

What's The Big Idea – Report

Case Study: \$231,660.00 per year – 10 Hours worth of Work
(www.projectgreenbacks.com/bigidea)

Last year I was having lunch with a friend of mine, Dan. He's a millionaire, several times over, and for good reasons; He takes great ideas and runs with them. He made his money with brick-and-mortar businesses but also has some very successful websites.

As we talked about his businesses I casually threw out several suggestions of ways that he could monetize them online. I probably came up with 10 solid ideas and thought nothing else about it.

Six months later we were having lunch again. When the check came I reached for it (it was my turn) but Dan snatched it up and said "I'll get it. It's the least I can do, that idea you gave me is making me twenty thousand dollars a month".

"What idea?" I thought. I was racking my brain trying to figure it out. I remembered the ideas that I had thrown out... but which one was the money maker?

Here is the idea that Dan is now making \$20,000 a month from with just a few hours of work:

One of Dan's businesses is a chain of retail businesses. I would tell you what type of businesses they are but I know that many people reading this would seek out his site and clone it. The industry isn't important; it could be dry cleaners, an aquarium supply store, a gas station, hardware store, etc. It doesn't matter. For the sake of this discussion let's say it's a chain of dry cleaners.

When we had lunch six months ago, Dan told me that he wanted to buy more dry cleaning stores to add to his chain, but was having a problem finding stores for sale. He said there was an industry magazine that listed the stores for sale, but advertising was expensive, so the small store owners didn't advertise their stores. This was a problem since these were the stores that could be picked up at bargain prices.

My first thought was to setup a site with cheap advertising for dry cleaners wanting to sell their stores, but then a light bulb went off. Give the store owners free ads and charge the people wanting to buy the stores; after all... they are the ones with the money.

So how is Dan making a fortune doing this? Simple, he has a membership site charging a recurring \$99 per month and he only has 195 members. **Do the math, it's a staggering \$231,660.00 per year!**

Here is how he did it. Step by step:

1. Dan bought a domain name, something like dry-cleaners-for-sale.com. All the really good domains were taken, so it's not a totally original idea; but all the domains were parked so no one was doing it. Now that his website has taken off he's going to try to buy a better name.
2. He setup web hosting with a cheap but reliable server. The site doesn't get a lot of traffic so bandwidth is not an issue; reliable uptime is.
3. He downloaded a free web template and made that his homepage, simply changing the text on it.
4. Next he downloaded and installed a free classified ad script. His was written in PERL but there are one's written in PHP. Here are two sources:
http://cgi.resourceindex.com/Programs_and_Scripts/Perl/Classified_Ads/
<http://www.scripts.com/php-scripts/classified-ads-scripts/>
5. Dan scoured the trade publications and the internet and found every dry cleaner for sale he could and entered them in as classified ads.
6. To turn it into a membership site he signed up with CC-Bill. CC-Bill did a free setup and turned the directory with the classified ads into password protected directory. They also handled all the sign-up forms, password maintenance, customer support, credit card processing a recurring billing.
7. The site is setup so the listings are only available inside the password protected directory, but there is a listing form to enter classified ads that is in a non-password protected directory.
8. Now Dan now owns a fully functional membership site. It's ugly and simple but he has only invested \$15 so far. However he will spend a little bit of money attracting store buyers and sellers to his site.
9. Dan goes to the local library and finds a copy of the SRDS (Standard Rates and Data Service) books. In these books he finds a company selling a mailing list of Dry Cleaning Store Owners. He buys a list with 6,000 names. (These are physical mailing addresses)

10. He writes a sales letter telling the store owners that if they want to list their store for sale, they can do it on his site for free. His site is not open to the public and only serious buyers will see the listings. Here is a sample letter:
http://www.projectgreenbacks.com/bigidea/content/sample_01dc.shtml
11. In the same letter he offers to let people wanting to buy dry cleaning stores to view the listings and includes a URL.
12. He mails the letters out to 6,000 store owners. This did cost him about \$4,000 dollars, but that's a small price to pay for the results. Although Dan owns several successful online businesses he knows nothing about online marketing. He used an advertising method he knows which is direct mail. A savvy online marketer could probably find a way to market to the same group through a JV deal.
13. From that mailing almost 300 owners list their store for sale and 195 people join his site for \$99 per month just to see a consolidated list of all the stores for sale.

Now Dan owns a site that runs itself and he doesn't spend any time on even maintenance. If there is a customer support problem with passwords or billing, then CC-Bill handles it.

The reason it works is because in every industry there are many millionaires and conglomerates trying to buy up as many businesses as they can for bargain prices. If they have to deal with a business broker they will spend tens of thousands of dollars in commissions and pay premium prices. BUT if they can find a list that contains privately owned stores with direct contact information, then it's worth its weight in gold and \$99 is nothing for them to pay. Add to that the business brokers that are always looking for leads. This small monthly fee of \$99 is actually a bargain. After all, it cost Dan \$4,000 to compile it. It is extremely valuable information to the right people, and in this market the customers are rich.

This same business model should work for almost any retail industry. In fact the smaller the industry the better. Pet stores, funeral homes, music stores, gas stations... the list is endless. Just take a look in the SRDS (available at almost all libraries) and you will find a list of industries and better yet, a collection of mailing lists that will allow you to reach the buyers and sellers.

TIP: Because Dan's list of stores for sale was pretty small to begin with, what Dan did was to not allow buyers to sign-up at first (He only allowed sellers to list their stores). Instead he put up a page on the sign-up page that said "Registration is full". It said that since membership was limited, people had to add their name to a waiting list. However if they were qualified then an exception could be made, and there was a link to another form.

This gave him time build up the stores for sale listings. It only took a few days to have a few hundred stores listed then he emailed the buyers and told them that they were approved to join. Conversions were astounding. Of course they were, the people felt like they were now part of a special group and almost no one cancels their membership because they may not get back in.

You always hear about how the rich get richer. The above is a perfect example of how a multi-millionaire that didn't need an extra \$200,000 per year was able to spot the one idea out of ten that he was given and refine it to make a lot of money in a short period of time.

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