One Simple Idea

Turn Your Dreams into a LICENSING GOLDMINE While Letting OTHERS DO THE WORK

STEPHEN KEY with Colleen Sell
To Janice, my wife, my life
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Preface

The Ferriss Effect

Back in 2003, when I first started teaching my “10 Steps to Bring Your Idea to Market” course, a guy who didn’t look much like a student started showing up at my classes. Unusually fit, he wore leather from head to toe and carried a motorcycle helmet. Long after everyone else had settled down, he would walk in and scan the room for the perfect spot to sit and focus. Thus positioned, he would cock his head and fix a penetrating look at either my partner Andrew or me as we spoke from the front of the room. I got the sense he was absorbing every story, statistic, and strategy we shared and was turning them over in his mind.

At the end of class, students would mill around deferentially, eager to ask questions. But Tim Ferriss didn’t waste time on small talk.

“Let’s go out for gin and tonics,” he proposed. “I need to know more.”

I waved him off at first, but he persisted. He wanted to learn how I had become my own boss with tens of thousands of people whom I didn’t know working for me. Eventually, I went out for those drinks, in part just to shut him up. Tim has got to be the most persistent individual I’ve ever met, and he drilled me about what I do and how he could apply my experiences to his business. You see, Tim had created a dietary supplement, Brain Quicken, and like many entrepreneurs, he had also launched a company to manufacture and market it. Now he wanted to do what I do: get a licensee to manufacture and market his idea for him so he could kick back and collect royalty checks.
Eventually, Tim took off to travel the world, calling in periodically for more advice about how to turn his company from a time-sucking machine into a passive income generator. One day in 2005, he called me from Argentina, where he was studying tango, to announce he was writing a book. He asked me to read what he had written thus far.

Tim’s book came to be titled *The 4-Hour Workweek*, and it quickly climbed to the number one spot on the *New York Times* Best Sellers list. The lessons Tim learned from my classes helped him form the book’s underlying philosophy. In it, he coins the term “lifestyle design” and describes me as a member of “a quiet subculture of people called the ‘new rich’”—people who have escaped the rat race and discovered how to live the life they want to.

Teaching had begun as a side project, but a few months after Tim’s book came out, a flood of new students began signing up for our course. “Wow,” I said to my wife one day after I got home, “We’re going to have to start taking this seriously.”

Thanks to what I now call “the Ferriss effect,” the number of my students keeps growing. I have now taught people from more than 30 countries, including Australia, Bolivia, Costa Rica, Chile, Norway, Iceland, Singapore, and Canada. The strategies I teach can work for anyone anywhere.

My students hunger to pick up where *The 4-Hour Workweek* leaves off, which is what my classes and this book do. For the last 30 years, I’ve designed my lifestyle by “renting” my ideas out to large corporations. What I do and how I do it is simple, even if it isn’t always easy. However, it is easier today than it has ever been before because of a phenomenon called “open innovation,” which anyone at all—regardless of education or background—can take advantage of.

One of my life’s passions is teaching others my road map for jumping into the innovation stream and becoming their own boss. I’ve condensed my teachings into these 20 chapters. Whether people learn this road map from me or figure it out for themselves, I believe many, many more people will begin designing their lifestyles this way in the future.

Although Tim came to me for help at first, he ended up returning the favor.

Tim, next time you’re in town, drinks are on me.
First and foremost, I want to thank my wife Janice for allowing me to pursue my dreams. I don’t think there is any greater gift one can give. I know it hasn’t always been easy living with Peter Pan, yet you continue to be the most remarkable, smart, and beautiful woman I have ever met. I want to thank my children, who have also had to put up with me over the years. Your dad has never had a traditional job, but you’ve all been patient with me throughout the ups and downs. I am so proud of each of you and what you have accomplished.

James Shehan, you make me look so good. You’ve been an incredibly loyal assistant and friend. I thank you for that. I don’t know anyone who possesses all of the skills and talent that you do. I’m constantly impressed by your genius. And you put up with me, too—which may be the most challenging task of all! I look forward to the next 10 years.

I need to thank my business partner, Andrew Krauss, for helping me start this journey. I don’t think I would have begun mentoring inventors if it weren’t for him. Andrew grew the Bay Area’s Inventors’ Alliance into one of the most active and well-established associations in the country, which is how I met him. Together, we designed the InventRight 10-step system. I have never known anyone who is so giving of himself. Your dedication to the inventing community is remarkable. Andrew, we are truly a team. I appreciate everything you do.

Linda Pollock, I want to thank you for being my absolute first student and believing in me and supporting me all these years. You have become a true friend.

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My mentor, Stephen Askin, has been incredibly supportive of me as well. You gave me my first opportunity to succeed when I was just beginning my career. Everyone else thought I was crazy, but you believed in me! Your guidance and encouragement gave me the confidence I needed. I have watched you continue to mentor other individuals with all your heart and soul. Thank you.

Tim Ferriss, you helped spread my message across the world as you spread your own. I can't thank you enough for that.

My literary agent, Kirsten Neuhaus—thank you for teaching me how to write a book and for holding my hand throughout this journey. I want to thank my editor, Gary Krebs, for understanding my vision and for helping me focus my material. You are truly great at what you do.

Colleen Sell, you are more than a collaborator. You went beyond the call of duty in helping produce this book. You understood the content as well as my voice. Thank you for being such an integral part of our team.

John Kimball, my father-in-law, you’ve been tough on me over the years, but through it all you have been my biggest supporter. You are my second father. I’ve enjoyed our Friday evening talks more than you will ever know. Thank you for your wisdom.

And finally, I would like to thank my father. The business principles you instilled in me are the ones I continue to live by and share with my students. These are the principles that have made me the man I am today. I’ve followed my passion, Dad. Life is too short, and I’ve been enjoying it all I can.
I remember getting the call like it was yesterday. The head of McGraw-Hill Education's San Francisco office called me and asked if I would like to write a book. He had discovered my coaching business online and thought it had a growing audience.

I can barely put two sentences together, so I was very flattered. At that point, Andrew Krauss and I had been teaching inventors how to bring their product ideas to market through licensing for more than a decade. McGraw-Hill Education wanted me to write about the 10 simple steps that were (and still are) the foundation of our yearlong program. At the time, Andrew and I scratched our heads. Were we really going to give away all of our content for the price of a hardback book?

But I remember hearing from trusted sources that if you have really great content, and you share it with the world, people will follow you. I asked Tim Ferriss, my former student and author of the bestselling book *The 4-Hour Workweek*, for his advice. His only comment was, “If you’re going to write a book, write it like it’s your last. Don’t hold anything back.” Tim, once again, I want to thank you for your spot-on advice.

I poured everything I knew into the first edition of this book, *One Simple Idea: Turn Your Dreams into a Licensing Goldmine While Letting Others Do the Work*. And, something seems to have worked. Since *One Simple Idea* was published in 2011, it has been translated into five other languages and is still a top seller on Amazon.
But what gives me the most pleasure, by far, is hearing from people who have licensed their ideas simply by reading this book. They haven’t wasted their money paying for expensive patents. Sometimes they haven’t even built prototypes. They relied on the 10 simple steps outlined in this book to get it done. They and I know this works.

Why a revised and expanded edition then?

I’m excited to report that things have changed a great deal in four years. The opportunity for creative people to profit from their ideas has never been greater, because open innovation is that much more popular. Companies all over the world are hungry for your ideas! This edition contains new details and an even greater level of specificity when it comes to licensing your ideas. I wanted to give you the latest, cutting-edge strategies that my students are using to sign licensing deals—so even more of you can license your ideas using this book as a guide. For example, it includes the new strategies my students are using to get in to potential licensees, like video sell sheets. It details how to get in by attending a trade show—cheaply. It will teach you how to work with freelancers to bring your ideas to life with 3-D computer graphics. It explains what the new patent rules mean for you, as well as how to use intellectual property strategically from a business perspective. It further lays out how to negotiate so that everyone wins. It’s never been easier to stay current, to be inspired by what other creative people are doing, and to find the right home for your idea.

I’ve never been more excited about what I do for living, and that’s due large in part to the response that One Simple Idea has received. I want to share every bit of what I know about this process so you too can sit back and enjoy getting the biggest companies in the world to work for you—instead of the other way around. I had no idea the licensing lifestyle would resonate with so many people. But then again, why wouldn’t it?
Introduction

How One Simple Idea Led to the Life of My Dreams

Hi, my name is Stephen Key, and I am a successful entrepreneur and licensing expert. I don’t have a degree in engineering, marketing, or business. I don’t own a big company, nor am I employed by a big company. Instead, companies work for me—bringing my product ideas to life while I sit back collecting royalty checks, creating new product ideas, and enjoying the life of my dreams with my beautiful wife and our three children. I wrote this book to show you how you can do the same thing and reap the same kinds of benefits.

But before I tell you how to bring your ideas to life, let me tell you a little more about me . . . because I have a feeling we’re a lot alike. From an early age, I dreamed of being an entrepreneur. But I didn’t want to go to college for four or six or more years to study how to create and manage a business. I didn’t want to run a business with a lot of employees, overhead, debt, hassles, and headaches. I didn’t want to live to work, as so many business owners and professionals do. Instead, I wanted to work to live—and to live well. More than anything, I wanted to create stuff. Have fun! See the world! Have a family! Enjoy life!

That’s exactly what I’ve been doing for more than 30 years. I just wish someone would have told me the secrets of the game—the secrets I’m going to tell you in this book—when I started out on this journey.
My first foray into entrepreneurism began when I handmade soft sculpture designs and sold them at art shows and state fairs across California. That’s when I learned my first big lesson in product design: when the rent is due and you’re hungry, if the product you’ve spent several hours making doesn’t sell, you quickly move on to something else.

Before long, I taught myself how to make patterns and began freelancing for the biggest plush animal toy companies in the world, like Dakin, Inc. Then I got my first “real job”—you know, the kind with a regular paycheck—at a start-up company called Worlds of Wonder (WOW). I figured I could work at WOW during the day and do my freelance projects at night, doubling my earnings. As it turned out, I spent far more time overseeing the manufacture of products than I did designing them. Still, as head of the design group at WOW, I was involved in the design (not the creation, but the manufacturing and design) of several hit toys, such as Teddy Ruxpin, the world’s first talking teddy bear, and Lazer Tag, the top-selling toy of 1986. But I would often look at the new product ideas that came in and think, I can do better than that!

So after two years I left WOW to start my own toy creation, design, and licensing company. For a while, to pay the rent, I continued to do freelance design work for toy manufacturers, including Disney, Applause, Dakin, and WOW, among others. Now I focus solely on creating and licensing my own ideas.

I’ve licensed more than 20 ideas for products in such diverse fields as the toy, beverage, music, novelty, and pharmaceutical industries. Celebrities Michael Jordan and Alex Trebek have served as pitchmen for two of my products. Collectively, my creations have sold more than a half billion units and generated billions of dollars of retail revenue. I have served as a consultant on the reality show “American Inventor” and been featured on the CNBC show “The Big Idea with Donny Deutsch.” I am invited to speak at U.S. Patent and Trademark Office events, Stanford University, IDEO (one of the world’s top design firms), and elsewhere, and I teach my “invent right” strategies to thousands of people.

My product ideas range from the simple to the silly to the lifesaving. In my view, good ideas are those that sell—plain and simple.
dreamed up a Valentine’s Day dart with a suction cup and a flag reading, “I’m stuck on you.” That idea brought me $10,000 in advance income with zero up-front investment. I reenvisioned the plain gray guitar pick as a blank slate for new colors and designs like skull shapes and paisley patterns, to name a few. I even made lenticular picks specifically for Taylor Swift. This simple insight upped a 25-cent purchase to a $1 purchase and has sold 20 million picks.

One of my favorite early ideas was a small basketball backboard designed to look like a basketball player with his arms outstretched. Ohio Art licensed that idea from me and sold more than one million Michael Jordan Wall Balls the first year! One of my most successful ideas is the Spinformation rotating label, which adds 75 percent more information to bottle labels. The label has sold more than 400 million units worldwide and has won more than 15 accolades, including a Gold and a Bronze at the Edison Awards. In its newest incarnation, the Spinformation label as sold by Accudial Pharmaceutical, Inc., is helping prevent the estimated 30,000 cases of medicinal over- and underdosing of children nationally.

On any given day, I’ve got six new ideas out to different companies. Like my students, I’m still creating.

I’ve had a fantastic time creating new product ideas and “renting” them to manufacturers. It’s fun. It’s exciting. I’m never bored. I never run out of ideas. I never have to worry about going to work for someone else. And I never worry about money, even though I don’t claim to be good with money in the conventional sense.

I have many friends who spend all their time trying to figure out how to increase their wealth. They’re obsessed with investing in the market and paying less in taxes. I could not care less. Money for money’s sake doesn’t interest me. When the stock market crashed, I was unaffected; I wasn’t in it. When the recession hit, it didn’t impact me. Two of my children attended the University of California, Berkeley, and my youngest graduated from the University of Oregon. I paid for all of their college educations, comfortably.

Our home in Modesto, California, though lovely, was a tract house in a nice but nondescript neighborhood. We owned it outright. Although our home was not lavish, it was by our choice, and we did
not live a “practical” lifestyle. The cars we drove, all purchased with cash, were probably too expensive. And it probably wasn’t practical for us to take the kids out of school and for me not to go into the office for a month so we could go to Africa, or for six months so we could travel the United States together.

Two years ago, my beautiful wife and I moved to Glenbrook, Nevada—the oldest settlement on Lake Tahoe. We are delighted to have made such great friends here already. Janice and I walk several miles around the neighborhood often, stopping to gaze out across the lake and take in the colorful sunsets. I, of course, can do my work anywhere. And I’m happy to report that the view from my home office has never been better!

Sometimes, I still can’t believe that I’ve been doing this for more than 30 years and making a living at it—a good living. It wasn’t easy at first. It has taken a lot of hard work, and I’ve learned a lot along the way. I have made a lot of money and lost some as well. But I’ve had a ball.

Anybody can do what I’ve done, including you. Like I said, I don’t have a background in sales or marketing or engineering. All I have are ideas. Some of my ideas are great; some are OK; some are lousy. It doesn’t matter whether your idea is big or small. It doesn’t have to change the world. It doesn’t have to be the next best thing since sliced bread. And you don’t have to quit your day job to start creating and licensing ideas. All it takes is one simple idea—and the ability to translate that idea into a product that consumers want and that a company will want to make and market for you.

I’ve been doing this for many years, and I’ve taught thousands of other people how to “invent right” too. Now, with this book, I’m sharing this amazingly simple strategy with you, so that you, too, can live the life of your dreams by creating great product ideas and licensing them to companies.
“If you can dream it, you can do it.”

—Walt Disney