

# How To Build A Profitable Business From Scratch

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Hey You,

It's Lewis a.k.a. Nerd #2.

In this course Eben lays out strategies, tactics, and lessons that he's learned from building the several businesses that he has that have brought in more than \$100 million dollars worth of sales of products and services.

What you're seeing here comes from him learning what didn't work and what does so that now most of the products he launches and most of the businesses he starts, succeed over a long period of time.

It's a well documented fact that around 80% of businesses fail in the first five years and the 80% of those that do survive fail in the next five years which means that something like 19 out of 20 businesses started, fall flat on their face before they ever see their 10<sup>th</sup> birthday and you can bet your ass that of the 1 business of every 20 that does survive, 80-95% of them are barely making it.

With Eben's businesses succeeding in the face of statistics like this, it seems to me that it'd be a good idea to sit your ass down, drop everything else you're doing and pay very close attention to what he's learned about having the right mindset when it comes to building a business.

## The 7 Core Components You Need To Build a Profitable Business

Alert!

1. The Proper Mindset
2. The Proper Niche
3. The Proper Product
4. The Proper Marketing
5. The Proper Focus
6. The Proper Actions
7. The Proper People

These are the ingredients that make a business strong enough to defend itself from the odds that are stacked against it.

## Profit Generating Mindset #1: Bootstrapping Is The Way To Go

Pulling yourself up by your bootstraps is an old expression that means lifting yourself from nothing to something with your own effort, resources, and resourcefulness.

In this context of starting a business, Eben feels it's better to bootstrap than to go out and borrow a bunch of money for a new untested idea. What most people don't know or don't like to acknowledge, is the reality that most businesses and products don't work. Most of them die either quick or slow deaths.

So when you're spending someone else's money, you're gambling and you don't have the house odds unless you've proven your concept via your own research, sweat, and money.

## Profit Generating Mindset #2: Make It Prove Itself Small Before You Ever Go Big

If you want the recipe for how most people get their ass handed to them when starting a business, here it is: Throw all the money you have, all the money you can get from anyone who will lend to you, and put it all on what you "feel" can't possibly fail.

This is bass ackwards. This is gambling. This is what 95% of people who start a business do.

**The way you know a business works is to take one of your products and try to sell it to one customer and see if they buy it.** If they do, sell another one to another customer. Then refine your strategy so that you put yourself in front of more of your perfect prospects and offer what you sell to them.

If you try to sell this product one on one to someone and they don't buy, you'll learn something. You'll find you've got to change your approach and if that doesn't work, you'll have come to the conclusion that no one wants from you what you thought they would and you'll only be out your effort and what little money you spent to test your concept.

The path to progress and profit is to make it work on a small scale consistently. And only after you've cracked the code is when you shove big money across the table at this venture.

## Profit Generating Mindset #3: "80% of What I Try Will Fail"

At first glance that doesn't seem like a very encouraging mantra to repeat to yourself, does it?

And the truth is 80% is a generous number. It's probably going to be higher than that. It will most definitely be higher if you don't keep these mindsets here close to your heart.

Eben sees himself as an optimist in the long term. He believes that if he consistently keeps doing things that make him more valuable to his fellow man, building on what he's learned from his mistakes that more and more success will come to him.

But he sees himself as pessimist in the short term. He accepts the 80/20 universal law that dictates that most things, 9 out of 10, he tries out aren't going to pan out the way he wanted them to.

He knows that if he keeps taking right action swings at the opportunity, the big money homeruns will accumulate based on what he continues to learn from the failures and this feedback will carry him through all the strike outs.

All the action he takes will allow him to crack the code on some crucial steps, systems, products, niches, and methodologies that prove to be profitable over the long haul that never would've been realized had he operated under the delusion that "If I do something it should work and if it doesn't work I should quit because this business is bad, the economy is bad, the customers are bad, the money-grubbing corporations are bad, etc."

Most people that make a living investing in the stock market are not winners.

Of the people who are winners – the top 5-15% - they make all of their money on only a few of their trades. So out of a 100 trades they made for that year, the majority of their

money will have come from 5-10 trades they made where they hit it out of the park. Most of their other trades will have lost them money.

Same thing holds true for poker – most of your winnings will have come from a few hands. Most of the hands you get will be shit. Most of the hands you play will actually lose you money.

This is the opposite of what your chimpanzee wiring wants you to do. You're addicted to instant gratification because we live in an instant gratification driven society. When you smell pizza, you don't go inside your mind and imagine how drained you're going to feel 30-60 minutes from the time you shoveled the pizza into your pie hole. You don't project 20 years ahead and imagine having 47 pounds of accumulated sludge that's made up of old pizza, ice cream, potato chips, and gummy bears in your colon that's lodged firmly in place making it all but impossible to take a nice healthy shit and that's poisoning you from the inside. Nope.

What you do is imagine the thing you want RIGHT NOW and then you run towards it. Thinking long term is something we don't come wired with and have to train ourselves to do with mantras like, "80% of what I try is going to fail".



This mindset gives you permission to be the perfect non-perfectionist. It makes it okay for you to shut down a project that's not working and move on to the next experiment.

## Profit Generating Mindset #4: "My business isn't a job"

If you want to guarantee you fail in business, approach it the same way you've approached all the jobs you've ever had.

**The difference between running a business and being employed is as vast as the difference between being a child and being a parent.**

It's very easy to think you understand what running a business is like because you've been employed by one. But if you want a business that makes more money than it spends, you've gotta ditch the idea that this gonna happen with the same paradigm you brought to your jobs.

Employees show up at work, sit there for a fixed amount of time and they get a pay check for doing so. They still get this pay check whether they do just okay work or if they

do amazing work. Shit, employees even get paid if they don't show up if they had "sick days" or "Vacation hours".

A business owner *only* gets paid for creating value and getting results. The second they stop doing either of those, the ship sinks and if they're really shitty at managing money, they not only have no money coming in anymore but they actually owe money for the business that they killed.

And this folds perfectly into the next mindset which says . . .

**Profit Generating Mindset #5:** "The amount of money I make is in proportion to how much value people believe I'm giving them"

*I love This!*

Businesses usually offer either products or services.

This is different than being an employee because your take home pay isn't dependent on the amount of hours you put in or how hard you worked.

There's some carryover of how much effort you put into a project or how hard you worked but it's not like at a job where you put in 40 hours and you get paid a set amount of money.

**In a business you can work 22 hours of the day for 30 days and make ZERO dollars if you haven't created value for a customer, found that customer, and explained your value proposition to them in a way that makes them want to give you money for it.**

The value you create and market is the gauge of how much income you'll haul in or not. Not hours supposedly worked. It's about value.

**Profit Generating Mindset #6:** "I'm creating a system, not just trying to make sales"

Pretty much anytime we're seeking instant gratification we're killing the goose that lays the golden eggs.

An all consuming impulse to do something is more times than not, no good for us in the long term.

Having a consuming impulse for a drink of water after having had slept for 8 hours and giving it to ourselves is an example of something that doesn't hurt us. Passing by the ice

cream parlor or some other junk food establishment and caving to that all consuming impulse for it kills more people in the United States than any other cause of death.

It just doesn't kill people immediately like the plague so everybody laughs it off thinking that acting on their impulses won't ever catch up to them, but they're wrong.

As much as don't want to, if you want your business to kick ass you have to fight instant gratification. As contrary as it may seem, you're not trying to make money first and foremost. Focusing on getting money is *not* going to bring you money over the long haul.

The place where the majority of people come at starting a business from is the desire to make money from it. They'll plead their form of logic to you and say, *"I need money. If I don't get some money right now I'm not gonna be able to pay my bills and then I'll be shit out of luck so what the hell are you talking about not going into business to just make money?!?"*

The further ahead you can think and the more effort you put into activity now that's going to make a difference further out, a few hours out, a few days out, a few weeks out, a few months out, a few years out, a few decades out, the more you can build the capacity to do now to build a better future, the more money you're actually going to make.

This goes against all of your internal wiring that's driven by the desire for fat to melt off your body and your penis to grow to your knee over night as a result of you slathering some magic potion on it.

Most people will say, *"I don't need money in a few years. I need the money now."* What Eben is saying is that if you don't go to work on the three year, the six year, and the twelve year income, if you make it that far you'll arrive in worse shape than when you started.

Power lies within enduring a little short term pain in order to build a better future.

The essence of a life well lived and that improves over time is all in creating a better future if you intend to live past today. By surrendering to instant gratification you're making your future worse and worse and worse.

So in business you're trying to develop a system where you've figured out what your customers want, build the products/services they want to buy, market and sell it in the

sexiest way possible, and continually working to make this process better and better and better so this business becomes a salable asset that's throwing off consistent profit.

Creating one product and putting it up for sale on your site and hoping you can just kick back and get wealthy from that is a far cry from creating a customer getting, customer satisfying, profitable system.

Once you have a system that gives you an advantage because you've targeted a group of customers that you understand better than anyone and you have a product/service that they find very unique and valuable and you've figured out how they like to be marketed and sold to, and you've built a machine that does this for you that runs independent of you, that's when you're gonna make some real fucking money. Hand over fist kind of money.

Until you do this, you're just playing "Business".

**Profit Generating Mindset #7:** "I'll succeed in business when I'm doing multiple things right all at once"

Think about your body and the concept of health.

A nice definition of health is the absence of dis-ease in your body and having an abundance of vitality, radiance, energy, feeling like you can move your body with ease.

Well, all of this goes out the window with one little blockage to your heart. This and other any other major organ ailments wreak havoc on the entire system. So in essence, each of your organs being in good condition is what makes up the building blocks that equal feeling healthy.

And just as the accumulation of all the systems in your body firing off right lead to you feeling awesome, business success is the result of several things going well simultaneously.