

MAKING MONEY WHILE YOU SLEEP

*How to Create and Operate
Your Own System of Perpetual Wealth*



Making Money While You Sleep

**How to Create and Operate Your Own System of
Perpetual Wealth**

James Skinner, Roice Krueger, and Mark Victor Hansen

**“Making Money While You Sleep” is about creating
passive income for yourself and your loved ones.**

**Give this book to anyone you know who would like
to retire at some time in their life!**

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The Authors

JAMES SKINNER is the founder of two global financial groups that manage billions of dollars of assets. He is also recognized as one of the world's foremost business thinkers and appears regularly on Japanese television.

ROICE KRUEGER co-founded Franklin Covey, the world's largest training company, and has supervised consulting projects for 80 percent of the Fortune 500.

MARK VICTOR HANSEN is the co-creator of the *Chicken Soup for the Soul* empire and is the best-selling nonfiction author of all time. His goal is to make the planet work for all humanity!

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How to Generate a Passive Income for You and Your Loved Ones

Are you ready for a profound idea? When I discovered this in my life, my life changed. The concept is called, “Making money in your sleep.”

Making money in your sleep. Does that sound good?

In this section, we want to talk about how to create a passive income, not only for yourself but also for your loved ones. If you think about it, don’t you want to have income that you can pass on to others?

Making money in your sleep means you have an income stream that can be passed on to others.

What Does It Mean to Make Money in Your Sleep?

I had the opportunity of working with Dr. Stephen R. Covey in creating his company.

We decided as a company to create a way of generating money in our sleep. We designed some of the very first video-based training courses.

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We could train other people to train, and they would go out and train other people.

Of course we had a license with them that said every time they trained, they needed to provide one of our manuals to each participant.

Do you think we just gave those to them at no cost? No, we sold them.

This way, when we went to sleep, we had those trainers out there making money for us.

These are independent trainers that are working inside the company.

This is a perfect example of making money in your sleep. This is only one way.

We want to expose you to many ways of doing this.

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There are many ways to make money in your sleep!

Making Money in Your Sleep Is a Moral Imperative

What I want you to understand is that making money in your sleep is not immoral or amoral. It is a moral imperative!

What that means is that you absolutely must do it. Because ultimately we all sleep in the end.

To make money, you have to create value.

Making money is a process of creating value, so making money itself is a very moral process.

We need to create value and meet the needs of other human beings.

If you are a contributor and a creator of value, you want the value creation that you initiate to go beyond you.

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You want the value that you are creating to continue to be created. You want to continue to meet the needs of other human beings for many years after you are no longer here.

You will still be making money, even though you will be sleeping the “Big One.”

I get very passionate about this, because I see it as a moral imperative of our lives.

We want to create value that continues to be created even when we are no longer able to engage in the creation of value.

We all have to sleep every day. We’d like value to be created in the night, when we are no longer able to engage in the process directly—when we sleep.

Sometimes we have to go on vacation with our families. We’d like for value to be created in our absence.

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And eventually we all must sleep the Big One, and we still want to be creating value and assisting the life of other people long after we are gone.

I want you to begin to see this not as a negative thing or a neutral thing, or something that is about getting what you want.

This is about being able to give in perpetuity on an ongoing basis.

Making money while you sleep means giving and creating value in perpetuity on an ongoing basis!

Create a Business That Accumulates for You

The first business I created was an awful business.

We did translation work where we were paid by the letter. I want you to think about that for a moment. For each letter we translated, we got money. So I would sit down in front of my computer, and I would press the keyboard, the first key, the first letter on the first page.

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There would be something in Japanese, and I would translate it into English. For instance, “The purpose of life is...” And I would type “T,” and hear this sound: ka-ching (the sound of a cash register!), then H, ka-ching, E, ka-ching, space bar, ka-ching. We charged for the spaces. And so I’d type, ka-ching, ka-ching, ka-ching.

When I stopped typing, the sound would stop.

I’d type from morning until night, because every time I stopped typing, the sound would stop.

I did that for three years before I realized that it wasn’t a very good business.

I didn’t feel it was a very good business because there was no accumulation. I want you to think about that for a moment. No accumulation.

You want for your business to accumulate.

In other words, making a dollar today should be easier than making a dollar yesterday. And making a

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dollar this week should be easier than making a dollar last week. And making a dollar this year should be much easier than making a dollar last year.

Making a dollar should be easier this year than last year!

Most people in their businesses are experiencing the opposite, true or false?

It is getting harder to make a dollar than it used to be.

That is a problem, because you are not experiencing accumulation. You are experiencing “decumulation,” where the value you are creating is going down.

You want to be creating systems that help you create that value. Those systems create sustainable value, because the system itself is valuable.

You need to create a sustainable system of value creation.

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So if you have created the system, the system continues to be valuable, even if you are not there.

In fact, society gives the biggest rewards to those people who are able to create systems and structures that create ongoing value when they are gone.

Think about that. If you can create a company that creates value, even if you are not there, society will give you huge rewards.

They'll buy that company from you, and the best thing of all, they will pay you a multiple of the profits of that company when they take it off your hands.

Then you can create the next system that will create value on an ongoing basis. So, if you have a company that can make a \$1 million a year, they can give you \$10 million or \$15 million for it right now. Then you can go build the next system.

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Trading Hours for Dollars

When I was a little kid I got 75 cents an hour. Then you start getting \$1 an hour, \$10 an hour, and great neurosurgeons can make \$500 an hour. But if they aren't working, they don't get an income.

That is one form of income. It's not a bad form of income, and it could be a high form of income; but what we want to talk about is residual income.

Residual Income

Imagine the infinity sign in your mind. On the right hand side you want residual income, which means recurring and ever flowing. On the left hand side is residual philanthropy.

You want to make so much that you have excess, so you can keep giving it away.

You have any number of ways to do that. I want to explain the simplest one.

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Think about a piece of string—not very valuable, right? Well, one guy capitalized on a patented a piece of string that had a little wax on it and called it dental floss. I met this man at a dental meeting. He has made over \$2 billion in residual income on a piece of string.

I want you to understand that you can patent, copyright, and trademark lots of different things.

This includes not only the hard product but also the process, design, service, and so forth.

You can make \$2 billion with a piece of string!

You may have seen Lance Armstrong with his little wristband, which he sold around the world to end cancer. Many of us paid a dollar for it. In 2004, the first year that the **LIVESTRONG™** wristband was introduced, \$31 million in wristbands were purchased. That year, the Lance Armstrong Foundation raised nearly \$50 million. Can you do really little things and make a profit? Yes!

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Making little improvements that haven't been thought of before can pay the biggest dividends.

What are some things we can do?

Copyrights

Books have a copyright. Copyrights last for how many years? It is different in different countries. Worst case is 17 years; best case is the lifetime of the author plus 50 years, and then the family can extend it indefinitely.

You ask how important is a copyright? My estate attorney is the same as for Arnold Schwarzenegger, Steven Spielberg, and a guy named L. Frank Baum.

Who is L. Frank Baum? He wrote *The Wizard of Oz*. He has been dead almost 90 years and his estate makes \$100 million a year in Wizard of Oz costumes at Halloween.

That is why you should create a copyright and include it in your will. Your estate executive, who takes

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care of your will, by contract, hands it off forever and ever.

Copyrights keep right on making money long after the original author or creator is gone.

Music Royalties and Rights

The same thing applies to music royalties and rights.

The song “Happy Birthday” is still under copyright and receives huge royalties every year worldwide. Imagine it!

And typically the author receives a portion of the song’s revenues while the artist and the record company split the remaining income.

Public Domain

Charles “Tremendous” Jones was one of the first to buy rights in the speaking business, and we are doing some business with him.

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Charles Tremendous Jones talked at all of the big Amway meetings. The first time I saw him he was speaking to 10,000 people. He had public domain books, books from authors who had been dead 100 years, but also great books like James Allen's *As a Man Thinketh*. How many of you have read *As a Man Thinketh*?

“Mind is the Master power that molds and makes and Man is Mind, and evermore he takes the tools of Thought, and, shaping what he wills, Brings forth a thousand joys, a thousand ills:—He thinks in secret, and it comes to pass. Environment is but his looking-glass.”

This book is very valuable. All Charlie had to do was write a new paragraph, a preface, and suddenly it was his book; he printed it for 25 cents a book 20 years ago. He had that book, and many other public domain books.

What is interesting is Charlie used to say to 10,000 people, “If you can read and don’t read, you are no better than a person that can’t read. And you are going to be the same person you are today, five years from

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now, except for the books that you read, the tapes you listen to, and the seminars you attend. You have to take my executive book pack; there are ten books, they are worth \$10 each, so ten times \$10 is \$100. Don't tell my wife, but I am going to give them to you, today, for \$25. All you have to do is put your credit card number on your business card and hand it to me in the back."

He'd have 16 semi-trucks parked outside. People would run to buy the books he had obtained from public domain.

Trademarks

Are trademarks valuable?

The two most valuable trademarks in the world are Coca-Cola and Campbell's Soup.

Campbell's hired me to go all the way through China and talk. They said, "Everybody in China has soup at least once a day. All we want them to do is have Campbell's once a week."

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So, trademarks are immensely important.

The most valuable asset that Nike has is not its factories or patents. It is the trademark of its Swoosh mark. That mark alone is worth billions of dollars.

Patents

How much can a patent be worth?

Let's try *infinitely valuable*.

One of my neighbors in Hawaii is Dr. Earl Bakken, who invented the personal pacemaker.

In 1957, he was an engineer and a student of medicine at the University of Minnesota. After a major power outage in the Twin Cities, the leading heart surgeon at Minnesota, C. Walton Lillehei, asked Bakken to make a pulse generator powered by a battery. Bakken then made the first wearable, battery-operated pacemaker; it was powered by a 9-volt battery, five inches by five inches and provided an on-off switch. It

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was tested on a dog; the dog stayed alive, and its heart arrhythmia dissipated.

The next time Bakken visited the university, he was surprised to find that his crude prototype was managing the heartbeat of a child who was recovering from open-heart surgery.

Now they have microminiaturized pacemakers. Today, more than 400,000 pacemakers are implanted annually, extending and enhancing the quality of life of patients. Sales of pacemaker implantable devices exceed \$5 billion per year.

Have you been to the big island of Hawaii? On one side it is Kona; the other side is Hilo. We have a great place there. If you leave the airport and drive north, there is a place you can see the ocean five miles away. The water is a spectacular turquoise color.

Near the ocean there is a gigantic, 39,000-square-foot house.

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There is jagged volcanic rock between the highway and the ocean. It would be dangerous to walk this particular five miles; you'd get ripped apart. The only way that I thought you could get in, because at this time I didn't know about the road, was to do it by boat.

I thought, "I am a good sailor, so sometime I'll just sail in and introduce myself." I thought that was how this guy must get his food, water, and everything else.

At this time we were doing a book, and I was creating it with the most connected woman in Hawaii. Her name is Robin, and she has a connection to everybody. While I was on vacation she called me up and said we had an appointment that we needed to go to. I said, "What appointment? It's my day off!" She replied, "You want this appointment, it's with Dr. Earl Bakken." I said, "I am there!"

We drove out of the city of Hawaii until we got to a little mile marker, at which point she got out her cell phone and told Dr. Bakken we were there. There was no road; all of a sudden it was like the Bat Cave. It buzzed,

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and a road showed up. I thought, “How cool.” Next we had go through two guard gates to get to his house. The road disappeared behind us as we went over it. I had never seen such a thing; it was amazing. I didn’t know that human beings could make a highway like that.

We drove into his house and there was music playing. He learned while in Australia that the right decibel of music played could cause plants to grow faster. Every plant was grown organically because he wanted to live forever. He had every plant marked. At the front of his house he had a 28-foot amethyst geode. In feng shui amethyst absorbs all the negative energy, so no negative energy can come close to the dwelling place.

Now, remember this is a 39,000-square-foot house, a substantial set of digs. Dr. Bakken exercises twice a day, as he thinks everyone should do, and he has a 2,000-square-foot get-down dance floor with triple cushions. The man was 81 when I met him! Man, when you are 81, I hope you are still boogying like him. I don’t know where you’re at, but I plan on boogying.

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When I started interviewing him, I said, “First of all, Dr. Bakken, I want to kiss you. My daddy was kept alive for 28 extra years because you gave him a pacemaker. He had a heart arrhythmia, and I just don’t know how to thank you.” He said a lot of people tell him that. His whole mission is to save lives.

I asked, “What does a pacemaker cost?” He said, “We have one for \$28,000, and one for \$48,000.” I asked, “What’s the difference?” He shot back, “You can’t subtract 28,000 from 48,000?” “Okay, but what is the real difference?” He said, “For \$20,000 more I give you a GPS that is smaller than your fingernail, so when something goes wrong you push on a button, and in three minutes medics come out and get you.” Now the question that you have to ask yourself is “Am I worth \$20,000?”

Is that insanely high profit? In the beginning his company struggled. Now it makes no less than 15 percent net profit.

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Now you all know the law of 72 is you divide 72 by any interest rate and it tells you how fast your money doubles. At 10 percent your money doubles in 7.2 years. If you get 20 percent, your money doubles every 3.6 years. Understand, this is not a minor law; this is a critical major law.

So Dr. Bakken still oversees his company, Medtronic, and to date has made 13,000 cardio patents! One guy! He lives in Hawaii full-time and he does the coolest stuff on the planet, because he has money to figure out this cool stuff.

He wears his own pacemaker now. He also has stents (another development of his) inside his blood vessels, because he has diabetes. He is very skinny. But he exercises and drinks great wine at night. It is really wonderful; he has made so much money that he created his own hospital to take care of him and to benefit the whole island. It is called North Hawaii Community Hospital; he just wrote them a check for \$100 million.

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He said, “We are not going to have just allopathic medicine, because I work with M.D.s who say it is only 50 percent of medicine and health and healing. I want every kind of doctor.” He has 28 kinds of healing in this hospital: everything from allopathic, M.D. medicine, to the highest form of healing in Japan, Jin Shin Jyutsu, and all the forms in between. He has a 93-year-old kahuna working there. Massage therapists, chiropractors, you name it, he has it all, because he plans on living. He says, “I’ve got too much to contribute.”

Dr. Bakken’s wealth is built on thousands of patents.

URLs and Intellectual Property

There are so many different types of intellectual property.

You can register a URL, which is an address on the Internet. And then if somebody really wants that address, you can negotiate with them and say “OK, I’ll take a percentage of your business that you do on my URL.” I have some really amazing URLs that I have set up in Japan. If you spend time looking, you can really

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find one. I have one called nihonkeizai.com, which means the Japanese economy dot com. Then I did Japanese business dot com and the Japanese government dot com, and a whole series of them.

You can create a whole business based on just a URL that is so memorable that people will come there.

When we launch our series of books in Japan, they are all going to be available at nihonkeizai.com, which is like having Wallstreet.com. There are all sorts of places that you can stake out.

Content Licenses

You can have content licenses.

Just as with all of this content that we are developing, do you think that we can license products, training clients, coaching kits, and so forth, based on the content that we have here?

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Could we have thousands of coaches around the world, using these kits to train their clients while we just sit back and get the money?

Yes!

So it is with any content that you develop.

Characters

You can have characters.

Characters are really big money.

Everybody thinks that Disneyland is about theme parks, but it's not. Disney is about character creation.

We used to work with a lawyer who worked for Disney. He said that at the Disney offices there is a giant building that you would think is the head office, but it's not. The head office is the little building next to that.

What's in this big building? It's the building where they keep all the lawyers.

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Inside, all the lawyers have the same basic office, and behind all their desks is a sign that says, “Don’t mess with the mouse!”

We used to work for Stephen Covey, and we used the same expression but changed it to “Don’t mess with the bald guy.”

They are in the business of creating characters.

Disney makes the bulk of its money off little things like pencils.

They have Mickey Mouse, Donald Duck, Winnie the Pooh, and all the Disney characters on them.

Disney does not manufacture anything. They absolutely refuse. They will never manufacture a product, because that way there is no product liability.

Who is outsourcing whom, nobody knows anymore.

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It's not that Disney is really outsourced; it's just that there are all these companies that want to create products with the Disney characters on them.

Such companies pay Disney X percent of all the sales that are generated on those products worldwide.

Every time you see Winnie the Pooh or Mickey Mouse, Disney is just ringing up the cash register, at how much cost? ZERO! It's pure profit.

The money just flows in. It is a giant avalanche of money.

Franchises

You can license business models and franchises too.

A franchise is just a business that says we are going to show you exactly how to run a McDonald's, say, and you are going to pay us X amount of dollars from all your sales.

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McDonald's leases the franchised buildings, which is the most brilliant thing ever. The lease is structured as \$X amount or X percent of sales, whichever is higher.

They have a real estate business on top of the franchise business.

Network Marketing

Network marketing is another way to make money in your sleep that is very popular.

You build a network that continues to sell the company's products, so you get residual income forever and ever.

The Internet

You can do Web-based businesses.

There is one guy who came up with a concept of a book about how to get kissed by a girl. He created the little book and sells it for a few dollars. The final page tells you the secret to getting kissed. He has this one little book on his webpage and if you want the end, you

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have to pay x number of dollars and then it shows you the final page.

It is reported that he makes millions of dollars a year off of that. He just sits there and gets paid.

It's a pretty good gig, right?

How many guys want to know how to get kissed by a girl?

He should franchise that worldwide.

Investments and Annuities

There are all kinds of investments, annuities, and forms of interest that make money while you sleep.

These include ongoing investments paying annuities, lease income, rent income, rental of property, tollgates, etc.

There is this company in Hong Kong that owns the tollgates for the tunnel under the bay. That was privately

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developed. Every time somebody goes through the tunnel: ka-ching, ka-ching, ka-ching.

You want to be thinking tollgates along where everyone is going, in all kinds of areas.

Tollgates

Your patent or other intellectual property can be a tollgate.

Can you guess which patent made the most money worldwide? The guy who thought it up is still making money from it: the process of reading a barcode with a laser. He kept amending his application until everyone in the world was using lasers to read barcodes. And then he let the patent issue.

One of the interesting things about patents is that they cover not only what is inside your country but anything that happens outside of your country and gets imported into your country. If you use a laser to read a barcode in the process of manufacturing a product that

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gets imported into the United States, you have to pass this guy's tollgate.

Everybody pays. It's insane. And then they pay, and pay, and pay. He gets \$5 million from this company, \$4 million from this company, \$10 million from this company, every single year. And the list of companies is long.

You really want to be thinking tollgates

Film and TV

Another way to make money while you sleep is residual income from film and TV.

I had this goal that I wanted to portray James Bond, 007. I realized that the only way I was going to do that was if I bought the franchise.

I have now written a script, basically a treatment for my own spy movie, which is going to be set in Asia and deals with the current issues in Asia.

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If you appear in film or movies, or if you've written the script, then you can receive residual income every time the film is played.

Earn Outs

When you sell a company, you can have earn-out provisions that give you residual income from the company for the rest of the life of the company after you sell it, or for ten years, five years, or whatever term you negotiate.

Trail Fees

You can get trail fees from client introductions. This is when someone very prominent in the financial field says we will introduce your client if they buy your thing. We want X percent per year, typically something on the order of 50 bps.

Are you familiar with the term?

A bip, or basis point, is $1/100$ of a percentage point; 50 bps is 0.5 percent per year of all the money they invest with you.

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All I have to do is introduce you.

If they invest \$100 million with you, I get \$500,000 a year for as long as they are invested with you. And all you have to do is say “Meet these people. They have a good thing; you should talk to them.”

So you can get residual income just for introducing the relationship.

There are all kinds of ways to do this. Are you starting to get the picture that you can find a way to make money in your sleep?

Chicken Soup for the Soul

Chicken Soup is a good license.

We sell at present nearly 5 million sets of greeting cards a year in grocery stores with American Greeting cards. We have 101 different licenses. We license the number 14 best-selling game of all time, *Chicken Soup for the Teenage Soul: The Game*.

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My book-marketing seminar, “Get the Name Right,” is valuable because a good title pays and pays and pays. Our *Chicken Soup* name and *Men Are from Mars, Women Are from Venus* are both great licenses. There are a lot of good names out there.

The guys from the Diamond Pet Food Company came into my office one day: the president, the chairman of the board, and the head of sales, and asked to license our name for use in dog food.

We now sell \$2 million worth of dog food month after month, and it's going up because now all the dogs like it. We get 15 percent. Now, am I making the dog food? Am I personally eating the dog food? No. And we have cat food too. You need to have in your mind that you are going to license whatever it is down the line.

How About You?

Why aren't you doing this right now? What are you addicted to that prevents you from doing this? How do you make your income right now? You work. Work at

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what? Other people's businesses, helping them make money.

That's okay. You get paid. They get paid. But you have to shift your paradigm.

I will show you how to break the addiction. Become very, very good at your work; develop unique skills in your current occupation. Go to your boss and say, "I no longer want to be paid on a salary. What I want is to earn a percentage for the value that I add to the organization."

I have in my personal life right now several streams of income because I became very, very good at something: helping training companies take businesses offshore in the United States. I said, "Do not pay me anything up front. If it works, all I want is a percentage of income coming in from this for X number of years." You gather several of those, and you can make big money while you sleep.

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Right now, in many countries around the world I have many people making me money. I haven't had to do anything today except answer a couple of e-mails to assist in this work. That is what *I* am doing.

What *you* can do is become really, really good at what you do and, instead of a salary, earn a percentage of the value you add.

Break the work addiction; get a value addiction instead!

Have confidence that you can add the value.

Get Started Today!

We have given you many ideas, and there are more—many more.

What could you do today to make this start happening?

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What is the fundamental principle underlying these success stories? What started all of this? What did someone need? *They needed an idea.*

My wife kept saying to me, “Roice, you have these great ideas and inventions; go do it.” I replied, “I’m too busy working.” We’d go back and forth: “Well, go do it.” “No, I like to work.” “Honey, you really ought to. You have done this and this, so why don’t you do this idea?”

So I did. I created a little invention. I noticed people with hard-case briefcases would throw their keys and junk inside and then would have to search deep inside the case for them. I created a little board with Velcro pockets to organize your things. When you are traveling, you just slip it in, and you pull it out. When Security wants to see what is in it, you pull it out, and then you put it back in.

A friend of mine in the manufacturing business was looking for ideas. I took it to him, and now I have a royalties coming in on these little bags.

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Do something about your ideas. When you wake up in the morning, in the quiet time before you peel yourself out of bed, ask yourself, “What is an idea that I can use to start making money in my sleep?”

If you don’t think of something that day, just keep asking. If you keep asking your brain, guess what it is going to do? An idea is going to come out.

Take those ideas and act on them. All you need is one, just one.

That is how to make money in your sleep.

With best wishes,

James Skinner, Roice Krueger, Mark Victor Hansen

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