Thank you. I believe he is – he was, he died just about 2 months ago – he was the best copywriter in the world. When he wrote stuff you couldn't take your eyes off the page. So I flew over to see him. I did what you guys are doing here. This sort of seminar wasn't available for me, so I flew to America to get it. So the fact that you're here, very, very smart. When I was there for three days I took note after note after note. At least 27 pages worth of notes.

But I'm at a seminar right. Morning tea, have a break just like you guys were at then. I'm standing outside in the sun, there was a guy standing there. Everyone else around us was having a smoke. I don't smoke, he doesn't smoke either. I walked over and I shake his hand. I say hey, how are you doing, I'm Brett. He says hi, I'm Ted. I said what do you do Ted. He said well I'm getting into internet marketing seminars and we actually do a seminar for four days and show people how to build a business on the net. I said really, wow. I said that sounds like a great idea. Have you ever thought about bringing that to Australia? There was no seminars on here at all. And he says, well no I ain't. I said really? Do you think that maybe you should? Well maybe I oughta....

And I said yeah, you probably should and I can probably help you. We shook hands folks. And that moment the World Internet Summit was started. It's now the world's biggest internet business event. In a matter of minutes. Five minutes, at a seminar like this. Sometimes the most valuable people will be the person beside you.

Once you have initiative everything changes. Okay, you agree with me don't you? It all happens. Until today I live on the Gold Coast in an apartment. I took up surfing this year. I'm really bad at it so far. I plan to get better using my initiative. And I get to travel the world. I have this most amazing lifestyle, I love it to death. I can

Millionaire Phenomena - Internet: BRETT McFALL (continued)

fly anywhere I want. I can do what I want.

And look when I was working at the advertising agency I used to sit there and I'd be like day dreaming, thinking to myself, this is so boring. Wouldn't it be good to be able to go to the movies during the day? So I used to day dream about going to the movies. Lofty goals I know, high achiever right! But when I was day dreaming it was like that'd be so great to be able to go and do that. And now I can do it anytime I like, simple pleasures, but I like that right. And to me that just represents freedom. To be able to have that choice of doing it. Yes or no, do you agree with me? Yes or no. Yeah. Who would like more freedom in their life? I mean you are here for a reason aren't you? You are here because you are dissatisfied with something in your life. Or perhaps you're a very curious person. I would suggest that most of you are dissatisfied in some way. You want more, you want to do more, you want to experience more.

And that's why it's a smart decision to be here. I was exactly like you and hopefully what I can show you today I'll be able to change that for you okay?

So I'll have to tell you why I think you should listen to me. It's not to impress you folks – well hopefully it does, but it's not to do that. I want you to know that once I show you these things then you obviously will hopefully realise that I know what I'm talking about, and that if I suggest you do something then you go and do it. Just based on credibility alone. That's the only reason why I'm showing you this.

I've created over 10,000 sales ads, advertisements, websites, sales messages. In fact it's closer to 13,000 now. So has anybody been doing something for 10 years? You've been doing something for 10 years maybe watching TV. Wasting time. How good are you now at it compared to when you first started? Whatever it is you've been doing for 10 years. Are you better? 'Course you are right. Well that's the only reason I'm good at what I do, because I've been doing it for so long. That's the only reason. So don't – please don't make any excuses as to why I might be so good, it's just because I've been doing it so long.

I create websites that make as much as \$400,000 inside eight weeks. Who'd like to be able to do that? Who wouldn't right. And it's amazing. When it happens it blows you away. I couldn't believe it. You know, I was on a job there where I wasn't earning more than \$35,000 for

at least five or six years when I was still employed. And to be able to do that just blows my mind today even still. And it's a fantastic process and very very exciting.

I charge \$25,000 to write a sales letter. Isn't that a ridiculous amount? Stupid. Like what do you do for the rest of the week after I do that? You know what I mean? It's a ridiculous amount of money to charge to write a letter. Why would someone pay me that amount of money? Results is the exact answer. I promise you'll make 10 times whatever you pay me or I'll give you your money back. And by being able to step up and do that means people can have confidence in me. It means I can charge a very high rate, but when I can charge that high rate I can spend enough time, do a fantastic job so the client wins massively. I get paid – I charge \$2,500 an hour to consult.

Ridiculous. Why would I get paid \$2,500 an hour to consult? Results. When someone pays me \$2,500 what do I promise they will make? \$10,000 or you don't pay me. Simple as that. And so the information I share with you today is based on results folks. Please don't take it lightly.

I teach people how to market online all over the world. Singapore, America, USA, UK, Dubai, India, Indonesia, Japan and Australia and New Zealand. Guess what? You're exactly the same as the rest of the audiences that I speak to. Do you believe that? Yeah. You're virtually exactly the same. Maybe a few different cultural values change between each country, but every single person that comes to a seminar which I am speaking at wants exactly the same thing. They want to get more from their life. So every one I teach the great thing I find is that everybody's the same. So the people in India want the same as you. That's what I find. The people we do business with in India or Indonesia or Japan, it's so easy to work with them because they all want the same thing. So please don't think Australia is different or we're on our own. It's a global community and we are so similar it's not funny.

Little improvements I make to websites can improve the response overnight by at least 700 per cent, often over 700 per cent. So I look at your website, I make a simple change, bang. Up to and over 700 per cent increase in sales overnight. That's the only difference between you and me right now. You probably have more hair on your head, but I have a little bit more information in mine on

Millionaire Phenomena - Internet: BRETT McFALL (continued)

this chosen subject. That's the difference folks. That is it.

Whatever you do in your job or at home looking after kids, whatever it is you know more about that than I do. That's the truth. But in this one area I know a little bit more. I'm very specialised in this.

Here's what you are going to learn from me today. 7 reasons why the internet lifestyle is better than working for a living. That is true. I'm going to show you how beginners can make a success of the internet.

What's The Best Product To Sell On The Internet?

Number one, is this product to sell online? This is absolute truth and it is fantastic. Three beliefs of a successful internet market. Once you have these beliefs your lives change forever. Who believes that your beliefs change your life? Hopefully I can give you some really effective beliefs that will help you do this. And I'm going to show you seven steps to a profitable internet business.

Two choices. You can either take five years to do this on your own or you can just listen to my seven steps and take around about 15 minutes. What would you rather? The 15 minutes or five years? I'm going to give you a shortcut. I did it the long way. I didn't have enough mentors, I didn't take enough programmes, I didn't invest in myself and I wasted at least 12 years of my life doing that. It's frustrating, that's what I did. I don't want you to do the same.

By taking information that I have I've condensed it so that you can take a short cut.

Three really important statistics to remember. In 2006 folks more than 250 billion searches were done on the internet. So does that tell you that maybe the internet is becoming very very popular. Extremely popular. In fact a lot of the big companies these days are shifting their money from TV advertising and newspaper advertising and putting it into the internet, because that's where the people are going.

Can I ask who actually here has broadband at home, broadband access? Brilliant. And that's a really important statistic because people are starting to go towards broadband and it's very good for you as a marketer. Because why would that be good? People can see your website.

You can do more graphics. It's easy to download. Very good that so many get on broadband.

Total online sales accounted for \$170 billion last year. Does anybody perhaps still have a suspicion that maybe people are not using credit cards on line, they're a little bit scared to use credit cards? Does anybody have that suspicion? \$170 billion says that it's not true and it's changing very rapidly. It is more secure. Safer to use your credit card on the internet than it is to use your credit card in a restaurant, do you realise that? Let me explain for those of you who may not know. You go to a restaurant. You take your credit card and you leave it on the table or you leave it in the booklet and the waiter comes and picks it up, takes it to the cash register to process your payment. On the way there they have a little black box. They zip the card through it, black box goes in the pocket, then they'll go and charge your credit card as per normal. Bring your credit card back, see you later.

On that little black box are you what? Credit card details. This is credit card fraud right. There's no security in restaurants at all. You should always try and keep track of your credit card but it just doesn't seem to happen. You're in a restaurant, you hand it over, go and pay for it you know and it just happens. But that's the truth.

Online you have secure service which is encrypted and protected and the fraud online is very very miniscule compared to how many people are actually spending their money online. So please don't let that stop you. Don't let the fear of fraud or anything like that stop you from succeeding because everyone else is making money while you're sitting there waiting.

Two billion people will be online by 2010. That's like nine zeros behind the two. How much of that market would you like to sell to? All of it. You greedy people! I mean I've heard about Melbournites being greedy, but this is ridiculous. Yeah, but two billion people by 2010 folks. This is where your business needs to be at. If you haven't considered it up till now – in fact let me ask you this? Who has a regular offline business now? Thank you. Almost half the audience has a business. Good for you. And I would suspect that maybe you're wondering if you can take that business online?

Here's what I'm going to suggest folks. Everything I'm about to teach you will work for your regular business okay. I make that very clear. However I'm going to suggest that maybe you're in the wrong business. Would

Millionaire Phenomena - Internet: BRETT McFALL (continued)

that be okay? Well then if that's okay I want you all to actually do something for me. If I can ask you to stretch your right arm out like this and make that index finger if you can. Because if I say things which are a little bit out there I want you to do this if it's okay by you. Bend at the elbow and bring it to the chin and say with me, hmmm, isn't that interesting. Let's do it again just to practice – I don't think you're up to speed. Ready? One, bend, chill, go – hmmm isn't that interesting. And the reason I want you to do that is to keep your mind open. Because if you come here and you're making decisions before you've tried it, you can be costing yourself a lot of money. It's very important to keep your mind open to what I'm suggesting.

Eight reasons why the internet lifestyle is better than working for a living.

You can work where you want. Hands up if you are living in a location that is fairly close to your work. Hmmm, isn't that interesting. So I found that to and I thought hold on, is this really where I want to live. I was living in the Blue Mountains in Sydney. And I thought no, it's not. I've always wanted to live on the beach. That to me would really be exciting. So what did I do? I packed up and moved to the Gold Coast. Yeah, that's right. Because my business allows me to do that. I could be anywhere in the world. In fact while I'm travelling the world doing seminars and teaching people my business still runs. And so I can work anywhere I want. In fact I'll see myself with a little bag, it's just over there, and I pull it behind me, and it's got my computer in it, and that is my business.

That is it. Long as I have that and I can get internet access I am in business. Who would like that lifestyle? To at least have the freedom. You don't have to move anywhere but to at least have the choice. Who here would actually like to maybe – okay, who here goes on holidays maybe two or three weeks a year? Most of you, okay. Well how about this. What if you can actually live where you holiday? Hmmm, how would that be? So instead of hanging out for those three weeks of the year – on I can't wait to go to the Gold Coast – how about living there, or some where that is really good for you? How about living there and having your business work, no matter what. At least having the choice right, that's why I want to show you this sort of stuff. You can work when you want.

How To Live The Perfect Lifestyle AND Make Money

So for the morning people, wouldn't be great to get all your work done by about two o'clock in the afternoon. You get up early, get stuck into it, and by about two o'clock in the afternoon you're set and read to go. Would that be good? What about the evening people. Wouldn't it be great to have a sleep in every day? Who would like to be able to go and get a big sledge hammer and smash the alarm clock? I haven't had an alarm clock for five years and it's great. Now I don't actually sleep in these days because I'm so excited. I've got so many ideas I don't sleep in, but at least I have the choice and that's what I want to give you as well.

No Staff, No Staff, No Staff

No staff to pay. Those business owners that are here, that might resonate with you. Staff are the only way to grow your business truly hugely. But if you don't want staff – I don't have any in terms of my own business right – but if you don't want staff you don't have to have any. Don't have to pay superannuation, don't have to pay holidays. And for employers this can be a really stressful thing. For employers – and if you're an employee maybe this is new to you – but if you are an employer there's a lot of pressure with having employees. And when the employer is taking a break sometimes they suspect you are not working as you should. Sometimes they suspect you around the water cooler talking about big brother, and it's a lot of pressure right. But for some business owners they'd like to get rid of that. Some people want more staff. All I'm saying is you don't have to have staff if you don't want.

Work From Anywhere

It's also another reason why you will succeed because there's less involved in getting started. You don't actually have to hire people to have a business. No premises to rent. If I was to rent a shop in Collins Street Melbourne, what would I be up for? What would I be paying a week? \$2,000 or \$3,000?

So before I even make a sale on Collins Street I've got to pay \$3,000. Who'd like to get rid of that? With the internet there's no premises to rent, you just have a

Millionaire Phenomena - Internet: BRETT McFALL (continued)

website. And we call it website hosting. It's basically what renting is because in case you don't know we have your computer and in order for us to see the webpage you just created we have to load your page to a much, much bigger computer called a server. That way the people on the internet can see it. And to host your page on that big computer called hosting, they might charge you up to from \$5 maybe up to \$20 or \$30 a month. That is what the rent is right. It's equivalent to a rent on a shop on Collins Street. And so there's no premises to rent and instead it's a really low fee for hosting your website. Who likes this so far? Yes or no? Yeah, good job.

How To Create Cash Flow That Leads To Freedom

Your business can be nearly 100 per cent automatable. Software can take care of processing credit cards. So, if you want to make money while you sleep, and I think that a lot of you do, this is what I do and most of these guys in the States do. Software process, you can come to my site any time you like. You pay the money and it goes in my bank account, and I don't even know about it. It doesn't matter where I am in the world, that's what it does. It sends out the emails for my customers to me. If you buy something from me you get an instant welcome email saying thank you very much for buying x, y, z product. Do I write it there on the spot or is it all automated? I wrote it. I wrote it like ages ago. I did the work once and it works forever. Very very exciting.

You can create as many businesses as you want. Let's just take one example. Let's say we start a little cake shop on Collins Street because we want to get free of our employer, want to have a good business, want to have a good lifestyle+` And so we have one business bringing in – what would be a target income for a cake shop on Collins Street? \$10,000 a week. Thank you very much. That's what we'll take. \$10,000 a week. So if you want to earn more than the \$10,000 a week what would we be tempted to do? Open another one. Okay. But hold on a second. One of the things I think you are here for guys is for more time. I think you want more time in your life. Am I right? More freedom to do what you want.

So, we've got our little cake shop on Collin's Street and we say we want to earn more money because it's just not paying the bills the way I want it too. I want a big house, bigger car, whatever. I want to give more money

to charities, whatever. So we start another business over here. Now we have two businesses. Money's good, how's our time? Have I got more time or less time? So then we think how about a third business? That'd be a good idea. Third business. Money's good. How's the time. I've got more time or less time? Less time unless you're a fantastic manager. Can be done. If you're a really effective manager you can actually do that. They're seldom, like they're few and far between. Don't you agree with me?

People can manage that sort of stuff and not get involved. People go to classes and schools to learn how to manage that sort of thing. It's very hard to do. So, that doesn't give you the freedom that you want. With the internet you can create as many businesses – and what I'm talking about here is websites. When you have a business it's one website. When you create another website it's another business. And another website and another business. It doesn't matter how many businesses you have folks it doesn't take away from your time. Great idea right.

Beginners can do it. So if you put your hand up as a beginner, yes you can do this. I'm going to show you how. I'm going to give you everything you need. Lots of money to be made as I already told you. \$170 billion spent last year.

How beginners can make a success of the internet.

Pay very close attention to what I'm about to say. Because this secret you must keep this with you forever. Be the general of the army, not the soldier in the trenches. Now what do I mean by that? If you are a soldier in the army are you doing a lot of work? You're digging holes, you're putting stuff on your back and running. Every now and then you're probably shooting a gun. And what happens when you're a soldier? What tends to happen? Sometimes you get shot at right. When you're the general of the army you just control the pieces. You sit back in your office and you have to control how the army operates.

So what I want you to take this concept away is like with the internet you do not need to know everything. So what we do is this. For instance I have no idea how to create software. Right, I have zero idea. But yet I have my own software programme. How did I do that? Here's

Millionaire Phenomena - Internet: BRETT McFALL (continued)

an idea, and I want you to do it too. You go to people who have the specialised knowledge and you say, you see that webpage over there, I want mine to look like that one. And see this one over here, I want it to read like that one. And you see that product over there, I want mine working like that but with these changes and that change. Are you with me so far? And you pay people to do it for you. That's the smart way.

So instead of paying \$3,000 a week in rent you start and invest that money in stuff that actually produced money for you. That's the smart way to do it folks. You be the general of the army moving all the pieces around because you have the ideas, and let other people do the work for you.

Here are two places that I recommend you check out. They are eLance.com and rentacoder.com. You can get virtually any technical job done starting from \$50. This is where I go and get most of my tricky technical jobs done.

So when you leave this seminar with all these ideas, all you need is the ideas to make the business happen. That's all you need. So if you're worried that you're too old, you're too dumb, you're too fat, you're too whatever, it's not an excuse. You simply need the ideas. Does anybody here have a brain? Okay. Hopefully every arm is ready to go up there. If you have a brain it means you have ideas. And from this seminar you're going to get them and what you're actually going to do is actually make other people do those ideas based on what we teach you. Is that reassuring for some of you?

Okay, the rules have changed. The world is not the same as it used to be and internet has changed the rules so dramatically you've got to now be able to change with it.

Case Study: Patric Chan, Malaysia

Meet Patrick Chan from Penang Malaysia. 26 years old, no college degree. In fact he's a failed greeting card salesman. Now sells self help books and CDs on the internet for \$97 each. 78 per cent of his customers are in the USA. So he is in Penang Malaysia, and nice holiday spot for Australians, but not a very prosperous part of the world would you agree? Okay. So most of his customers are in America. Why is that a good idea? Credit cards. Often three or four each. Lot of credit cards in America and what's the number one way people will spend money over the internet? Credit cards. Australians aren't too bad

at spending the credit cards either I'll have you know, but Americans are a huge market and Europeans as well.

Would you like to know how much he earns a week? He makes \$6,000 a week US in Penang, Malaysia. Where living is cheap. And so would that be a good income for him to earn. I mean this guy drives his own Mercedes now, and we've actually had him speaking on our stage as well. He is a very good marketer and now teaches it very well too. What does Patrick sell? Thank you. Information. Now everybody, your next finger pointers. Everybody, come on. Hmmm, isn't that interesting.

Case Study: Jo Han Mok, Singapore

Meet Johan Mok, Singapore. 28 years old. Started his part time internet business during college in 2001 with his own e-book. And e-book just so you know is a regular book but it's electronic. Downloads to your computer. You read it on your computer or you print it out. Partnered with big name experts in order to sell his book to their lists. What does that mean? He writes the book and he partners with other people who already have customers on their database. So he doesn't do any marketing or selling. He has them. He has his e-book. Finds a joint venture partner with maybe four, five or 10,000 people on their database who they can email in a split second. He says I tell you what. For every one you sell of my book I'll give you 50%. It's called a joint venture. A JV. He promotes through this database, they split the sales 50/50. He'd doing deals of four or five, six of the best in America, that's how he made a really good income.

Could that be a way that you could start as well? If you do not have a database of people, you can find them where? Through JVs, joint venture partners folks, joint venture partners.

Best month of sales, are you ready for this? In fact he's done more than that now. I was talking to him just last week. He's now doing over \$300,000 a month from lovely old Singapore. Who likes Singapore? Fabulous place. Travels the world, does what he wants, lives an absolute millionaire's lifestyle. Fabulous. What does Johan sell? Information. Hmmm, isn't that interesting, right.

Case Study: Chris Elmore, Australia

Meet Chris Elmore. Friends he's Australian actually.

Millionaire Phenomena - Internet: BRETT McFALL (continued)

Found himself in a dead end job making just \$9 an hour. Anybody been stuck in one of those jobs? He was so frustrated that he decided to do something about it, and folks that's the key. Getting frustrated enough to do something about it. Because you can keep on going on, but until you reach that point when you say I've had enough, I'm not doing this any more, that's when things happen.

He took his passion for music right. Every night at home he was playing his guitar and turning it into something saleable on the internet. He's told me, I'm not a very good guitar player, but I can get by. But he loves music. Through his website now he teaches people how to play guitar on line. In 2006 alone, here's his website address, he made \$327,957, basically \$328,000 in sales. Yet it just takes him two hours a day from his bedroom.

So what I'm trying to say folks, is you have a talent, an interest, a passion, a hobby, you can do this. And if you don't have any of those you can find someone who does, can you not? If you take what some of us are showing you and you find someone who maybe knows how to play the piano, guitar or accordion or whatever, could you not maybe do a joint venture with them, and maybe be successful together. Okay, have a look at it from all different angles folks. If you can't do it, maybe someone else can and you joint venture with them. What does Chris sell? Information.

Why is it so easy to sell? No cost. Value? Yep, you can get good value. Yes indeed, we all love information. We're here today because you want information. Anybody ever bought a book before? You like information. Why else is it good? Instant download, they can get instant gratification. They buy the book bang, it's there. Through their computer. Do the work once and sell it forever. If you're still selling you're time – in fact if you're in a job you're selling your time. How many hours are there in a week? 168 last time I checked. Can we get any more hours? So once you start selling your time as in what most employees do, you sell your time per day. You can't do much about getting any more hours, but if you sell products you can keep on selling as many products as you want. So you must have a product folks. So powerful.

Information products are quick, easy and very profitable. How much does it cost to deliver an e-book? Anybody know that? Zero. Nothing. But yet we might charge \$27, \$30 for an e-book. That's a pretty good mark up, don't you agree? Yeah, very good mark up. And prof-

its that you would never have seen in the real world.

What Does The Richest Man On The Planet Sell?

What about Bill Gates. Anybody heard of that guy called Bill Gates. He's an up and coming young man, he's going to be very successful one day. What does he sell? Software. Is that another form of information? So when you buy Microsoft Office what would that generally cost you? \$600, pretty close. How much would it cost him? Lucky if it cost him \$10. You know a cardboard box, graphics on the outside and a CD on the inside and maybe an owner's manual. \$10 if we're lucky. Is that a good mark-up?

3 Powerful "Belief Systems" of Millionaire Internet Business Owners

The first belief is this. Creating information products is easy. Would you like me to prove it to you? Someone who has not got an information product. I want to prove a point. What about you sir? Thank you for offering. Come on up.

Brett: Now, what's your name?

Caroline.

Brett: Welcome Caroline. What's your business?

Caroline: It's actually my husband's business. He does paint chip and stone chip repairs on cars.

Brett: Paint chip and stone chip repairs on cars. We need you to face the audience so everyone can see you, okay. So okay, here's the question. Why should we do business with you over somebody else?

Caroline: The system he uses is unique.

Brett: In what way?

Caroline: In the way the application of the process.

Brett: I don't care how it's applied, what does it do for me.

Caroline: Makes the car look fantastic.

Brett: Hmm, my car looks pretty good right now.

Millionaire Phenomena - Internet: BRETT McFALL (continued)

Caroline: Okay, you don't need our service. [Laughter].

Brett: Okay, I'll keep my wallet in my pocket.

Caroline: Do you have ugly stone chips on your car?

Brett: Maybe I do. So why should I come to you rather than going to somebody else?

Caroline: Some of the other processes that are out there just fill in the stone chips with coloured polish.

Brett: Okay, sounds okay so far. What's the problem with that?

Caroline: The problem with that is when you wash it more than 10 or 15 times those stone chips reappear. The process that we use actually fills the stone chips with the same paint and the same colour as your vehicle.

Brett: Oh, so does anybody else do that? Can I get this service anywhere else? Really, I can't?

Caroline: Oh yeah, yeah you can.

Brett: You just said I can't.

Caroline: Okay, well I suppose you could, yes.

Brett: Okay, so I can get it elsewhere. I might go and see what those guys can do for me. So why should I go to you rather than those guys?

Caroline: Well actually we go on site.

Brett: Okay. Do they go on site also?

Caroline: Some of them do.

Brett: Okay, well then it's no unique. So why – focus. Why should I come and see you before going to them?

Caroline: My husband's a nice guy.

Brett: Oh, bumpah!

Caroline: But he is. [Laughter].

Brett: I don't care.

Caroline: Yes, we do guarantee our work.

Brett: Oh really, really. What's the guarantee?

Caroline: The guarantee is that – I don't do the work,

so you know I'm just – the guarantee is that if you don't like it well then we'll work something out with you ...

Brett: What are you going to work out?

Caroline: Well, what aren't you going to like about the ...

Brett: I ask the questions, I ask the questions 'cause I'm the one spending the money. True or false, yes? Okay.

Caroline: Yeah well, we'd offer a money back guarantee for sure.

Brett: Oh, so you going to throw that out there now eh, here, have your money back. So why didn't you tell me that when I first asked you?

Caroline: Oh, 'cause I don't like giving money back.

Brett: Oh, so you must have a crap business then. It must be a terrible business.

Caroline: No, it's a labour intensive business.

Brett: Oh really. But is it a good business? Is it the best?

Caroline: Yes.

Brett: Or getting – probably very close to being that right – you can't always know for sure. Okay. So why are you worried about giving money back?

Caroline: I don't know. I'm not now.

Brett: Would you like her to give you your money back if you go to her and for some reason it doesn't go the way she promises? Would you like your money back? That's what they want. That's what they want.

Caroline: That's what they're getting.

Brett: Yes. So when somebody – so here is the lesson. I do this all over the world. I'm the only person who does this live on stage. I know nothing about the person coming on stage. Every time I ask the question I get crappy generic answers like you just gave me. With respect. I get really crappy answers like we're the best, oh we give good value, give better service. BS. You do not. That is not enough to get by these days. You've got to get specific. You've got to be able to tell me exactly why I

Millionaire Phenomena - Internet: BRETT McFALL (continued)

should spend my money with you rather than somebody else. Okay. It's not about the product. It's all about the marketing.

The marketing starts with making sure that we know that makes you unique, and the one thing we will remember you, and the one reason why we'll come and see you. So in your marketing every single time you run an add, every time – on your business card, on the side of your promotional cards, whatever you've got alright, this USP, your unique site proposition has to be there. You'll get a perfect repair of the stone chip or your money back. Or something like that okay?

Now I'm sure your husband when you go home is going to go I don't think so. [Laughter]. Well then say to him well why should anybody do business with us, alright. And do what I just did to you. Dig deep, because you actually have – here's the thing. You have this hidden benefit that we're all wanting to hear about, but you're keeping hidden from us and that was the reason that was stopping us from actually spending any money. Make sense? Good. Thank you very much indeed Caroline. Well done. Please thank Caroline.

So, what did you learn from that? Why should I do business with you, rather than someone else? That is the question you need to be able to answer. If you cannot answer it you have really bad marketing and chances are you've got a very average business not making you the money you want. I've done this with 153 different industries. Thousands of clients. Everybody suffers from the same problem. Being general. You cannot do that any more folks. You've got to be specific. Does that make my point? This is the one reason I should do business with you over any one else. You keep digging until you get it.

The last belief is this. You don't need to know everything in order to be successful. Remember, be the general of the army. You don't need to know how to design web pages. You don't need to know how to write copy. You don't even need to know what hosting is. You don't need to know everything, so do not make that excuse. You've got to now free yourself from those excuses that you'd say, oh I can't do it because I don't know every single piece.

Would you know how electricity works? Not really, but you can use a switch can't you?

Brett McFall's 7 Step System to Amazing

Internet Success

What I'm about to teach you here could literally change your life. This is solid what I'm about to show you, my seven steps. Because it will take you two or three years to learn it on your own, possibly five years, or you can just take this short cut. This is truly powerful. I've used my whole system for starting a profitable online business. Are you ready?

The first step is this. Find a hot niche market first.

First. There's a lot of people. 'Cause a lot of people come to me – in fact mostly everybody comes to me and says Brett, I've got a great product or a product idea. Wrong statement! You should be coming to me and saying Brett, I've found a really hot market. But yet everybody makes the same mistakes. Almost everyone. Because we tend to think it's the product that is fantastic, but the product is not everything. Marketing is key, and part of the marketing and doing the research is to find the market in the first place. What you want to do folks is find out where the people are and what they want to know. 'Cause the internet's all about information, it's an information medium. When you go online you search for what? Information. It's an information medium so you've got to give them what they want to know. A niche is a group of people folks who are going online to find a solution to their problem. For instance, who here plays AFL? Anybody here play AFL or ever did play AFL? Okay, alright, so there's a whole bunch of you, great, thank you. Well that is not really a niche, it's a whole bunch of people who like the sport. But a niche might be this folks. AFL players who are over 30, or over 40. Or AFL players who play touch AFL.

What about this folks. Another niche. In fact, yell out any subject, any niche you want to yell out. Fly fishing. Yeah, very broad niche but fly fishers in North America is a niche market. Fly fishers in Australia, niche market. Does that make sense? We're talking to specific people, in fact we can talk their language. Do we have different fish here than we have in America? So we might have different lures would we not? Different techniques. So we want to go for a niche market. You might even be able to niche that down to States. Fly fishermen in Melbourne. We want to get more exact because maybe we

Millionaire Phenomena - Internet: BRETT McFALL (continued)

can just tailor to that market. What about if you wrote an e-book that was tailored straight Victorian fly fishermen. The Inside Secrets of Fly Fishing in Melbourne, Victoria. Does that make sense?

We tailor it just to them so that when they buy the book they want specific answers, and that's why they're buying the book. Then when we ask the question why should I do business with you over anyone else? Because you've made it a niche product. You're talking to me now. In America what you can do is you have to get these lists and you can tailor it down to like kids with red hair and freckles. You can sell just to those kids. Sell them skin care products or whatever you might want to sell them. You might want to niche it down, 'cause you're not selling to everybody. Make that clear. You're not selling to everybody. Just a certain market.

Do some simple research to find out what they're looking for. And I'm going to show you a place to do that. Three key words. Wordtracker.com. I'll show you how it works. When we go there folks this allows us to type in a word or two about a niche market and it tells us if anyone is searching for it. So how about we just type in fly fishing and press enter. Okay. Now this tells us folks, and I don't know if anybody's shown you this already or not, but I'm certainly going to take you through the process now. That last month, in the last 90 days rather, 2,663 people typed in the phrase fly fishing. Does that make sense?

As we go down we have all these different versions. Look at this. Vermont fly fishing, which is a place in America. Fly fishing equipment, Canada. Fly and fishing trips. That's a different concept. Montana fly fishing. Alaska fly fishing. They would all be niche markets folks and it tells you how many people are actually typing in that phrase. Is that a good idea? Why is it a good idea? Why? Because we can find out what these people are after. If you're selling an e-book on fly fishing do you really want people going there who are interested in tennis?

No. You are only interested in people who are interested in fly fishing. That's one really good site to use. And that research just takes minutes. That's all it takes, just minutes for you to find out, gee, is anybody searching for my subject. Here's a good rule of thumb. Between 30,000 and a 100,000 searches a month would be a good rule of thumb. Any less than that may not be profitable for you any more than 100,000 makes it to appealing

to the bigger companies in the world. Any less than 100,000 big companies aren't interested because there's not enough money in it right, but there's still enough money in it for you. I did the same thing.

Who's heard of scrap booking? Anybody heard of scrap booking at all? Big female dominated activity this. Females love this. And it's where you take photo albums to put photos in the album and make it really, really pretty. Cards and ribbons and you really try and make the photo stand out in a moment in time, really special. And when you see a scrap book done it looks fabulous. Well I found out that there were like around about 60,000 people a month searching for scrap booking every month. I don't know a thing about scrap booking right. And so then I created an e-book on it. I didn't write it. I had someone from elance write it for me.

I created a webpage, 'cause the book is done in 14 days. I put a webpage up, it's up now. It's called scrapbooking.com and it makes around about \$30,000 a year and I don't do anything to it.

Let Me Detail My Research Process

I did a survey and people gave me the questions about scrap booking. I said it was for a new book, I said give me the most pressing questions about scrap booking, I gave it to eLance, I sent the questions along, they researched it, they wrote the book, give me the book back in 14 days, I sell it, done.

It is called scrapbookingprofits.com.

I don't touch it. I don't do anything with it folks. I don't do a thing with it. It just sits there and makes money year after year. I don't promote it. I have other people who actually promote it for me. And that's it. I can't tell you any more, that's it.

Here's another tool. Goodkeywords.com. This is another free programme. Does pretty much what I just showed you with that other programme but it's probably a more in depth programme. You download it to your computer. It's very very good. I'd probably recommend that one more than the other one. Goodkeywords.com. And it allows you to see what people are searching for. Create a product which gives your market what they want.

Millionaire Phenomena - Internet: BRETT McFALL (continued)

Number 2: Give Them What They Want

That's the second part. If the market tells us what they want, what's our goal? To give it to them. That's it. Now we were talking about the products right. So again what I did I went to eLance and suggest you start off with an information product like an e-book, an audio programme or an online video is going to be the simplest for you. That was the example I just showed you. And simply answer the niche that your research revealed. Very very simple folks, just give them what they want.

And it's so tempting for you to get involved and do what you think and give your tips. Just give them what they want, yeah. Over deliver, surprise your customer right. Give them what they want but plus so much more. That's a really good tip. Over deliver and make your product unique. It's so important to have that one thing that makes you king, make your product unique and have plenty of links inside to where? To where? Other products okay.

Let me explain that. Inside your e-book, when someone buys it they can enjoy the content, but it's a very good idea to have links, website links to other people's websites who are also selling products about say scrap booking as an example, of which you will have then maybe joined their affiliate programme so that when people buy it you actually earn money. Does that make sense? Send it to other people's website to buy products that are related to yours so you make money from them buying someone else's product. It can all be done very very easily.

Number 3: Create A Powerful and Compelling Sales Message

Create a powerful compelling sales message. Marketing is king alright. So that the sales that are on the page have to be very basic. Just words on a page but a really compelling sales message folks. Without doubt this is the most important part of your website. Don't worry there is a formula. Has anybody here ever written a letter before in their life?

You can do this. If you can write a letter that's all it takes. We have found the best way to sell something is by writing a letter. A letter to the customer. And there's a formula of how to do it. Overall you're talking benefits, which means what's in it for the customer. Constantly

talk about what's in it for them. 'Cause that's what your customer's asking. They sitting there going what's in it this for me, what's in this for me. Just like we did with Caroline on the stage I'm constantly saying why should I come. I'm basically saying what's in it for me? And that's what you're customer is saying as well. You've got to constantly let them know what's in it for them. You can also search for copywriting software that will write the letter for you. Do it all for you, or you can actually do it yourself. You can also hire copywriters. Being the general of the army. The software writer does it for you or the copywriter does it for you. Unless you really want to do it yourself. But I'm suggesting you be the general of the army.

Number 4: What Your Website Should Look Like

Design a simple website that converts prospects into buyers. Now we're talking about the website now. We've done our research, created our product, created our sales, now we need a website. Follows Google's lead and keep it simple. When we go to Google, what's the background colour. White. White. Not blue, not purple. If it's splashed with colour, do we have pop-ins do we have all this other stuff at Google, no. No. Keep it simple folks. Use a plain black text on a white background. I will show you an example of one of my sites. In fact this is the site of my copywriting software which does most of it for you. As I scroll down folks just look at what I've got. Some of the text is actually colourful but most of the text is black. Black on white. I've got an e-cover that I created. The actual product doesn't look like that, it's just the cover which represents what the software would look like. I don't send it to you in a box or anything, you just download it. So then some testimonials against this black text and there's a couple of red headlines. Red is a better colour for a headline, I'll let you know that right now. Red is the best colour for a headline. Bullet points. Can you see how simple this is folks. Very very simple. Very very basic. What you want to do folks is you want to get away from the technology if you can.

All the stuff that people see, you've got to have flash presentations and pop-ins and all that stuff, they can actually take away from your sales. Would you agree with me that this is a very simple site in terms of design? In fact it might even be a little bit ugly. That's possible too isn't it? How does it rank in the searchings, a nice question.

Millionaire Phenomena - Internet: BRETT McFALL (continued)

I'll get on to that in just a second. This website it actually ranks pretty well with key words related to my name, but we can actually make it rank much, much better with a few little techniques.

That's all it is folks. I need to say that so you realise that's what I'm using, what most of the marketers here are using. So should you do it too? Simple as that. Forget the technology. Alright folks, if you could actually make a sale by just using text, like go into Microsoft Word, write in your letter, and upload into the internet, you could actually make money just doing that alone. A basic Microsoft Word document online. Or a PDF if you know what that means right. Simple as that. It does not take all this technology to make sales for you. Just a compelling, convincing sales message which tells me why I should buy from you.

Here's a little secret to increase your conversions. I've actually used audio on the page, and you've probably seen I use it on the scrap booking page. It has actually increased my sales by up to 300 per cent. Actually tripled sales. Just by having a little welcome like that that you saw on my scrap booking site. How do I do that? Good question. There is software that does it all for you. In fact I had my own software that does it for you. So just type in website audio software into Google and you'll find a whole stack of them that come up. Please search them out. It makes it very very simple. Some of them you just copy, it's in code, and paste it into the webpage. That is it.

So you record it on your computer on your head microphone, and you record your message saying hi, welcome to my webpage. The reason why you're here is because you want to do better fly fishing in Victoria. I've all the tips you need. Please read every word and I'll look forward to helping you in the future. Something like that. And then you upload that into your audio file which you record on your computer with windows software. You upload it to a site on the internet. Here's one for you. It's called audiogenerator.com, and when you upload it there it basically converts it, gives you back a little bit of code.

And when you go and try it out folks it'll make so much more sense to you, but I can tell you you know if I'm using it, you can use it. I don't know a whole lot about coding, programming or anything like that. I only know how to use the very basics like this.

Keep photos small. Why would I suggest keep photos small? Why's that? Because it makes the page load much quicker. There's actually a lag when you go to a webpage and when you actually see it in full, there's a lag as the page loads, and so you want to keep everything as small as possible in size so that it loads very quickly. You've maybe got a split second, maybe two seconds if you're lucky to grab someone's attention. How you grab their attention usually is with a headline at the very top. Anybody ever read a headline before? Newspaper, anything. You've probably seen about 3 or 4,000 headlines every year when you look at magazines. You know what headlines are, and you just put a headline on the top and that stops your customer in their tracks and gets them to read your webpage.

A Simple Formula To Create A Killer Headline

Would you like me to give you a headline you can use? Okay, fine. Okay, write this down folks. First word is Warning. Don't Visit Other Webpage on – leave a line, because in there we might write Fly Fishing, or Scrap Booking or Baseball. You with me so far? You write whatever your subject is right – Until You Read This. That is your headline. It's called a template headline. It's been used for at least 40, 50, 60 years. It can work for you as well. One of the most successful headlines I've ever used, I didn't even create it. I just used it because someone else showed me how to do it. But I constantly use it. Most of these marketers on stage have probably used it. Warning, Don't Use Any Other Webpage on whatever your subject is, Until You Read this. That's how you get people focussing on your page for just a second.

Your goal isn't to sell them in the headlines, just get them to stay. That's it. Just stay with me. Read what I've got have there. If you're smart you'll give your customers an opportunity to opt in. Opt in means give their name and email so that you can contact them later. Thank you, later. And so it's very, very simple to do. You don't have to know how to do it, someone else can do it for you, but a little opt in box. And you might offer them a free newsletter. A free report. Something for free in order to get their name and email from them, and that way you can communicate with them after.

Now if 100 people come to your website, not all 100

Millionaire Phenomena - Internet: BRETT McFALL (continued)

people are going to buy. It's just the law of averages. But they might they be ready to buy later on. At a time that suits them. So we want to have them subscribe to us. A report or a newsletter or something like that so that later on we can remind them about my scrap booking book. In fact if you subscribe to my scrap booking site I believe you'll get 19 messages - that's how many I've written - over the next 5-6 weeks. So that when you're ready to buy you're all clear. Do I actually send those messages out every time? No I have software which does it for me. That's what you need as well. I'm going to show you what that is in just a second.

Number 5: How To Generate Traffic To Your Website

Over 90 per cent of internet users start with three search engines like Google, Yahoo, when they're looking for information online. And there's two ways to use search engines to bring traffic. Two ways. Pay-Per-Click which is best for starters. Pay-Per-Click folks is this. If we have - and I'm going to show you this just so I bring everybody up to speed. If we have our Google search engine. We go into Google.com. So we type in our term that we're searching for. On the left side we have what's called organic results. And on the right side, we have Pay-Per-Click. Anybody ever seen those small little four line ads on the side there. Okay, this is called Google ads and so that's one of the best methods. So here's what we can do. Someone types in fly fishing, we can tell Google yes please, put my ad up there. If someone types in tennis coaching, don't put my ad up.

We only advertise to people that matter. And we only pay for the ad when someone clicks on the ad. I mean can you do that in a newspaper. Can you go to the local newspaper and say well, here's my ad, but I don't really want to pay for it unless I get some calls, can you do that? No. Internet you can. That's what's so great about it. And you can even tell Google here's how much I'll pay you per clip. So you just tell them the budget and how much money you want to spend a day. So you tell them well I'm going to offer you 30 cents every time someone clicks on my webpage and when the clicks get to around \$30 a day, stop my ads. And the next day, well I'll maybe have another \$30.

You're totally in control of your budget folks. You can do it as fast or as slow as you like. I recommend to use

Google as you get traffic because you have traffic coming to your webpage in the next five minutes. Nothing wrong with paying for advertising. Yet when it comes to the internet so many people want to get it all for free. Don't you really want to know how to do it for free? Why is that? Crazy. Just because the internet is free doesn't mean you have to go the free way when it comes to advertising. It's like why would you do that. If you can spend a dollar but every time you spend a dollar you make 10, would you not be crazy to spend that dollar like every day?

So with the techniques that I can teach you like how to write a sales letter and stuff like that, like if we can get three people out of 100 or maybe five people out of every 100 and we know that as a statistic, then we can work out here's how much we make. We make you know for every 100 people that come we make about \$200, then couldn't we spend at least \$50 on advertising to get them there? Why wait for the search engines. Why do all the technical stuff, why pay so much attention to getting search engine traffic when you can have traffic now.

Why would you not invest in yourself? Crazy. You'd spend money in the real world anyway. You'd spend it on newspaper ads, you'd spend it on publicity, spend it on whatever. Signage, all this stuff. Please folks. You must get your brain in the right space. If you can pay for advertising and turn it into a good equation, as in you spend a dollar you make five or you make 10, then spend the dollar. Are you with me? Very very important folks.

Google ad words, Yahoo search marketing, those are the way to get paid traffic to your sites or you can do organic. Now this is the free stuff. It can be done. Wherever the search engines change the rules all the time. There are ways to be consistently high in search engines but you'll spend a lot of focus, a lot of energy doing it, yet the rules change all the time. It can be done. It'll take a lot more skill, a lot more work and you have to be a little bit of a geek to understand it. That is the truth. So if you're going to do it, have someone else do it. There's plenty of people that will do it for you. You'll pay them anyway. If you're going to pay them, why don't you just pay for Google ads? But there are three really powerful ways to bring traffic to your site for free. Would you like to know them?

3 Ways To Generate FREE Traffic To Your Site

Millionaire Phenomena - Internet: BRETT McFALL (continued)

Articles. I was talking to a guy called Armand Morin last week. Anybody know Armand Morin. Earns about \$10 million a year on the internet. I said Armand what is the biggest source of traffic for you? Would you like to know his answer? Articles. Here's the deal. What you do is you write an article, maybe 300 words, well maybe 500 words, something like that that just picks a point about what you're selling. If we take our fly fishing example we might just say here are three simple tips for finding the right lure for your fly fishing. And you write a little article about it or you have someone else write the article from eLance, and we publish it to these sites like – I'm going to show you the sites up here. Articlecity.com. You just load it to articlecity.com or you upload it to easyarticles.com. They publish the article and who knows what happens with the article after that? Who can tell me what happens to the article? Yell out nice and loud. Well, sort of. Thank you for answering, but sort of like that.

Syndicate it, yes, sort of. Okay. Shall I tell you the answer. Good answers folks. You're sort of half right with all of them. Here's the deal. There are newsletter publishers on the internet who just have thousands and thousands of people getting their newsletter. And so they are always after content for their newsletter, otherwise no one would pay for the newsletter right. So all of a sudden you get paid for the newsletter. They've got to have articles or content for the newsletter. So it gets very busy. It gets very lazy and they want articles that other people have written so it's all done for them. So they go to places like easyarticles.com and they would search for articles of fly fishing – because they've got a fly fishing newsletter – and they take the article, they copy it and paste it into their newsletter. Their easy email newsletter. So say they have 40,000 people that get the newsletter and they want to quickly produce a newsletter they'd go to easy articles, copy the newsletter, paste it in, send it out to their database. But guess whose link is at the very bottom of the article? Yours. They can only use the article if they copy and paste it all. And at the bottom of the article you have a little tag line called about the author. About the author.

There are places that you can go that will distribute these articles to 3,000 article directories instantly. You don't even know about them now, I just want you to write the article for a start. Just write the article or articles, or have someone else do it, and then these articles will get used around the world for free publicising you. You're website. It that exciting or exciting? Yeah, it's brilliant. You wanted free traffic, that's the key way to get free traf-

fic.

Press releases. Go to prweb.com. Folks I'm not sure you understand, but whenever you see something on the news, virtually every story you see on the news is there because someone wrote a press release to the station. Reporters don't do a whole lot of work these days. They go by press releases. They're inundated with press releases from all around the world and that's where they get the news stories from. And so what you can do with this site is actually have your story. You write a little article very similar to the one you just wrote for easyarticles, you give it to PRweb, you give them \$80 and they will like send to all these news media outlets round the world. Around the world. So if you have some news to tell - like the car stone repair system with a money back guarantee, that would be newsworthy - and wrote a press release about it, we could tell the world.

Now, is the rest of the world going to pick it up? I doubt it, but maybe some media in Australia might okay. But you've got to keep it newsy, there's got to be really a good reason to actually create a story about it. There are tips on the site about how to write good press releases. Everything you need is there. It happens automatically for just \$80. Are you prepared to invest \$80 to get on thousands of sites?

The third one is adding your comments to forums. What are forums? Folks forums are this. They are places where fly fisherman, fly fisher people, women whatever, go to hang out and talk about their subject, their niche. And so they'll go along there and they'll say you know what? I found a brand new fishing rod and it's called the XY30 and it really cast the lure really far and it's a fantastic rod. I really recommend it. Another person writes gee, you know what I tried it too and it's a fantastic rod, but I didn't like the lure that you were talking about, blah, blah, blah right. Let's talk about fly fishing the whole day. They love fly fishing. And there are thousands of groups, so whatever hobby you have, subject you like, sport that you do, there is a forum for just about every niche. Passion. Where people go and they talk. Now if you go to these forums - why would that be a good idea for us to look at the forums and look at what they're talking about and look at the questions they're asking? Why would that be good?

We find out what they want. That's the first reason why we want to go there. What are they asking, what are

Millionaire Phenomena - Internet: BRETT McFALL (continued)

they talking about? If they're talking about lures that's what we want to make our e-book about. If they're talking about how hard it is to fish in Victoria, that's what we want to talk to them about. How we can actually get over that problem of fishing in Victoria. But here's the second reason. By going to these forums, you can also leave your own questions, your own thoughts. Then what would we put at the end of our thoughts?

We put our own thoughts, comments on the forum and lead them to your own website. Some forums allow it, some don't. Find the ones that do and use them. Totally free advertising. Are those three ways to get traffic? Are you going to use them? Yeah, go and check them out tonight. Don't go to sleep tonight without checking out at least one or two of those.

82 per cent of online buyers have made at least one purchase in response to an email promotion.

That's a lot of people. So if you're thinking that people don't buy through email or email doesn't work no more, it works. And so we send your customers your prospects in email, we mention about this fantastic new product on fly fishing and it's going to allow you to cast even further. And then we recommend the website, and that's how you can make some sales. Or you can even create the book yourself. You can either recommend someone else's book or create a second book yourself, that's what you can do. Buying you know is all about trust. Don't you agree with me? Buying's all about trust? You don't trust someone you're not very likely to buy from them.

So you should use email to build up the trust account, which is why I said have them opt in, create a newsletter for them so they start to trust your information. When you talk about fly fishing and how certain lures work and how certain rods spin really easily you want to give them good information. So that when you say you know what, you should really buy this book, they what? They trust you. They trust your advice. If I'm doing my job properly, yes, hopefully. That's what you need to do too folks. So how you do that folks is educating people to your value. Telling them why your information's so good. Why your e-book makes sense. Why your research is so extensive. Educate them to your and your product's value.

World Internet Office is the software that I use to do all that. It'll send the email, send your newsletter, it'll even process credit cards for you. Send the welcome letters to your customers, saying thank you very much for buying. Remember how I showed you my scrap booking site, and you're going to 19 emails over the next five months? Guess which programme looks after that? I do the work once and it keeps on repeating it forever. There's many other programmes out there, that's the one I recommend.

Let's say we're in the fly fishing category and we've made our sale. Done all the work, making some money, okay. You can actually increase that profit by selling new products to existing customers. So that if we have flyfishingsecrets.com, fly fishing secrets book, we can also have fly fishing secrets number 2. With even more secrets about fly fishing. But the good thing about that is that statistics show that one third of the customers will buy from you again if you just ask them.

So if you're not actually asking them to buy something else you're losing money as you're actually letting down a third of your customers. These are the statistics folks. If you're not doing it you're actually letting them down and losing money. The good part is there are no marketing costs involved in the second purchase. No marketing costs. Why is that? It's done already. You've already made the sale, you've got a 100 customers, we going to send emails to them and say guess what, I've got another book for you. We sent an email, take a split second and it doesn't cost us a cent.

What If You Don't Have Another Product?

Let's say you don't have a second product. You can sell someone else's product that relates to what you're selling. Shall I show you an example? ClickBank.com – fantastic site. So, just stay with me for a second. We've done our research. We've got a product now on fly fishing for this example. We've created a sales message. Created a webpage. Now we will start to email our customers to see if they want to buy something else. So we go along here to ClickBank and these guys have thousands of products ready for us to actually sell as well. They have thousands of products ready for us to sell.

We click on market place, type in fly fishing, click on go and see what they've got available.

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We have better lover's guide, tropical fish secrets, discuss fish secrets, trout fishing secrets. Might be getting close. Carp fishing secrets, better fish secrets, fantastic fish secrets, fantastic fish ponds, building an easy fish pond. So we at least have three or four there that I think sound like might be something that our fly fishing customers would be interested in. Would you agree with me? So if we click on it folks we will see what that product's all about. Here is the sales letter that sells that trout fishing product. And what do we see? Very basic black type on white background yeah? Hmm, how about that. So I scroll down. It's all bullet points, it's text, it's selling an e-book and there it is. Click here to order it, there it is, \$19.95.

So let me tell you how this system works. That's the product. You'll simply register with ClickBank and they will give us a little bit of code. What is code? It'll simply say something like this. [http://xyz.blah, blah, blah, 123 whatever](http://xyz.blah.blah.blah.123.whatever). Doesn't matter what it actually says, it's just a little link right. And it's called a hoplink to be exact. And they give you this code and that is the only thing they have to give you. Because when we email out to our customers we'll simply put that link in the email and say hey, I know you're a fly fishing nut right. You love fly fishing, guess what? I just found a book that shows you how to catch trout. Not just catch them, but to catch big trout. Just click on this link and it'll tell you all about it. They click on the link and it takes them to that sales page we just looked at.

Here's the deal. When they go there, if they buy it'll be all coded in the background so that we know they know who sent them the customer. So they'll pay their \$19.95 and ClickBank will pay you probably around 50 per cent. Whatever deal that person's got going for them as book, anywhere for about 40 per cent up to 75 per cent – you just go in and find out what they're offering – they'll give you that percentage of the sale.

I'm going to say it again...

We're going to send people to that trout fishing site via a special link that ClickBank gives us, and when people click on it, it lets ClickBank know that we sent them and if they buy ClickBank will send you a cheque for that 50 per cent or whatever deal that site has going. Between 30 to 75 per cent. That is it. You don't have to design a website, you don't have to have a webpage. You just send a link in email, that is it. And what if you could do

that every two or three weeks? You're going to find the carp fishing secrets one, sign up for that one. So three weeks later you're going to send them information about another fishing book.

Folks, this is where we turn just a \$27 sale into something like hundreds of dollars worth for each customer. This is how we do it. Does that help you out?

ClickBank will become your best resource. You'll love it.

Number 7: Have AN Army Of People Sell Your Products For You

Once you have a website that's working the smart thing for you to do is grow it before you go on to another project. So now, instead of you promoting other people's products they will actually promote yours. Launch your own affiliate programme. That's what I was talking about when I went to ClickBank. That's called an affiliate programme. So now people can actually sell your fly fishing books to their customers. I'm not going to tell you how to do it right now. I don't want to confuse you. You just need to know the steps for now. But affiliates are people who'll promote your website on the internet and take a commission on the products they sell. That's all. Meaning no upfront costs for you. They're going to promote your products for you. And World Internet Office takes care of that for you. They'll actually tell you how much to pay your affiliates, take away all the commissions, and at the end of the month you write a cheque, thank you very much indeed. Simple as that.

Here's a summary of the seven steps. Find a hot niche market first. Create a product that gives your market what it wants, create a powerful compelling sales message. Design a simple website that converts prospects into buyers and will bring traffic to the site. Use email to obtain more customers and have an army of people making money for you.

Folks, I hope I've given you what you came here today to receive, and that is a way out of your current circumstances and a way into a new and exciting world. Embrace it and your life will never be the same again. You really have nothing to lose and an amazing new lifestyle to gain.

Thank you.

The 11 Steps To Take You From Zero Cash To Financial Independence And Personal Freedom In Less than 24 Months.

Part of the Millionaire Phenomena Series

Unlike winning the lottery, winning in business is rarely a matter of luck. It's almost always a result of working hard, working smart and being persistent. Once of the greatest myths is that "money makes money". Actually money doesn't make money...knowledge does!

Knowledge on how to make money and how to develop a service or product that people are willing to pay for, in large enough quantities, will make you wealthy.

80% of people who win a major lottery prize are broke again within 24 months. Yet, the person who "made it" in one business, and then lost it all, can usually (within a couple of years) make a few million dollars again.

What To Do And How To Do It?

It's a matter of knowing what to do and how to do it. That's why I go to a lot of conferences. I want to know how some people (lots of them) make over \$50 million a year with TV and print ads in the USA. Quite a few make a lot more than that. And like most of us, the majority of them started with nothing.

All they did was to learn, do the work, test and be persistent. So, let's have a look at what you and I have to do to get rich...even if we're starting from zero. (Mind you, a little start-up cash doesn't hurt either.) Here then are my 11 steps to financial independence and personal freedom...try them for yourself..

Freedom Step #1: Decide That You Want To Do It

Quite frankly, some people don't want to be rich. For whatever reason, they believe that money is bad, it's the

Meet Jon Gian

Eight years ago, I was searching for a fast way to create wealth. Whilst I had some success with property investing and shares, I quickly realised that I needed cash flow and lots of it, to accelerate my wealth.

I discovered a unique way of doing business and since that day I've never had to worry about creating money ever again. I've gone from humble beginnings to running a consistent multi-million dollar business for the last 5 years.

I'm regarded by many as the #1 player in my industry and often sought-after coach and mentor to many high-profile speakers and presenters.



cause of evil, etc. Actually, money in itself is not bad. It's a form of energy and you get to choose how you use it.

Or do you use it to help yourself and others lead a better, more harmonious life? Or do you let its power destroy you, and the people around you? Money can do both. The choice is your's.

If you've decided that you could actually do a great deal of good in the world if you had a lot of money, let's go to the next step...

Freedom Step #2: Believe That Wealth And Personal Freedom Is Possible And...That It's Possible For You

In other words, take responsibility for your destiny

Millionaire Phenomena - Business: JON GIAAN (continued)

and look for the solutions rather than the problems and obstacles in your life. In almost all cases, the people who aren't making it (financially, physically or in their relationships) are blaming the competition, it's the economy, it's..., it's..., it's...anything but them!

On the other hand those who do make it, are always looking at how they can do things better, how they can reach their goals faster. They believe that they can get rich fast, they just haven't quite found how to do it.

By the way, as I said in Freedom Step # 1, once you have the knowledge (and apply it) you can make a lot of money very quickly. And it's got nothing to do with any get-rich-quick schemes and scams. Those people are trying to get rich without putting in the time to learn how to do it.

For example, imagine you've been in business for 2 years, 4 years or whatever, and you are selling a good product to retailers, wholesalers, at the weekend markets and trade shows. (A lot of people make a heap of cash doing just that.)

Now, if you take that same product and advertise it nationally for sale by mail order, you can make millions of dollars overnight. I saw at least 4 products at the last Gold Coast Home Expo which are big sellers in the USA (direct mail, magazine and TV advertising).

Actually, there are hundreds of products that can make you rich, if you know what to do with them and how to promote them.

A friend of mine took a basic, everyday product like ordinary grass seed, and by promoting it differently and better than anyone else, made as much as \$100,000 in a single week selling it.

Of course all this is totally irrelevant to you unless you decide to believe that it is possible to get wealthy the easy way. And the reality of that decision is that it's not going to be a picnic for you. At least not initially, because to make a lot of money, starting with little (or no) capital is a challenge.

You are going to have to be very focussed, very committed and...you'll even have to work very hard at times - especially in the beginning.

Isn't it the same for anything in life?

Let's say you decide to build some muscles, get fit and exercise your body. You go to a gym and you see all these beautiful bodies and you get inspired. You start to exercise just like them, but instead of "instant" muscles and beautiful body... all you get is instant pain.

Lots of it. And that's where most people quit. Right there, at the first sign of pain.

However, if you persist and keep doing it, the pain will sooner (or later, depending on where you are at) disappear.

And sooner or later you too will be seen as one of those 'body beautifuls' wistfully admired by others and being told "It's easy for you, you have the body or talent or whatever."

It works the same in business and building personal wealth and freedom. Yes, it's going to hurt. Yes, it's going to take persistence, effort and time. But eventually, you will succeed.

It's only a matter of time, and how long it'll take depends entirely on you.

Are you willing to learn to do what it takes to become a master at business?

You are! Good, let's move on then.

Freedom Step #3: Define Very Specifically Where You Want To Be In 2 Years Time

I'm sure you've heard of goal setting before, but are you doing it and doing it consistently? I always carry my 4 most important goals with me and read them often. They remind me of where I want to be. If you aren't doing this, it's too easy to get off-track and be distracted from your purpose.

So, what should you do?

Well, for a start, write down...

- how you see yourself and your ideal business and lifestyle in 2 years time
- how you feel and look physically
- how much money you have in your bank account

Millionaire Phenomena - Business: JON GIAAN (continued)

- the sort of house you live in
- the location of the house
- how many days a week will you work
- how many hours per day, etc.

The more specific you are, the better it is. When my wife and I set our goals we had no money, no house and no idea how we'd get what we wanted. That was 8 years ago. Today almost every goal we set is a reality, or we are very close to achieving it.

So do it. Set your goals and re-read them every day. We do it and it works. Because if you do read them every day, they are ingrained in your mind and you'll eventually believe you can achieve them. I'm not totally sure why goal setting works so well. All I know is that it does work...if you do it.

The great Indian statesman, Mahatma Gandhi, once said:

“Watch your thoughts because they become your words. Watch your words because your words become your actions. And watch your actions because your actions become your destiny.”

What destiny are you heading towards?

Remember, it all starts with your thinking, and your thinking will be influenced by writing (and reading) your goals often.

Freedom Step #4: Use The Right Vehicle To Create Your Wealth

Once you've made your decision to become wealthy, use the right vehicle (or business). As the world and technology changes, new opportunities open up almost daily. If you're in a business (or in a job) that's on a decline, you may have to change what you do and learn some new skills. You may have to change how you do your present business, and one way is to deliver lots more value to lots more people.

In almost every case, wealth is created either by doing something better than anyone else and getting more customers and profitable sales, or by doing something

entirely new, something which no one else has thought of before. Or you could take on existing products or old ideas and find new opportunities for them.

For example, in Germany, a young lady founded a 'Rent-A-Grandma' baby-sitting service. She placed an ad asking elderly woman who liked children to write to her if they were prepared to look after them for free. A lot of people, possibly retired, bored or doing little, replied!

She now has over 100 grandmas, pays them a small fee and is able to provide a service normally performed by young girls or women, at very affordable rates.

A fellow discovered an automotive product that was added to an engine to improve mileage. Being an enthusiast, he liked the product so much he approached the manufacturer to see if they were selling it outside of the country. They weren't, because they were too busy just producing the product for the local market.

So our enterprising young man arranged to buy the rights to market the product world-wide for \$100,000. But wait, listen to this - all he paid was \$1,000 now and an option to pay the balance of \$99,000 in 6 months.

Then he quickly placed a small classified ads in the business opportunity columns of newspapers around the world, offering the "local" import and distribution rights for \$25,000 each and promptly sold 80 licences.

That's a cool \$1.5 million, plus he made a deal to get 5 cents a can from every sold overseas. Needless to say, this would have made him a millionaire many times over, and he did all that without any stock, any office or any staff, and of course the manufacturer was thrilled to have a worldwide distribution and lots of orders.

The facts are that less than 8% of popular US and Australian products are ever exported. Where do you find these new products? At trade shows, in the 'Business Opportunity' columns of newspapers and in trade and opportunity magazines.

Freedom Step #5: Create A System For Everything You Do

A business which is reliant on the founder to function and survive is not a wealth building machine...it's a trap, and it is not much better than a well paid job (*and*

Millionaire Phenomena - Business: JON GIAAN (continued)

sometimes a lot worse).

According to Harv T. Eker (who's built several businesses from zero and sold them for millions of dollars) a definition of a system is...a repeatable process that produces a profit.

Once you have a repeatable process in place, you can expand your business activity...and you wealth. The 3 areas you must systemise are...

- Sales and marketing
- Supply and production of products or services
- Administration and accounts

In each of these areas you must create a repeatable system which manages the operations of each of these 3 areas. Of course, the most important one to get right first is sales and marketing.

How come? Well, simply because if you can't sell your products or services at a nice profit - you won't need the other 2 departments, will you?

The idea behind developing these systems is to create a money making machine. A machine that just turns over making you money whether you are there or not. No matter how good you are, if the business is dependant on your constant input, there is a limit to how much you can do, and the profits you can make in that business.

Just like a coach in a football team, you cannot both play and steer the team to victory. If you are playing, you are not observing your team's (and your opponents') performance. To coach your team to victory, you must be the one directing your team - or your business.

Do it right and this system actually runs your business for you, so that you can go on a holiday with the family, take a day off to play golf, go fishing or whatever else you like doing.

The system gives you freedom to do as you like, instead of letting the business run you.

Freedom Step #6: Keep Doing What Works

Don't forget anything that's working for you until

you've got something better to replace it with. The way you make money in business is to keep repeating the same process over and over again according to the system you have developed.

Because of my ability to write effective ads and market just about anything, I often make the mistake of jumping from one project to the next. What this does is create a lot of work because each time you start something new, you have to go through the whole process again.

You have set your goals, test your ideas, develop them, market them and systemise the whole process for every new project or business. This is a lot of work. .

What you want to do is duplicate what works. Duplicate what makes you a profit. If you send 100 letters and get 10 sales, to make \$1,000 sales you simply have to send out 10,000 letters. If a restaurant makes a good profit in one location, you simply have to find similar locations and the restaurants there will also show a profit (a system many franchises use.) If you make a profit with one salesperson selling your products, to make more, you need to hire other sales people to get more sales. And so it goes.

That's exactly what the McDonald's hamburger chain did. They turned a single restaurant into a money machine. It all started when a milk shake cup salesman called Ray Kroc became fascinated by the fact that a small restaurant owned by the McDonald brothers bought so many shake cups and blenders. So he bought the rights to 'duplicate' their operation (money machine) in other locations. His idea started a whole new way of creating wealth, called 'franchising'. The same goes for many other businesses and product distribution systems.

Even a home based entrepreneur who has a market stall and makes \$500 for 1-2 days work can duplicate the same stall at other locations. Mail order, or direct response marketing, works in the same way.

Once you have a successful ad you simply run it more often and in more publications to make more money. And why stop with Australia. You can do this in most English speaking countries, the USA, England, India, Canada, New Zealand. All it'll take is one or two test ads and if successful, you have a world wide operation.

Freedom Step #7:

Millionaire Phenomena - Business: JON GIAAN (continued)

Get Other People To Sell Your Products For You In Large Quantities

As I already mentioned, to make a lot of money really fast, you must sell a lot of whatever you are selling at a good profit...in a short a time as possible. One way to do that is to find distributors or other people who have the potential to buy a lot of your products at once.

For example, I've approached (through an agent) a major bank to purchase one of my products to give to their customers as a gift for taking out a business loan, and help their clients increase their sales to make sure the loan gets paid back! They loved the idea. Now if they buy just 3 copies for each branch (and they have over 1,500 branches) that's over 4,500 copies in the first order.

So, by talking to just one person we can make almost 5,000 sales at once. And of course, this idea can be taken to many other companies that deal with business owners.

Freedom Step #8: Work Smarter, Not Harder, By Using Leverage

Anyone not using leverage in their business is simply working too hard for too little money. To get leverage, ask yourself these questions...

How can I be making money - even when I'm sleeping or not working in my business?

How can I make at least \$500 or \$2000 a day, even when I'm on vacation, taking a break, working on new ideas or other projects?

When you can answer those questions, you are on the way to financial independence and personal freedom. I'm sure you've heard of movie stars and pop stars receiving royalties on songs and movies they made years ago, or inventors of certain products, such as ring pull cans, who get 1/4 of a cent for each can sold. With billions of cans being sold each year, this adds up to a sizeable fortune in royalties alone.

Here's an example of leverage. I bought the rights to a product that took someone 12 months to create and simply started marketing it using the fax machine. I sold 5,135 copies at \$74 in 10 months. That's \$379,916. You

don't have to create products, just figure out ways of moving them, it's far more profitable.

Freedom Step #9: Sell Out At The Top

All successful (and wealthy) business owners know that, in most cases, you can make much more by selling your business, rather than by running it. There are hundreds of people looking for businesses that are successfully up and running. Everybody wants to buy a 'money making machine'. Even small business operators can "cash in" on this by selling out at the top.

A business broker once told me that out of the thousands of people he sees each year, there are only 20-30 very successful operators, most of whom make their money by building up a successful business...and selling it at a healthy profit. They keep doing this every couple of years. In fact in one case, the same business was sold four times by the same people. How come? Here's their story as the broker told it to me.

The original owners would build the business up (it was a delicatessen) and sell it for \$400,000 or so. However, the new owners did not run it following the original system. In a few years the business was almost worthless.

The original owners bought it back for a song and built it up again. Then they sold it again. Over 20 years they did this four times. Amazing but true!

You see, if a system works (as it did in the deli) you mustn't change it. In all 4 cases the new owners thought they knew better...and paid the price. Of course the original owners simply followed the "fast wealth" formula for success. The point is, whether your money making machine is big or small, there are plenty of buyers out there.

Harv T. Eker, the USA entrepreneur who originally came up with the "7 principles of Speed Wealth", started a business with \$2,000, built a money machine and sold out in 2 1/2 years for two million dollars to a large corporation.

Freedom Step #10: Plan To Sell Out When You Start To Plan

Millionaire Phenomena - Business: JON GIAAN (continued)

Your Business

If you plan to sell from the outset, then everything you do will lead you to that goal. Many very wealthy business owners do just that....start a business with the goal of selling it in the future.

If you use the steps I've covered here you can cash out, no matter what business you're in, even if you work from home or are a professional. After all, if you have a business that's a money-making machine- a system that runs it and keeps it going even if you're not there - that business is appealing and saleable.

Freedom Step #11: Work Hard And Don't Give Up When Presented With Challenges

Event though this whole process is about working smart, initially you'll have to work hard at planning, developing the systems and testing your ideas. However, the more you follow this system, the easier it becomes.

All you have to do is focus and believe that you can do it. Keep your focus on the final goal you want to achieve.

Now what I want to do is give you 5 business-acceleration principles that I consistently use to make millions of dollars year-in, year-out.

How To Start A New Business Without Capital...or Raise Cash To Expand An Existing One Without Borrowing A Cent

The right attitude can help you overcome one of the greatest obstacles to starting a business...or growing your existing one.

I come into contact with a lot of people and the most important reason why I feel some succeed and others fail is their attitude, or how they handle the challenges of life and especially what being in business throws them.

And one of the greatest challenges to overcome in business is almost always a lack of capital...money to start your business, or money to expand it, and money to develop it once it's going. You know what I'm talking about, don't you? Well let me share a true story with

you...

There was a young lad called Ted who wanted to start his own confectionery shop. The problem was he had no money. I mean no money. None. Zip. Zilch. Just like most other 20-year olds, fresh out of college.

However, he did have two things going for him:

- A burning desire to own his own business, and...
- A "nothing to lose" attitude.

But, unlike 99% of others who cry all their life that "money makes money", and how it is impossible to get ahead, Ted had other ideas.

He knew he wanted his shop in an area that had a lot of passing traffic, preferably on the main road, and somewhere with a lot of parking spaces as well. So he used to drive around looking at possible sites for his new shop. All he had was a dream and the determination to make it work.

One day he noticed a free-standing building which had been leased a number of times. However, each successive business closed down, leaving it in a run-down state. It was now either lease or sale.

Having nothing to lose, our young entrepreneur made an appointment with the owner, and here's what he proposed:

"Mr Morris, I know you've been trying to lease or sell this building for a long time and I would like to buy it from you - At the price you are asking. The problem is... I have no money for a deposit. However, what I'll do is this."

"If you let me buy your building for no deposit, finance it for 18 months, I'll repaint and renovate it. I'll pay you each month, as repayments, an amount 20% greater than if you were to rent it out, and at the end of 18 months I'll re-finance it with a bank or continue to pay you - at your choice"

The owner said "Now why should you do this?"

"Well because you are having trouble selling and I'll pay you your price, and I'll renovate the building at my cost. So that even if worst comes to worst, you'll end up in the same position as you are now, except your building will look much better - And be easier to sell or rent."

Millionaire Phenomena - Business: JON GIAAN (continued)

"If All goes as I know it will, you will have got a very good price for a building that is a hard one to sell - even at a lower price."

"So please, can I buy it from you to start my new confectionery business?"

Well, Mr Morris was quite taken aback. Nobody had ever approached him with an offer like that before. So he told Ted he'd have to think it over, and he would call him in 3 days, after the weekend.

Needless to say, Ted was on tenter hooks all weekend. On Monday the telephone rang - it was Mr Morris.

"Well young man", he said. "I like your attitude and even though my accountant advised against it, I'll go ahead with your proposal."

So Ted had his shop and now he needed some money for the paint and fit out, so off he went again, and this time he approached a bank.

"Well I have this building", he said.

"I need to paint it and fit it out for my new business. Could you lend me \$5,000?"

And although the bank would lend him \$5,000 to buy a car, unfortunately \$5,000 for a business seemed an impossibility. You see, banks have some very interesting guidelines. I found this out myself recently when applying for a loan to buy a house.

Even though we owned a business making over a million dollars in sales (with a very healthy profit), I had a much harder time getting a loan than my assistant. Isn't it amazing! Work for yourself, employ others and you have no problems...So much for the "We are small business friendly" bank ads!

Anyway, let's get back and see what Ted is up to. After getting the big 'A' from the bank, he did the rounds of people he knew until he finally found a helping soul who lent him the \$5,000. He was ready to move on.

Next he needed the equipment for his confectionery making and displays. At this time there were about 6 companies who supplied this sort of equipment in his area. So once again, not to be deterred by his lack of cash, he put this proposal to them.

"I own this building where I want to start the best con-

fectionery shop in this city. However, I have no money left for equipment, so what I would like you to do is put it into my shop and I'll pay it off from the profits I make. After all, it's sitting here in your warehouse not being used, and in return, I'll guarantee to buy all my equipment from you when I expand in the future."

Well to cut a long story short, Ted got his equipment from the supplier he approached...and he kept his word. Over the next 5 years he bought may hundreds of thousands of dollars worth of equipment. But we're jumping ahead of ourselves here because he hasn't got any supplies yet, has he?

By now you know what happens next. Once again, he went to a confectionery supplier and said...

"I have this building and this equipment to make confectionery. However, I haven't got any money left for the supplies. Could you advance me 2 months credit, and in return I'll stay loyal to you as I expand my business?"

After a few tries, Ted got his supplies and was ready to open this doors and sell lots of delicious confectionery, which he did. And over the next 5 years he opened another 10 shops.

I guess you want to know the best strategy for getting new customers for his confectionery?

Ted's Winning Strategy

OK. I'll tell you...give it away FREE! That's right. The cost of the ingredients is quite low, so have free samples. Give it to drivers sitting at traffic lights outside the shop, and have other shops in your area giving coupons to their customers for free serving. Give coupons to all the offices and households within a 10-minute drive or walk to your store.

I'm not sure what Ted did, but he grew his business, and all the people who put their trust in him were repaid as promised. Today Ted owns a multi-million dollar mail order business and to date he's sold over 200 million dollars worth of books and tapes. Now all this happened over 20 years ago. Will it still work today?

You bet! One of my clients recently got his suppliers to give him \$2,000 worth of products to use as giveaways to attract new customers. Of course, new customers for him means more business for them.

Millionaire Phenomena - Business: JON GIAAN (continued)

Also, remember that \$10,000 worth of products at retail may not only be \$2,000 at cost, thus offering freebies to get new customers is not as costly as it first appears (and it's a lot cheaper than running ads). It simply means that you and suppliers give up your profit on the initial products in order to get new customers trying your products. The profits come from the repeat business and the add-on sales.

A "Loyalty" Incentive

Let's say you owned a hardware store and wanted to attract new builders to do business with you. What if you got the suppliers to give you some supplies free (or at a greatly reduced price) and offered the builders a \$300 credit if they opened a new account in the month of July. Once they are in your store they'll probably keep buying every month. And the \$300 may only cost you \$100 in the actual cost of the goods, after the suppliers chip in with the freebies and discounts.

Easy, but very effective. Anyone who sells to repeat account customers could use this.

A printer jokingly approached me the other day...

"Would you like to invest in a printing business?"

Well, we do a lot of printing, but I had a better idea for him. I told him to ask all his customers to finance his growth.

This is a chain of USA restaurants that was fully financed by its customers. Here's what they did. They wrote a letter to all their customers.

Here's what they did.

Prepay \$200 and save 12 1/2 %

Prepay \$500 and save 20%

Prepay \$1,000 and save 25%

This approach built a whole chain of restaurants, and was a great loyalty builder.

After all, if the restaurant (or whatever business) is good and you'll be coming back, it makes sense to buy one. A sample of the ad is shown below and it is good for business as it 'hooks' the customer into coming back.

Why marketing is the easiest way to make more money in your business...

Consider this...

You can put your money in the bank, in shares or buy some real estate. You'll get a return on investment of 10%, 20% or if you borrow money against the house you may even get 30 or 40% return.

On the other hand, money invested in Marketing of your business will without doubt give you - your biggest single return on investment - greater than any other form of financial investment.

How come?? Well, simply because a single advertisement, properly targeted, with the right headline and offer, costing say \$200, can bring returns of perhaps 1000% or more within days.

Calculate that increase over a year. Can you see why Marketing is the easiest way to make more money in your business?

Let us say you are already running an advertisement and getting 5 calls a week from it. You change a headline and now you get 8 calls a week. What if you raise your number of sales from two out of the five people who call, by just one more sale. That is 52 more sales in one year. Plus the extra sale from the other three calls and now you have 104 more sales over a year. How much extra profit did you just make with the same cash outlay?

That's leverage and you can do it in your business...

All you have to do is experiment, test different offers, headlines and target the right groups of people. A restaurant on the Gold Coast called The Elephant Rock Cafe sent their customers a letter with the offer of a Free dessert. Only three people out of one hundred came in on that offer.

The next month they sent another letter offering new customers \$10 credit for the next month only. The Response - 18.8 % at an average sale of \$52.20. That's \$991 for every 100 letters sent.

Better than leaving your money in the bank, isn't it?

In the early days of my marketing career I created a promotion for a friend of mine and placed an advertisement with the headline "Spa Bath" under the For Sale

Millionaire Phenomena - Business: JON GIAAN (continued)

column in the classifieds. The result was 2 calls and no sale. The next week I tried the headline "Sex is Free" and described the fun of having a spa with the ending... 'and what you do in it is your business.' The result - 11 calls the same day and it sold at 8 a.m. the morning it ran. That's a 550% increase in response.

I am not saying to use sex is free in your advertising, it's just an example of what a difference in results you can get with one approach over another.

Another advertiser running an advert for a Do-It-Yourself hair treatment product headlined, "New Home Permanent - Conditions As It Curls" received 100 replies. The second headline was titled "Girls...Want a Fast Permanent." This one received nearly 300 replies. That's almost 200% more. This advertisement ran every month for years. By changing the headline the business received 2400 more replies in a year.

And that was just in one magazine!

Can you use leverage in your business? Of course you can. It works for every kind of product or service. All you have to do is keep testing, experimenting, leveraging...

...And, banking more money everyday.

SEX IS FREE

I have a 1500 x 1500 corner spa in mist grey and gold. It was once worth \$1700 and is still in its original wrapping. I have moved it 3 times and frankly I am sick of moving it. You can use it for lots of things. Give me \$900 cash and it's yours.
563330 a.h / 935450 b.h

AD 1- This little ad cost \$30 and received 550% more response than a conventional For Sale advert. 11 people called and it sold at 8 a.m.

Ask your customers what they want

What need, want or desire are you filling in your customer's mind? Have you ever asked yourself what your customers really want or need in the product or service you offer?

Most businesses have no idea. When I ask them, in 90% of cases they say: "All the customer wants is price - and sometimes service." This is laughable. If people only

wanted the 'best price,' there would be no Mercedes cars, no better quality clothes or bigger houses.

As of service, most businesses cannot define what this service they offer consists of.

How do you find out what your customers really want and what is important to them?....ASK THEM!!

The answers may surprise you. For a supermarket it may be home-delivery and easy parking rather than "price". A wholesale garden centre's customers wanted delivery on time, plants that would last in the sun and availability. Price was the last thing on their list. Why is that? Well, imagine this. You are a landscaper and you have five men, two trucks and a crane on site. All you need is the damn plants. Every hour's delay costs you about \$350. You're tearing your hair out.

Next time, what'll be more important, saving \$50 on your plants, or reliable delivery? And if the plants die in two months time who is the customer going to blame? That's right. YOU!

Cheap plants? No thank you, I want plants that will last.

In a Tile and Paint shop the customers wanted colour coordination help for choosing the tiles and ease of application for the paint.

What do your customers really want from you? Why don't you go and ask them. They would love to tell you.

Tell your customers the "Reasons Why"

Whenever you make an offer, ask for a sale, reduce your price or make any other proposition to your customer - always tell them the reason why.

Why is your price cheaper than your competitors? Is it because you have a lower overhead or because it is a line you no longer carry. Will you still give me good service? Is there something wrong the product? Your customers want to know why. Tell them.

Why would I give you my business instead of your competitor. Please tell me. I am a customer and I want to know.

If your price is higher tell me why? Is your product twice as strong, does your suit have triple the stitching, do

Millionaire Phenomena - Business: JON GIAAN (continued)

your plants really last in the sun?

The more factual, credible and believable are the reasons you give me for dealing with you, the more likely I am to give you my business.

Please, please tell me. I am a customer.

Mail your existing customers.

Most people make a sale to a customer and then go out looking to find a new one.

It is 5 times, yes 5 times easier to sell something else to an existing customer, than to convert a new one.

The first sale is just a start. There is no business that cannot benefit by direct mailing and making new offers to their existing customers.

What if you have a once only product?? Well for a start not many products are once only. You will by 35-45 pairs of shoes, 6-7 car, 3-4 houses, and probably paint, carpet and renovate another 5-6 times in your life.

How much does it cost to send a few letters to someone who has just spent a few thousand dollars with you? If you don't have another product to sell, find another business with a product or service that your customer will want - a logical add-on if you like. For a 4WD car, it could be a bullbar, a caravan or a camping gear. For a house, it is carpets, curtains, alarm. For a dress shop, it's shoes, accessories, handbags etc.

If you have a repeat product such as shoes, why not take the customers size, favourite colour and mail them with an advance notice of new lines? Or with first notice on specials in their size?

A mens-wear shop in Melbourne sells more in his "Customer Only" four day sale than in a month of normal trading.

Every business can profit from add-on sales. If you do it consistently and test a few approaches, you will make more money with this method than in the original sale!!

Your Action Plan

- Am I monitoring my marketing? If not, how am I going to monitor it in the future?

- Testing - What can I test and how? (price, guarantee, headlines, etc)
- Am I mailing my customers? If not, when can I start and what offer can I make to them?
- My Unique Selling Advantage is...(you can have more than one)
- Have I ever done a customer survey?

How you can be a top Marketer. The 'Secret Method' every successful Marketing Expert uses...

How did every Marketing expert start? In fact how did anyone who becomes great in their chosen business or personal field begin? What is their "Secret?"

Every successful 'Marketing Expert' started by emulating someone else. Emulating is a fancy word for OBSERVE, STUDY and LEARN FROM.

You are surprised? We learn to walk, to talk, to write, and even to love from the people around us. You started a business because you saw others doing it. You learned to drive a car by seeing someone else first and then doing it yourself.

Even Michelangelo began by copying someone's painting style.

You can become a marketing expert within 12 months guaranteed. I had no idea how to start. Then I read something very interesting written by Gary Halbert. He is a 'Guru' of Direct Mail and has probably written more successful direct response advertisements and promotions than anyone else living today.

Gary said that the way to write great letter and advertisements, was to sit down and copy out - in your own handwriting - the best ads and letters you can find. The ones that made the most money.

What happens is that the writer's way of thinking actually imprints on your mind after you have done it a few (hundred) times. Let me tell you - IT WORKS.

If you want to be good at anything, find the most successful people or business and learn from them....

Ask them how they got to be so successful. People

Millionaire Phenomena - Business: JON GIAAN (continued)

love to talk about their successes. You can get 20 years of experience in half an hour if you ask the right people the right questions. Try the words.....

"I have a problem and I need your help."

People want to help others. Remember when you were lost and asked for directions? How helpful most people are. You just have to ASK.....

Use this approach and remember....the way to repay someone for helping you, is for you to help someone else in the future. Make the good deeds go around and share your knowledge to help others.

Start a marketing ideas file for your business. Everytime you see an advertisement, a direct mail letter, or a letterbox pamphlet that attracts you, keep it. Record good TV commercials. Ask yourself, what advertisement or sales approach did I respond to. What business do I like to go to, and why? Become a marketing "Sleuth."

Observe others - when something irritates you - write it down. I hate it when they ask me to open my bag when I am walking out of a supermarket. Why? Probably because on an unconscious level it seems as if they are saying, "We don't trust you." I have even avoided walking into some stores for that reason.

They don't do it at Myers, or Grace Bros or in the successful franchise stores. Why do they have to do it at K-Mart? Why punish the 97 people who are honest, for the 3 who are not? That seems like bad business to me. What would happen if they focused on giving better service instead? I'll be their profits would increase.

Please DO IT - observe, learn and apply it in your business.

Ask others in your business to come up with ideas and reward them. People like to be acknowledge. That is the reason for the success of some of the MLM companies. Their Rah-Rah Meetings with their gold, silver and diamond pins being given to achievers are good examples of people recognition that works.

Same thing in sport. People get excited when they score a goal. Can you apply that knowledge in your business? Do you have goals for you and your team?

There is a new and very successful department store called Nordstroms in the USA. In their shoe department,

the sales are up to nine times greater per square metre, compared to shoe stores in Australia.

Why is that? Well, for a start, the staff always bring back three pairs of shoes from the stock room when serving a customer.

"The style and colour requested; a different colour of the same style; and a selection made by the employee."

They also take note of your shoe size and they style of shoe you like. They mail you with special offers. They have special sales for 'your shoe size' and customer only previews of new styles. All this gives you the message - We care about you - our customer.

How can you apply that to your business? In a video store you could always bring another two selections with each customer request. A fashion store can do the same when you ask for a particular size. A car dealer can offer to test drive two cars that he picks, based on your first selection. A restaurant can give you a sample-taste of other dishes on their menu, and so on.....

Start asking yourself, "if it works for them- why not for me?" Find out, test it. Do it for a week, a month - what have you got to lose?

And, most importantly....

Talk with your customers. Ask them what they want and give it to them.

Your customers will always tell you exactly what you should be selling, how you should be selling it and how much you should sell it for. They tell you by their willingness or failure to spend their money with you.

Start being a "Marketing Expert", NOW. It's easier than you think.

YOUR ACTION PLAN

1. Do I have a marketing ideas file or scrapbook?
2. What are my favourite businesses and why?

Business no. 1:

Business no. 2:

What is unique about their service or product??

Millionaire Phenomena - Business: JON GIAAN (continued)

3. Have I ever asked my staff how can we improve our business?
4. Do I know any other business with a great service, excellent phone manner, or anything else my business could use?

How to collect your customer's names, use them to make extra profits, and turn them into a saleable asset...

It is five times easier to sell something to an existing customer than to win a new customer. You must capture all your customer's names and details. Here's how to do it...

The simplest way to capture all your customers names is to ask them. You will be surprised how happy most people are when you ask them to be on your 'Special Customer List' or on your 'Customer Club.' You can have a pad on your computer with something like this on top of it.....

Special Customer Club

To receive first notice of new product arrivals, customer only sales, and product information please write your name and details below.

Then you simply ask your customers....

"Would you like to go on your Special Customer List?" They'll love you for it!

I saw this method used at a market. The name collection pad was just lying on the table and the people were lining up to put their name down.

A health food store owner in Nowra, south of Sydney, said his customers thank him and feel honoured for the opportunity.

Another way to collect names, is to make an offer on a sign in the store. Something like, "WIN \$100 Worth of Products, A \$50 Wardrobe Consultation, A Subscription to a magazine, or anything else that your customer is likely to find useful and attractive. Have a name collection slip on the counter for them to fill in. And always tell your customer why you are collecting their name. They probably know you are going to mail things to them. Tell

them anyway. That way they'll look forward to it.

The third way to collect names is to have a section on your warranty card or on your cashier dockets, Either you or your customers can fill them in. Make sure you get all the relevant details you'll need - Their birthday, shoe size if shoe store, hair type and colour if hairdresser, age of child if children's store - in fact anything you will need to serve them better and make them feel more important. Plus you may want to add a "How can we improve our service to you?" with a space for their comments.

Now that you have collected all your customer's names I am going to tell you...

How to make extra profits with your own customer list.

First thing you should do is thank your customers for shopping with you. At the same time, this will reassure them in their decision to shop with you.

This letter will be enough to send a large percentage of them into shock and disbelief...

When is the last time YOU received a thank you letter for spending your money with someone?

I DID! About 5 years ago I had some shirts and trousers made in Hong Kong. I got a HUGE surprise when a Christmas Card arrived in my mailbox from the tailor. Guess where I went to buy more shirts when I visited Hong Kong some 2 years later? That's right, the same tailor.

I wonder how many tourist businesses in Australia send Thank You notes and Christmas Cards to their customers?

What else can you do with your customer list? Well, you can ask them what you can do for them in the future, and at the same time, how you can improve your service to them. Just by asking you show your customers that you care more about them than Jack does down the road.

An accountant asked his clients what they wanted. He discovered his clients needed help in Managing and Marketing their business. He was able to get business which otherwise would have gone to someone else.

Even if you haven't got what your customers want,

Millionaire Phenomena - Business: JON GIAAN (continued)

you can always find someone who has and promote their products for a percentage of the profits.

Once your customers tell you what they want, you can start to make all sorts of offers based on that information.

You can have "Customer only specials" not available to the general public. Give them first choice on new items. You can even pre-sell products or services to them.

A children's store owner calls her best 20 customers when the new season's clothes come in. Almost every customer comes in and buys something. If it works for the top twenty customers, wouldn't it work for the others?

It's easy to test. You don't have to mail or phone all your customers at once. Mail a 100, 500 or a 1000 and see if they respond. If they do, then mail the others.

Another way to make extra sales is to keep educating your customers about your products, your service, your field of expertise and how they can benefit from them.

A builder in Clayton, Victoria, has a brochure called "A Survival Guide....How to avoid the pitfalls of extending your home." A furniture company sends a report on "15 things you must know about designing and decorating your office"

A restaurant can send special cooking tips. An accountant can give "7 Little-Know secrets to reduce your tax bill this year."

What can you offer? Find out and start mailing NOW!!!

How often?? Well, it's highly unlikely that you will mail your customers too much. Every three months should be a Minimum. You should mail something every two months or so. Again - TEST what will work for your business.

Let me review the benefits of having a list of your customers...

You have collected your customer names, asked them what they want, and designed all sorts of offers & information based on their feedback.

You have determined the mailing frequency that works for you and you have monitored the results from each mailing.

Now you have a SALEABLE ASSET. How come?? Well for a start - you can offer to do mailings for other people's products - for a share of the profits. You can 'rent' your customer list through a broker. You'll get anywhere from \$150 to \$500 a thousand names every time someone rents your customer list. However...

The biggest benefit of having a mailing list of your customer's names come when you want to sell your business.

With your mailing list and proven results of mailings, you can prove to any prospective purchaser the amount of money they will continue to make. Mail order businesses are easy to sell because you can tell exactly what the business is worth by the size of the customer list and the response to past promotions. You now have the same advantage.

Your goodwill is not longer some imaginary, intangible, airy-fairy figure. It's a proven and tested customer base that you can show to purchasers. OR You can sell the business and keep the rights to your customer list. Then you can continue to find new products to mail to it.

Your Action Plan

5 ways I can collect my customer's names and details are....

- 1.
- 2.
- 3
- 4.
- 5.

Let's say you are selling tiles. To say you have good service, great prices and largest range of tiles means nothing. Everybody makes those general claims. Give specific information such as....

3456 different colours and styles to choose from. Same day Free delivery and prices 24 % lower because we import directly - saving you the agent's commissions. Or, if for any reason you are not satisfied we'll give you a refund. Now that's specific.

Specific information simply gives a much stronger and

Millionaire Phenomena - Business: JON GIAAN (continued)

believable reason to call your company.

Another way that may increase the response to your Yellow Pages advertisement is to put your picture in it.

Photos catch the eye first. Newspaper stories always have a picture of the people and we are attracted to looking at faces of people. Put a smile on your face and a caption under your photo! Captions get read almost as much as headlines.

Go through the Yellow Pages and make note of the ads with a benefit headline and lots of copy. Call them and ask them if their advertisement is getting results for them. Most will be happy to tell you if their advertisements worked or not. Use these magic words..."I have a problem and I need your help." They work!

The basic principle in writing your ad is -- The more information you give, the more you sell.

Use the principles I've given you and make sure you do get your Yellow Pages ad working as effectively as possible.

You must monitor all your phone-calls, and if your investment in the Yellow Pages is large - consider installing a separate phone-line with only the Yellow Pages number. This will tell you exactly how many calls you get from your advertisement.

GO ON - put in the time and follow up tips I have given you.

It will bring you results to make it worth your while.

How to make powerful offers to instantly attract new customers to your business...

Would you like to start a new business or double your existing one? If you know the "Lifetime Value" of your customer - you can do it almost overnight. It's the "Marketing Edge" that will help your business skyrocket and get lots of new customers coming through your door.

No matter how large or small your business, no matter what product or service you sell, you must know the Lifetime Value of your customer. Once you know it, you can decide exactly what you can afford to spend to bring in a new customer.

Let me explain what the lifetime Value of a customer

is...

Lifetime Value of a customer is the average purchase value, multiplied by the number of times they buy from you in a year, multiplied by the number of years they remain your customer.

For example: You own a restaurant and your regular customer spends \$30 on average, of which \$20 is profit. Let's say they come to eat 12 times per year and stay with you for 2 years on average.

This makes your regular customer is worth $\$20 \times 12 \times 2 = \480 in profit to your business.

Use the same method of calculation for a hairdresser, a supermarket, a car service centre, an accountant, a doctor, clothing and shoe stores...

It works the same for any business.

You may sell a high value item such as refrigerators, cars, machinery, office furniture or other seemingly 'one off sale' items. You will have service contracts, other products and customer referrals. They all add up to extra sales and profits over a period of time.

Even if you just approximate the extra sales, you will start to get some idea of what every customer is really worth to your business.

Why is it so important to know this? Well, knowing the Lifetime Value of your customers gives you a HUGE "Marketing Edge" and I am going to show you...

How to use Lifetime Value to instantly increase your business.

Most business promotions consist of ads in the papers and magazines, beautiful brochures, signs and mailouts telling the world about their wonderful products, service and themselves. Usually an opening-special discount is offered. Something like 10%. Unless you have some marvellous contraption that everybody wants, such as the only water stand on the edge of the Sahara desert, this creates about as much excitement as a dead jelly fish.

Oh, sure. It will increase your business. However, it will expand it v-e-r-y s-l-o-w-l-y. In the mean time, the rent has to be paid, you have to live and the ads are costing you a fortune. In a year or two or three you may have a business. or YOU ARE BROKE.

Millionaire Phenomena - Business: JON GIAAN (continued)

There must be a better way...

And there is!

You are about to learn how to create a situation resembling a shark-feeding frenzy in your place of business.

Let me tell you about a friend of mine who built a business from scratch using this approach. His name is Warren Woodcock. He spent \$1 million on building 3 tennis courts, swimming pools, games room and barbeque facilities. The place was magnificent. There was one trouble: He had no customers.

Here is what he did.

For one month he advertised in the local newspapers: Free Tennis Lessons, Free Court Hire, Free Barbeques and Swimming Pool Parties.

Guess what happened? That's right!! The place was packed out from 7 a.m. till 10 p.m. everyday that month. He gave away lots of tennis lessons, sausages and court hire. It cost him a few thousand dollars. The interesting part is that at the end of the month, he had a business. The courts were booked solid and have been ever since.

Why is that? People get used to playing at his courts instead of someone else's. His complex was magnificent and he charged more than the others. But the customers got extra value with the swimming pool and barbeque facilities.

Warren knew the Lifetime Value of a customer.

He knew a regular weekly booking of 2 hours means \$20 per week x 52 = \$1,040 per year. Plus coaching at \$25 per half hour each week, plus sales of tennis balls, clothes, etc, etc. This means he could well afford to give all those Free games, coaching and food to attract new customers.

Another example is a restaurant called the Alley Deli. The owner, Norman Gordan, sent a letter to all the V.I.P.'s in the community, to the main partners in law firms and the executive heads of all the companies located in buildings just a few blocks away from his restaurant. Altogether he mailed 100 letters. They were addressed by name to all the people on his list and included a menu.

His offer was simple:

A Free Lunch!!

The result? Out of 120 people, 100 accepted the lunch. Half of them ordered another lunch at the same time. Most of those people became steady - regular - customers. Norman Gordan said:

"It would have taken me six months to bring in the kind of business direct mail brought me in six days. I couldn't afford to wait six months..."

He tripled his business since using only similar direct mail approaches to qualified prospects.

The letter was written by Murray Raphael, a famous marketing and advertising expert. He also owns a very successful shopping centre. (He promotes it only by direct mail).

Are you excited by the possibilities of your business? Wait. There is more.

Who is Australia's best known hairdresser?? His name is Stefan. His picture is in most shopping centres in the form of a life size cut out next to the hairdressing salons that bear his name.

Stefan started out by offering Free Stylecuts.

He knew the average person comes 10 times a year and spends \$30 giving him \$300 in turnover and perhaps \$200 in profit in just one year. If his stylists do a great job on the Free Haircut, which they do, over 50% of people may become regulars. The costs in labour and products for the Free Haircut? Around \$8!! With the \$200 in profit at the end of the year, he knew he could give away the \$8 Stylecut to get a new customer. Is he the biggest in Australia? Yes, he is!! Because he understands that to give is to get.

You don't have a restaurant, hairdressing salon or tennis complex? Here are some examples of who else can do exactly the same. Accountants, lawyers and doctors can give away a free consultation with \$150, bowling centres - Free games, supermarkets - coupons for Free food items, car service centres - Free first service or Free brake checks, muffler shops - Free muffler checks, landscapers and nurseries - Free lawn reports...Any business such as clothing or any retailer can simply have no strings attached Free gift vouchers of \$10, \$20, \$50 or whatever amount will work for you.

What you are doing is "buying" a new customer. You do it because you want to know how much a regular cus-

Millionaire Phenomena - Business: JON GIAAN (continued)

customer will spend with you over their lifetime.

“Buying” new customers with an irresistible offer really works, and it works amazingly well almost everytime. It works because human beings are creatures of habit. We keep doing the same old comfortable things we’ve always done. To get a customer to break their habit of going to another business, you must give them a very strong reason to try you.

Because they don’t know you, they will not be confident to try you and that’s why a FREE offer is a risk free way for them to get to know you.

There is one exception when this approach won’t work! It won’t work, when your product and/or service is lousy. When you don’t follow up your customers with Thank You notes, letters and other forms of personal communication. And in that case you deserve it. Because good business is about developing relationships with your customers.

Turn your customers into friends by showing them you care and keep in touch with them on a regular basis by mail or phone.

Before you rush out and start making free offers to the world...

Work out the Lifetime Value of YOUR customer and test all your offers and ideas on a small scale.

Analyse the results, adjust your approach if needed, and only then go all out.

YOU WILL knock the socks of your competitors every single time with this approach because they’ll still be offering 10% off.

The Lifetime Profit Value of Your Regular Customer

Average Sale Per Customer (\$)

LESS - Cost Of Sale (\$)

GIVES YOU - Profit Per Sale (\$)

MULTIPLY BY- No. Of Sales Per Year:

GIVES YOU - Profit Per Year (\$)

MULTIPLY BY - No. Of Years As Customer:

Lifetime Profit Per Customer (\$):

Use this form to calculate the Lifetime Profit Value of your customer. It will help you determine how much you can spend up-front to “buy” a new customer.

Action Plan for my business

1. Based on the lifetime value of my customers (use the form on the previous page to work out what it is) what sort of offers can I test in my promotions to attract new customers.
2. Why am I making this offer (remember you must give the reasons why in all your ads)
3. What suppliers can I get to help me with making these offers? See chapter 11 for approaching your suppliers.
4. What sort of offers attract me to other businesses and what have I responded to?
5. How will I monitor the response to my offers?
6. Other action and ideas from this chapter:

Are there more than 5 accelerators to a multi million-dollar business? Sure. I’ve got 21 of them that I consistently use.

If you’re not using this type of marketing in your business, then I believe you have little chance of success. I hear it all the time, people say that advertising doesn’t work for their business. You’ve just got to laugh.

What they’re really saying is that they haven’t worked out a way to make advertising work for them.

I want to leave you with this final thought: You’re not in business, you’re in marketing and sales. Get this and you’ll never be broke again. Dismiss it and you’ll just continue to live a life of “what could have been.”

Don’t let that happen to you.

The End: For You, The Beginning

Part of the Millionaire Phenomena Series

This final chapter of the Millionaire Phenomena may be the end of the book, but for you, the start of a brand-new exciting future.

In the next 12 months, there will be another big group of individuals who will join the exclusive millionaire club. Some will come as a direct result of the secrets and strategies shared within these pages. Isn't about time that that "someone" should be you?

Decide on a path and work like crazy to get there.

Imagine if you could go from a standing start to a millionaire within 12 months... Success like that is not rare, if someone else has done it - all you need to do is believe you can do it, model their system, follow their steps and in all likelihood, you'll get a similar result.

In any case, making a start is far better than sitting on the couch and just dreaming about it.

So now that you have multiple wealth creation options, what should you do next?

Create A Plan

My path to success was business first and then property and shares. Yours may be different to that. You might look to start on the Internet part-time, as well as look at the opportunities within the real estate and stock market. Whatever it is, decide and take action.

Here's what I think you should NOT do just yet. And that is, leave your job. There are some gurus out there that motivate you into a frenzy and you go to work on Monday morning and "sack your boss".

You're so motivated and emotionally charged up that you feel as though your job is only getting in the way of your newly-found inspiration and plan.

It's been my experience that only very few people can go cold turkey and jump on the wealth express with no safety net and make a success of it.

It's not a sign of weakness if you stay on, and it's wise to become strategic in your exit plan.

Here's what's really exciting...

When you finally decide that you're going to become rich no matter what, your work and your life take on a whole new meaning, because your energy has shifted.

You'll have a spring in your step, your friends and family will certainly see the difference. So use your job as leverage and your evenings as your opportunity to build a side-business using the internet, real estate or sharemarket as your second stream of income.

Start part-time and then build until you have enough cash flow and confidence to sack your boss forever.

Work Your Plan

Let's face it, your first million is going to be a challenge. With all the new knowledge and emotion you'll experience, you might at times doubt whether it's possible for you.

So, you have to devise ways to keep you on track to achieve your end result. You'll need a written plan, specific steps and most importantly, self-imposed deadlines.

This may be the hardest thing for you to do, but it's the only way you'll turn your dreams in to reality. Your first action step may feel like you're stepping off a cliff, but you're not.

You're prepared, you know what you want and you now have a plan and blue-print to get it. Remember, it takes action to see results. If you're not doing something, nothing will happen.

Don't think as much about what can go wrong, as you do about what can go right. Sure, you need to do worst-case scenario analysis on your deals, but know that worst-case rarely happens.

Just remember, when you're good at making excuses,

Millionaire Phenomena: CONCLUSION (cont.)

it's difficult to excel at anything else.

Never Stop Learning

Your foundation and platform from which your future will be built is specific knowledge. The more specific knowledge you have, the deeper your foundations, the higher your ultimate reach.

One of the great things about having money, is that you can leverage knowledge so much faster.

A little-known secret that not many people know about is that the way to fast-track your success is to use other people's knowledge and experience.

Why learn through your own mistakes, when you can learn other people's successes? You can literally save years of time, effort and frustration by following an already existing system that works.

Find A Mentor

In fact, find several mentors. You may be surprised to hear that I have 30 or 40 mentors. Some I've never actually met, and they wouldn't know me if I walked past them in the street.

I've experienced their guidance through books, CD's, DVD's, home study courses and seminars. Only a handful have I made one-on-one contact.

Here's a quick wealth secret. Find a mentor that has achieved the type of success that you want, and seek them out. Be creative in how you approach them, don't be dull and boring.

If they have courses or material on their subject matter, invest in the knowledge, become a student and never stop learning.

You may think successful people are too busy to simply stop what they're doing and talk to you, however what I have found is that if you're persistent, show great enthusiasm and continually follow through they're more than happy to share with you their million dollar secrets.

Closing Thought

I hope that as you read this book, you're able to feel the passion and emotion that all our wealth experts

transmitted. The difference between successful people and those that give up, is that successful people don't let failure turn in to road blocks.

Successful people learn from their failures, make changes in their strategy if they need to and keep moving forward.

You know the definition of insanity, "Doing the same thing over and over and expecting different results." The definition of success is that "There is no failure, only results. "

People unknowingly and unwittingly restrict themselves, but trust me when I tell you that you don't have a clue how high is high yet, if you just give yourself a chance, you can accomplish so much more than you ever thought possible.