

The 12 Amazing Mistakes, Bloopers, Errors, Wretched Miscalculations, Boners, Goof-Ups, and Simply Stupid Moves Made by Many New Inventors (Not Meaning You, Of Course)

Sometimes I wake up at night and ask, "Where have I gone wrong?" Then a voice says to me, "This is going to take more than one night."
—Charlie Brown

When I made the decision to write this book, my first move was to reach out to successful inventor/entrepreneurs I knew to ask what tips and advice they might offer to help my readers achieve similar successes. All of these men and women, either through licensing or self-marketing, have personally achieved what every inventor hopes for himself: to see his dream turn into reality and to earn profits from his creativity. Who these inventors/entrepreneurs are and the success secrets they've agreed to share is the subject of Chapter 11, but I thought it would be useful to start this book on an entirely different tack.

Since in Chapter 11 I review the 12 brilliant success moves you should make, isn't it equally useful to know the 12 dumb, disastrous moves

to avoid? Brilliant moves at one end; blunders, boners, and bloopers to avoid at the other; and with lots of information and guidance in between seems like the perfect formula to give you the kind of hands-on guidance you have a right to expect by opening this book's covers.

I've been an inventor/entrepreneur all my adult life and have been around others for just as long. Many of these folks are quite successful, and in thinking about how they got that way, I've been struck by two observations. First, as exemplified by the inventors/entrepreneurs you'll later meet, successful folks come in all shapes and sizes, and there are no predictors, at least none that I could ever determine, based on age, gender, race, intelligence, or anything else. I've met successful inventors/entrepreneurs who are young and old, male and female, black and white, highly educated and with scarcely any education at all. So what connects them? Why have they succeeded when so many other equally bright folks have not? Yes, certainly, it's a given that they share characteristics like enthusiasm, drive, ambition, skill, and energy—but it became apparent to me that they share something else as well.

What became apparent is that virtually all of these successful inventors and entrepreneurs suffered through business failures, reversals, bankruptcies, and even jail terms earlier in their careers, giving them the hard-won lessons that brought them to their current professional heights. I've certainly had my own share of failures, and Thomas Alva Edison failed so many times that he could be our poster boy. You could almost call failure a rite of passage. Think of the successful inventors/entrepreneurs you know and I believe you'll come to the same conclusion. One thing that makes America so great is that we're willing to give anyone a second or third chance if he or she has the determination and zeal to try again. Guys like Walt Disney, Henry Ford, Milton Hershey, among others, all experienced setbacks or financial failure, some more than once, before achieving their later successes.

I figured that lessons learned are lessons learned—and so if these folks would just tell us where they went wrong, we could skip the bankruptcy part and go right on the success phase. That sounded like a plan, and so I traveled the country interviewing successful inventors/entrepreneurs whom I had come to know personally, all with backgrounds of failure and financial reversal. These folks were

all were happy to tell me about their earlier goof-ups, missteps, and bonehead decisions that they later learned to avoid. To their own most frequently mentioned mistakes, I added some that I gleaned myself from years of dealing with inventors all across the world; then I narrowed the field down to the 12 most important ones. Whatever I learned, I'm happy to share. After all, others' failures can be our successes, if we learn from them.

12 Most Important Dumb Mistakes

Mistake No. 1: Not Understanding the Concept of a Fully Developed and Marketable Idea

As I mentioned in the preface, I have a website, money4ideas.com, visited by thousands of inventors every year, many of whom send in their ideas for my evaluation. It never ceases to amaze me how many of these folks simply have no concept of what it takes to gain the attention of the manufacturers, licensors, or investors who have the power to make their dreams come true. Most of these folks are obviously perfectly intelligent, but they either have not done their homework, or their life experiences have not prepared them to understand what it takes to create something of value to put on the table that might pique the interest of the person it's being presented to.

Ideas alone, I'm sorry to say, have little commercial value; we all get them, they float in and out of our minds continually. Investors and licensors are interested in *inventions or fully formed products*, and an idea doesn't become one until it's been fully developed, reduced to practice, and can be demonstrated to do what the inventor claims for it. It's precisely what you yourself would expect to see if someone wanted you to invest in his or her own new idea. "Show me how it works," you'd say. Companies are no different, no matter how big they are. As the inventor, you are expected to put something into the investor's hands or the licensee's hands and be able to say "Look at this exciting new product I've invented! Look how easy it works! Look at the great things it does!" Anything less is simply an idea for a product, and no one invests in those. The "what" is fine for starters, but it's the "how" that might pique an inventor's or licensee's interest.

Someone might send me a little pencil drawing of a teddy bear, accompanied by a note that says: “I’ve got this great idea for a new teddy bear with an American flag in his paw. You squeeze the button on its other paw and the bear jumps in the air, does a back flip, lands on his feet, waves the flag, starts to tap dance and sings ‘You’re a Grand Old Flag.’” “Wow,” I might say, “how does it work?” “Like I say,” the inventor impatiently answers, “you squeeze the button on his paw.” Yes, that’s an exaggeration, but sadly, not by much.

Another “inventor” (this time a true story) sent me an idea to make a popular product in smaller, single-portion package so a woman can carry it in her purse. That was a reasonable suggestion and I thought perhaps the actual invention was some sort of clever packaging—but no, there was nothing else; just the few sentences needed to tell me what she had in mind. This woman expected Procter & Gamble to proceed with her idea and pay her a royalty for each smaller package that left the factory. Yeah, sure, dream on, lady, I told her (but politely).

Many folks have an idea or the notion that a certain type of product could be useful, and will submit it to me on the assumption that I can find a company willing to invest its own resources, expertise, and money in trying to turn the idea it into a reality. Any company presented with that proposal would rightly wonder why, since they’re taking the risks and doing all the work, they’re being asked to pay someone else a royalty. After all, that’s supposed to be the inventor’s job—having actually invented the product is the singular accomplishment that might entitle a person to ask for rewards. That’s how this business works. Otherwise, I’m afraid the best that one can hope for is a polite “thank you for your suggestion” note from the company, signed by some third-level clerk.

Mistake No. 2: Not Thoroughly Researching the Product Idea for Value and Originality

There are certain logical, sequential steps for anyone to take who wants to earn money from his or her million-dollar idea. First you do Step A, then you do Step B, then you do Step C, and on and on.

The first couple of steps, carefully researching the idea for its value and originality, can be taken without spending any money, without quitting your job, and without making any career-changing commitments. Yes, if you follow my advice, you might at some point hire a professional to do the patent search for you, but hopefully the cost (a few hundred dollars) won't be enough for you to feel it.

Depending on how you fare with these preliminary steps, you can either plunge ahead with enthusiasm or just walk away, no harm done. However, since these are the only virtually free-ride steps, and since those that follow *do* require money to be spent and *do* require decisions with consequences, it stands to reason that you'd want to do the preliminary steps as thoroughly and honestly as you know how. Doesn't that make perfect sense? Would you be surprised to know that most inventors don't do it, won't do it, or think they've done it when they haven't?

Time after time I've seen inventors blithely plunging ahead without doing any investigation whatsoever, thinking they know everything they need to know, continuing to throw money at the idea, until one day reality finally stares them in the face. Not doing the research is like not going to the doctor for fear that she'll find something terribly wrong with you. You're healthy as long as you don't go. In their mind's eye, the inventors' idea remains brilliant until proven otherwise—and proving otherwise is not high on their agenda.

In succeeding chapters we'll explore this issue in great detail: how to successfully research your idea and how to make sure that it really is the moneymaker you expect it to be. For now, I think I can safely say that of all the mistakes so many inventors make, this one would have to be among the most prevalent—and the one with the most potentially devastating effect.

Mistake No. 3: Overestimating the Idea's Potential Market Value

If you ask any attorney to name the single most important factor in screwing up a product licensing negotiation or an investor negotiation, he will tell you without hesitation that it's the inventor's inflated view

**DUMB MISTAKE NO. 3:*****Overestimating the Product Idea's Market Value***

of the value of her idea and the impossible demands made because of it. That's not hard to understand. A person dreams up an original idea, perhaps spends the money to get it patented, perhaps spends the money to make an impressive prototype, and perhaps spends the money to create a winning presentation. Why wouldn't she think that the world is eager to beat a path to her door? At some point, however (unless she actually did discover a cure for cancer), she will come face to face with steely-eyed professionals who know the true value of the idea—and unless she's willing to face the true facts and return to mother earth, getting someone to invest in her idea is not likely to happen.

Here's a typical scenario. An inventor will send me his idea and say, "There are at least a hundred million gardeners in America who can use this new garden weeder. If we just sell to 5% of them,

at \$10 apiece, that means sales every year of \$50,000,000!” That sounds perfectly reasonable and prudent to the poor guy (after all, he could have projected selling to 10%) because he simply has no concept of what it takes to sell \$50,000,000 or \$100,000,000 of anything, yet alone something as mundane as a new gardening tool. Some simple research can give him reliable predictors as to how many such tools can logically be sold, and unless he’s prepared to take a more realistic view, the idea will remain simply a pipe dream.

An inventor without a realistic understanding of the market and the value of things will always ask for too much from the investor or licensor he’s hoping to win over—*so much* too much that negotiations probably will seem futile to the one who’s being asked to open up his purse strings. Or worse yet, the inventor with stars in his eyes is liable to empty out his own bank account in anticipation of the big payday just around the corner. Whatever the scenario, the licensee will walk away, the investor will walk away, and without question, the inventor’s own money will walk away as well.

Mistake No. 4: Rushing Off to See a Patent Attorney

They say that talk is cheap—but believe me, it’s not cheap when you talk to an attorney. Applying for a utility patent for a simple product idea can easily cost \$10,000 or more in legal fees, and often what you have to show for it is meaningless. I don’t mean that the patent attorney isn’t delivering what he’s asked to deliver, but patents often simply have no commercial value. Inventors will commonly take this step: They think up an idea, make a sketch, and rush off to get it patented. What they don’t realize is that many products don’t require patents in order to be successful, that products will get knocked off by other companies, patented or not, and that trying to protect the patent through the court system can easily cost \$500,000 or more in attorney fees and court costs. How many ideas are worth that?

If this strikes close to home, if you’ve just dreamed up a new idea yourself and if you have it in mind to apply for a patent for it, please wait, at least until you read the chapter on patents, trademarks, and

copyrights before committing yourself to the process. Sometimes patents are crucial to the success of a new product, but more often they're not. Later I will show you how to tell which is which, and I'll review other ways to protect an idea that are a lot cheaper and may serve the same purpose. Please read on.

Mistake No. 5: Rushing Off to See an Invention Marketing Company

Anyone who stays up to watch late-night TV has seen the ads on the local cable channels. *"Attention, inventors. If you have a new invention or just an idea for one, call this toll-free number for our free inventors' kit. . . ."* These invention promotion companies make it all sound so easy—the answer to any inventor's prayers. They understand that what gives the inventor pleasure is the actual process of inventing; everything that's supposed to follow—finding the prospects, pitching the idea, asking for money—is distasteful, unpleasant, and demeaning. "Now, now," says the invention marketing company's smiling salesman, "you let us worry about those nasty matters. You just stay in your warm, comfortable workshop and wait for the checks to start rolling in." As the comedian George Carlin properly observed, any salesman who keeps smiling is probably selling you something you don't need.

The lure is irresistible to many, and what the heck, the "inventors' kit" is free, so why not get one? In a few days a big envelope arrives with lavishly prepared material about all that the company can do for the inventor. Next come the calls from a company representative inviting the inventor to submit her invention for a "free professional evaluation." Why not? What the heck, it's free. Then, in a few weeks, the company issues its report, enthusiastically telling the inventor how brilliant the idea is, what a genius the inventor is, and how excited the company is to be working with her. Of course the company has never seen an idea that was less than brilliant or an inventor who was less than a genius. And now that they have the inventor puffing her chest out with pride, dreaming of riches beyond belief, they're ready to move in for the kill.

There's a whole menu of products the invention company sells to the inventor: a "research report" on the product's market potential, which is obviously and laughably one boilerplate paragraph following another, a patent search, a patent application (often for a next-to-worthless design patent), presentation material for investors and licensees, and a program to present the idea to supposedly "eagerly waiting prospects." The company can easily lift \$10,000 to \$20,000 from the inventor's wallet before she realizes what hit her. Later these inventors often come to me, sadder and wiser, and I'm too much of a gentleman to tell them what chumps they've been.

Mistake No. 6: Fear of Showing the Idea to Others

I wrote an article for *Inventor's Digest* called "The Heimlich Maneuver," in which I told the story of the kindly inventor who, many years ago, toiling selflessly away in his basement laboratory, finally discovers the cure for some dreaded disease. The archvillain, Otto Heimlich, learns of the discovery and sends his thugs to steal the formula, leaving the kindly inventor beaten and unconscious. The story goes on about how the inventor's niece swears revenge and goes about avenging her kindly uncle's beating and the theft of his magic formula.

It's a familiar tale and I won't bother you with the details—except to add that some evil specter managed to implant this story into the brains of all inventors, young and old, many of whom will even now swear that Otto Heimlich remains alive, secretly maneuvering to steal their own ideas and inventions. The only way to keep their ideas safe, some sadly and illogically conclude, is by not showing them to anyone.

Forget logic; I've encountered this inventor fear more often than you might think. It's an urban myth that if a company sees a chance to steal the inventor's idea, they'll do it in a New York minute. That attitude is precisely why so many companies don't want to deal directly with inventors and make them sign lengthy legal disclosure agreements before allowing them to step foot in the door. I'm an

agent for inventors, and companies are happy to work with me but (nothing personal) often prefer not to meet with the inventors like yourself. First of all, as discussed, inventors often have an inflated view of their idea's worth, and second, many inventors are so fearful that their idea will be stolen that they're ready to call the cops if anyone in the company even looks at them funny.

As you of course realize, unless you're willing to put your idea out front, patented or not, nothing will ever come of it. There are many ways to do that safely, and there are many reasons why companies won't steal your idea, even if it's as brilliant as you believe it to be. All of these matters are clearly reviewed in a later chapter—and if you have any such fears, I believe they will all swiftly be allayed through logic and your own good sense.

Mistake No. 7: Not Properly Preparing the Idea

There are lots of product ideas that are apparent on their face, and so a beautiful drawing or picture may be all that's needed. However, if what you've invented is supposed to do something or accomplish some specific result, and if how it's accomplished is not obvious, then it's your responsibility as the inventor to create a working prototype to prove that the product will do precisely what you claim for it. Those are the rules; there are no passes. The inventor is expected to invent the product, or at least cause the product to be invented. However it happens, the investor or licensee expects to be handed a fully developed, fully working prototype to see, examine, use, and determine for himself if it has the commercial potential for him to make the required investment to bring the idea forward.

It's not uncommon for someone to dream up an idea that's beyond her skills to create. That's OK, that's what experts are for. It is *still* the inventor's idea, even if she has to hire an electrical engineer or a scientist or some other professional to work out the details.

She can pay the professional outright for his services, she can give him a share of the hoped-for profits, or she can make him a partner. However she acquires the expert's services, the end result should

be a working prototype that proves to whoever is interested that the inventor is able to deliver the goods. No investor and no licensee and no manufacturer will agree to pay thousands of dollars to an inventor if there's doubt as to whether his invention really would work. Nobody would do that.

Also, even the most experienced executive will pause longer over a beautifully prepared presentation than he will over something that appears to be cobbled together. If the inventor doesn't show respect for his idea by presenting it beautifully, then his task of getting the licensee or investor to view it in that manner is even harder. These observations seem so obvious—that an inventor needs a fully working prototype and professional presentation material—that I'm always perplexed why so few inventors venture forth armed in this manner. I will commonly receive from an inventor a few scribbled sentences and nothing else. Trying to understand the idea, I'll ask, "Do you have any drawings, or pictures or plans or sketches or anything?" "Gosh," comes the reply, "I can't draw a straight line." Is that any way to get someone excited about a new product idea?

Some ideas might actually be so brilliant that a sketch on a napkin is enough to get companies clamoring to be partners. I've never seen any, but I'll concede that it's possible they exist. At the other end, some ideas are so stupid on their face that even if they're presented with full orchestra accompaniment, no one will view them seriously. (Those I have seen, in abundance.) However, most ideas, probably yours and definitely mine, lie somewhere in between—and like any other commodity, they need to be sold. Salespeople are usually armed with samples of their products and beautiful brochures to explain them, and inventors themselves need nothing less.

Since dreaming up and licensing new products is my business, over the years I've made hundreds of presentations; more than I can count. Regarding the material you need to be prepared with, I have a clear idea of what works and what doesn't; what a prospective investor wants to hear and what will make his eyes glaze over. Everything I know you'll know as well—in just a few pages ahead.

Mistake No. 8: Avoiding Face-to-Face Selling

Although I have this tucked away as Mistake No. 8, it is arguably the most common mistake made by inventors hoping to license their ideas and the single most important reason why more of them aren't successful. As suggested earlier, inventors like to create; that's their pride. "I get a million ideas a day," they say, wanting to impress me with their creativity. What they don't tell me is what they do with the idea after they get it—but they don't have to; I already know. As Kit Carson said, referring to the Great Trek westward, "The cowards won't start and the weak will die along the trail."

In this instance, the cowards who won't start are the inventors who do nothing. Some time later, upon seeing "his idea" in a store, the inventor will say, "Hey! That's my idea! I had that idea years ago!" It's what I call Slacker's Remorse. We can just wave goodbye to these poor souls as our wagons roll westward.

The weak who die along the trail are the inventors who will rush out to get their ideas patented and then send out a bunch of letters to companies that they think might be interested. Seldom do these companies even bother to answer, although the poor inventor waits by the mailbox every day. Other inventors are swayed by the siren call of invention promotion companies, and we all know what happens to them. Others might create a web page for their idea, hoping an interested manufacturer will miraculously come along and strike a deal. Others (for all I know) put their patent into a bottle and send it out to sea, hoping it will fall into the right person's hands on some distant shore. Whatever scheme it takes to avoid a face-to-face meeting will get a full hearing by many inventors. Get out the Bible, pardner. We have to bury these poor souls and move on.

I've worked with thousands of inventors over the years and am not aware of anyone who was able to launch his or her idea through letter writing, getting involved with invention companies, putting up a website, or any other avoidance techniques. I'm not claiming it's impossible, only that I don't know of any. What I *do* know is that successful inventors are the ones willing to go out and ring doorbells.

Many years ago, so the legend goes, there was a beautiful young girl sitting at the soda fountain in Schwab's Drugstore in Hollywood, where she was noticed and approached by a famous director who wanted to put her in his next movie. The girl, Lana Turner, went on to become one of Hollywood's biggest stars, and the legend refuses to die. However, although that was way back in the 1930s, rarely has anyone been discovered "by accident" ever since. Whether you're an aspiring starlet or an inventor with the next big thing, you have to go out there and get yourself noticed. I know of no other way to make something happen.

The reason most inventors try to avoid these encounters is because they're afraid they won't know what to say and will make fools of themselves. If you have the same problem, you can relax. I know how to fix it. Knowledge is courage. In a subsequent chapter I fully explain what these meetings are like, the questions you're apt to be asked, the precise way to answer them, and how to close the deal. To me, going out to sell the idea is the best part of this business. After you know what I know, you might feel the same way. Henry Ford said that one of man's greatest discoveries, one of his biggest surprises, is to find that he can do what he was afraid he couldn't.

Mistake No. 9: Underestimating the Financial Requirements to Launch Your New Idea

There are essentially three ways to turn your million-dollar idea into a big payday: You can license it or sell it to another company, you can produce and market it yourself, or, depending on the nature of the idea, you can perhaps franchise it to others around the country. Each method takes a certain amount of money, and inventors unfailingly underestimate what they need. Nothing will doom a project or bankrupt a business more surely than lack of funds to see it through. I've been there myself earlier in my career, so I know what it's like.

It's impossible to put a general dollar figure on the amount needed to launch a manufacturing or franchising business because of all the variables involved. However, there are formulas to help you arrive at an intelligent projection. Licensing, on the other hand, is simple enough so that some dollar figures can be proposed.

My best estimate is that it will take from \$5,000 to \$20,000 to create and polish your idea and carry it to the office of a couple of potential licensees. The reason for the wide spread is that much depends on whether the idea should be patented or not, what it would take to build a working prototype, and how far you have to travel to find the right prospect for it. If you live in Chicago, your chances are better than if you live in Butte, Montana. Sorry, Butters, Butites, or Butians, but that's the fact. That might sound like a lot of money, and I know for some of you it is, but I can think of no other (legal) business venture where the entry fee is so small in relation to the possible payoff. There's a little guy on my corner who sells soft pretzels from a handmade cart. He wouldn't sell you his business for that sum of money.

Yes, certainly it's possible to skimp on many aspects, but I think you'd come to regret it. You can skimp by not patenting your product idea when patenting is called for. You can skimp on not making an impressive prototype or not preparing first-class presentation materials, and you can skimp by not traveling to the prospect's office. Yes, that might cut your costs way down, but to what end? If you fail to find any takers for your idea, for the rest of your life you'll be wondering if it was the idea or the way it was presented. Is that worth it? Spend the dough, I say—even if it's on a wasted effort, at least you'll have the satisfaction of knowing that you gave the idea your best shot—and now, with a clear conscience, you can move on.

Inventions *do* have to be sold, so how they look is important. An impressive presentation commands respect—and if someone respects you, you're already rounding third base. So, even if you've done everything right and still found no takers, it's not the end of the world. If you can come up with one idea, surely you can create another—and that might be just the blockbuster you're hoping for. Inventors often fail with their first idea and, having learned from the experience, succeed with their next one. Lots of my own ideas don't make the grade, and I just shrug them off and move on because I know that one great idea can make up for lots of near misses.

Mistake No. 10: Not Understanding the Talents and Aptitudes Required to Enter the Business World

There are some drawbacks to opting for licensing as the way to cash in on your idea, not the least of which is that the money you can earn is substantially less than if you successfully market the product yourself. However, one of the principal advantages of licensing is that it requires very little from you in the way of experience, aptitude, brilliance, time, or ambition. The product idea itself is the star, and just showing up with it under your arm is 90% of the battle. Whatever you need to know, this book will teach you—and if you follow the steps, and if your idea is a great one, there's no reason why you can't turn it into a success.

However, self-marketing, being an entrepreneur, putting your own money on the line, meeting a payroll, is a whole different matter. I can show you what techniques work and which ones don't, but you, *and only you*, can determine if you have the aptitude for the work. Some folks are born entrepreneurs and immediately find themselves comfortably at home in the business world. Other folks, just as smart, find their talents and interests lay elsewhere. That's no disgrace; Albert Einstein probably would have gone bankrupt trying to run a pizza shop.

What *is* a disgrace is not taking the time to understand what's at stake and what it takes to succeed—and not being truthful with yourself before embarking on any venture. If the work doesn't suit your talents, ambitions, enthusiasm, and interest—no matter how much money you have and no matter how wonderful the idea is—you will probably not achieve success. No entrepreneur in the world would tell you differently.

Mistake No. 11: Not Securing the Advice of Disinterested Others

Inventors send me their ideas, telling me how much their family and friends love it, or, perhaps with a game, telling me how much fun it is to play it with their children. "Everyone tells me that they'd buy this product if it was available. There are 100 million motorists in America, and every one of them could use a great new accessory like this!"

I take all that in with a knowing nod. Of course friends and relatives are going to tell the inventor how great the idea is; why wouldn't they? Even the inventor's dog, looking at him with loving eyes and wagging tail, would tell him the same thing if she could speak.

Many inventors, believing what they're being told without questioning the source, will then plunge full steam ahead—patents, prototypes, invention companies: the works. Finally, somewhere down the line, the inventor finds himself in front of someone actually in the industry where his own product idea is intended to compete and hears the sad truth: The product already exists, or it has already been tried and failed, or it has been superseded by something better and cheaper. Or, frankly, it's just a plain dumb idea.

Through friends or acquaintances, you should be able to network yourself into meeting someone in the business—and without revealing details of your idea, a few questions should let you easily determine if you're on the right track. It's very difficult simply to pop into an unfamiliar industry with a product idea that would be excitingly new to folks who have spend their careers in that business. That's why most successful inventors stick to industries in which they already have firsthand familiarity. It's that insider knowledge—knowing what products exist, knowing what similar products have existed in the past, knowing the direction in which the industry is heading—that enables successful inventors to uncover the niches that can be profitably exploited. If you're not an industry insider, at least talk to someone who is. Inventing is often the easy part; the trick is to know what needs to be invented.

Mistake No. 12: Trying to Sell an Unrealistic Business Plan or Marketing Plan

If your purpose is to get someone to invest in your new company or to lend you money for it, you need a business plan. It doesn't matter in you're asking the Chase Bank or your rich aunt Minnie: Anyone being asked to part with money wants to see how it's going to be spent and how they can be assured that the money isn't just going down a hole. The plan serves to give structure to the inventor's

own thinking about the business he intends to run, and it shows the proposed investor or lender how the money will be spent and what reasonable returns can be expected.

If your aim is to get someone to pay you a royalty for your new idea, you need a marketing plan to show the licensee why the product is worth the investment. It doesn't matter if you're showing it to Procter & Gamble or Sal's Fancy Frocks: Anyone being asked to take on the legal and financial responsibilities of a licensing contract wants to know what the competition is, why your product would be better, and the basis for expecting enough of these products to be sold to earn them a profit.

Either with a business plan for a lender or investor or with a marketing plan for a licensee, in the final analysis you have to put a persuasive, intelligently prepared document into the hands of the person being asked to invest in your new product idea. That's what he wants; what he expects; and what he's entitled to. No matter who it is, you are probably talking to a professional who can spot a phony a mile away. If you try to puff the sales figures, you'll be caught; if you try to puff the profit figures you'll be caught; if you try to puff the size of the potential market you'll be caught; and if to try to minimize the competition you'll be caught. Cheat me once, shame on you; cheat me twice, shame on me. The person you're dealing with will spot the false claims and will begin to have doubts about the project in general and you in particular. When doubts make their appearance, deals fly out the window.

I understand that any inventor might be nervous and anxious when trying to present a product or plan to someone who can turn dreams into a reality—and the desire to offer the idea in the best light certainly is a strong one. I see it myself; some inventors will make such preposterously inflated claims that I immediately become dubious, suspicious, and hesitant about moving ahead with a relationship. Simply tell the truth as you believe it to be, and you won't have to answer to anyone. Einstein might not have known how to run a pizza shop, but he knew what he was talking about when he said that whoever is careless with the truth in small matters cannot be trusted with important ones.