# Daniel Hall Presents



## Episode 52

## How To Short-Cut Any Business Idea to Determine Whether It Will Make Money Fast

## With James J. Jones

Today, we promise to show folks how to shortcut any system or process that you're using and get right down to, "Is this going to make me money," or "Is this going to be effective or not?"

I see so many people who are just spinning their wheels. I guess the old phrase "putting the cart before the horse," kind of applies here. I see so many people doing that, and with one little mindset tweak, you can completely eliminate that out of your life.

I look at it more from a "making money online" type of perspective, but really you could use this for any process. Today, we'll be discussing this in the context of making more money in your business, making money online, and growing your business.

# Efficiency and Effectiveness

For the broad brush stroke, if you don't mind, I'd like to tell you a story that was told to me by my mentor Gary Halbert, "The Late, Great Gary Halbert", many, many years ago. **He was talking about the difference between efficiency and effectiveness, and so, I'm just going to read this story to you, that Gary told me:**

"Let's pretend that there are two guys who want to get to Marietta, Ohio, which is on the Ohio River. They are in a canoe, and they are paddling very efficiently on the Mississippi River. Let's say they have their canoeing skills down pat. They've learned the perfect three-stroke. They get the maximum forward movement for each ounce of expended physical effort. Let's just say that they were both on their college rowing team, and one of the guys was the captain of the rowing team.

On the other hand, let's say that there are two other guys, and they are paddling their canoe north on the Ohio River. They also want to get to Marietta, Ohio. These guys are lousy canoers. For one thing, they're both drunk. They don't even have paddles. One guy is paddling with his shoes, and the other guy is paddling with his bare hands.

Can you guess who is going to reach their goal of making it to the city of Marietta, Ohio? It's not the Mississippi guys because they are on the wrong river. It doesn't matter how efficiently they travel on the Mississippi River; they cannot get to Marietta, Ohio, simply because Marietta is not located on the Mississippi River. That is an illustration of efficiency without effectiveness. You have got to be effective -- first."

What I've seen is people working on the efficient things, not the things that are effective. I had a call with a lady one day who had bought a product, and the basis of the product was niche marketing. She had taken the classes and the courses, and she was talking to me because she wanted me to help her set up a system and a process where she could pump out website after website in different niches. She literally wanted to pump out hundreds of thousands of different websites in different niches, but as I got to talking to her, I found out that she had not yet gotten one niche profitable. She had been working in one specific niche, and that niche was not even profitable.

I said, "Hey, I think that you're really going about this the wrong way. You need to prove this concept." That's a big point when it comes to being effective. **You're proving that something works; you're proving a concept.** I told her that she needs to prove that this concept will work, and she said, "Oh, I know that it will work. I just want to get all of the program out of the way so that I can just explode this thing." You know what? She was working on the efficiency. **She was working on figuring out how to pump out websites as quickly as possible without knowing if her core concepts were really going to work or not.**

I find this happens to a lot of people because the efficiency part, honestly, is kind of the fun part. It's kind of the sexy part, where you get a well-oiled machine that's just pumping out money. But, if you can't get it to drizzle out money to start with, then it's not going to pump it out.

# Step 1 - Prove the Concept

**One of the ways that I do that is whenever I'm faced with any type of new project, releasing a new product, or whatever it is, I look at the end point.** Like, "What do I want this to accomplish? What's it supposed to do?" Then, I

start working my way backwards from there. As you work your way backwards, you can start eliminating steps, and things, that you eventually need to do but don't have to be done right now.

**Let me give you a good example. I'll use launching a product on Amazon, for instance.** When I'm testing out a new product to launch on Amazon, I don't worry about the logistics of shipping the product from China. I don't worry about minimum order quantities. I don't worry about having great images. I don't worry about having an optimized listing. I don't worry about having nice labels, or branding, or any of that stuff. **The only thing that I want to know is, "Will people buy this product at a high enough price, so that I can make a profit?"** When you think about it, isn't that the core essence of what you need to do? Okay, so I just want to prove that I can sell this product and make a profit.

If I have to pay a lot more, initially, for units of this product... You know, maybe I'm paying three or four times the minimum order quantity, the cost of it just to get these units so that I can test them, and that's fine. I'm going to lose money on the initial tests, but I know that when I go back to the manufacturer, or the supplier, that I can order in quantity, and once I order 1,000 of these units, I can get them down to a certain price point.

I don't care that I'm going to be losing money on the tests. I think that a lot of people don't get that. **They don't understand that if you're just testing out a process, you aren't testing it to make money.** You're testing it to prove that it's a viable concept.

That's the key. Everything that I do in my business, that's how I approach it. **I prove the concept. If I can't prove the concept in a very short period of time, and as cheaply as possible, then I move on.**

Let me explain, really quickly, the difference between effectiveness and efficiency. I'm going to give you a real short definition here, that you can remember. **"Effectiveness is doing the right thing. Efficiency is doing the thing right."** Effectiveness always comes first. So, you're always doing the right thing first. Now, what is the right thing? The right thing is, "What makes money?" Then, once you do that and prove that, efficiency comes along. That is, doing the thing right. That's when you add in all of the optimization, and automation, and everything to make it a well-oiled machine.

# Step 2 - Did Your Concept Work?

That's really it. That's what I mean, it's really simple. Once you have proved your concept, did it work? **Were you able to make a profit with that or not?** If you didn't make a profit, is there something that you could easily change to test, to tweak, to try again? Or, is it something that you just want to drop and move on to something else? So, the second step would be an evaluation of whatever it is that you're doing. Based on that evaluation, you can make an informed decision as to what you're

going to be doing next.  You might try to make it efficient, or more efficient, or more profitable, or you might decide to walk away from it.

# Finding Opportunities

Let's talk about opportunity. Opportunity that exists in efficient marketplaces or systems. **One of the things that I have learned in my years of working, especially online, is that there is a lot of money to be made in systems that have not been optimized, or that are not yet efficient.**  I'll give you an example of this, but then I want to go into this a little more deeply.

**One of the things that you want to look for is conduits.**  My definition of a conduit is, "An existing infrastructure of processes and systems that move something from one place to another."  So, you can think of a conduit like a pipe that moves water.  Alright, so it's a pipe that moves water from one location into different towns or whatever.  That's a conduit.  But, a conduit can also be digital, and it can also be something like Amazon.  Amazon is a great and very efficient conduit for getting product from one place to the consumer, right?  So, that conduit cost billions and billions to set up, and we don't have to build it.  It's already there for us to use.  Now, what we need to do is find the inefficiencies that exist within that conduit.

**What are the inefficiencies?**  You know, they change over time.  In the beginning, when Amazon first started letting people like you and me sell products on Amazon, there were lots and lots of inefficiencies. As a consumer, if I wanted a silicon baking mat, it didn't exist on Amazon.  It may not have existed anywhere on the Internet. I might have had to contact someone in China to get those.  Well, that was extremely inefficient.

Once someone started private labeling the silicon baking mats and putting them on Amazon, they took advantage of that inefficiency to get money out of that.  But, as Amazon continued to develop, and as more sellers came on, the inefficiencies got to be less and less, and you had to look harder to find those inefficiencies in order to make money.  You had to do bundling and other things in order to identify inefficiencies in the conduit, but they still exist.  I hope everyone understands that because that's a huge concept, looking for those inefficiencies within a marketplace that's already efficient.

In the early days of the Internet, it was tough to even take payment, and if you could figure out a way to take payment, you could make a lot of money because of the inefficiency that existed.  Or, you could become a billionaire like Elon Musk, and he did.  He took big advantage of that.

**You know, one of the things that you can do is just look for the types of questions that people are asking, the types of problems that people are having, and then figure out how to solve those problems.**  If you see the same question come up over and over again, especially if you see it coming up in different places over and over again, then you know that is a big problem.  It's an inefficiency, and

there's got to be a way to solve that problem. If you can figure out a way to do it, then you can make a lot of money.

**Every product that I've ever developed has started from someone having a need for something.** Then, by researching and seeing how deep that need goes… For instance, one of my products is called Drag 'N Drop Illustrator. It helps people to create images for their Kindle books, or really, for anything. That came about because I kept getting emails. I got a lot of emails from people who were asking, "Hey, how do I get images for my books," or "I'm looking on Fiverr, and Fiverr is actually pretty expensive for making images. What do I do?" Even myself… I couldn't draw my way out of a wet paper bag. So, that was a product that was needed. It was an inefficiency that existed.

**What If I Test an Idea and It Looks Like it May Work?**

**You just start tweaking the inefficiencies and making it more efficient.** Once you have proven that you concept works, then you start working on those inefficiencies, and that will make you more, and more, and more money, as you develop the well-oiled machine.

# Connecting with James

I have a newsletter that I tend to mail out every day on one subject or another, but I've also got a weekly webinar that I do. So, you can actually do both at once so you can be highly efficient and effective by using this link to sign up: http://www.thenetresults.com/weekly-workshop/signup. That's a long link, so it's a perfect example of something that's highly effective, but not very efficient.

# Links

**The Gary Halbert Letter**

**Drag 'N Drop Illustrator**

**James Weekly Webinar: http://www.thenetresults.com/weekly-workshop/signup**

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