



RENEGADE MILLIONAIRE IDEA OF THE MONTH: “CASH COW, LLC”

In my Wealth Coaching Group, Members Ron and Jill Wolforth come from a family in the cattle business and they personally invest in Angus cows, embryos, recipient cows that carry embryos. So, eight of us from the group put \$6,000.00 each into a pool, with them as its 9th member and manager (their share ‘free’) and sent them off to the cattle auction to buy us a cow of very good breeding. Or half of two cows. At which point we will pay to get the cow bred. But take out three, four, maybe six, even eight embryos and then we will sell some of the embryos, some we will keep and put in some low-rent recipient cows, which we will also buy. And we will sell the offspring at the auctions a year later – unless I apply myself and devise a radical new way to bypass the auction and sell the offspring directly, which I might do. In short, we’re all ranchers.

Are we nuts?

Oh, maybe. On one level, it’s a lark. An interesting, fun project. Jerry Jones is buying a 2nd home, a vacation house – from Michael Jans - so we thought, if all goes badly, we’ll have a really big barbeque at Jerry’s. If keeping the big momma cash cow proves a problem, there are 9 of us; we figure we’ll each take her for a month and just keep passing her around, like a big family used to do with ol’ gramps. I’m still the no bull guy, but now I’ve got 1/9th of a cow.

Actually, returns to investors can – and routinely do – run to 18% to 25% per year, higher after the first year, because the well-bred cash cow is already paid for. Although I think she can be amortized or depreciated or some such thing.

Anyway, it’s only six thou for some laughs. If I wind up a retired rich rancher, well, more laughs.

But here’s one of the points. There are several.

One is, you want to get to the point in life, preferably early not late, where you aren’t uptight, worried and scroogish about your money. What we in my Wealth Group know is that you can spend it; more’s coming. Not to the point of feckless idiocy

or reckless arrogance. And not without the correct attitude and business fundamentals in place. But in context, loosen up. In this Group, our time is divided into slightly uneven fourths, by the way. **We spend our time 1/4th talking about our businesses, breakthroughs, problems, opportunities, ideas and successes; 1/4th about psychology, emotional matters, in short, our thinking about money, business, ourselves, and the attraction of wealth; 1/4th about managing money, investing, giving; and 1/4th about enjoying ourselves** – at this meeting, the buying of vacation home, building new dream home, which cruises to take. This meeting was a Trump Plaza in Atlantic City – which, pardon the pun, ain't the Taj Mahal – but we went to visit sites seen in 'The Apprentice'. We had good working lunches, a truly fabulous dinner in Robertos, watched (and wagered on) the premiere of 'The Apprentice'. Exchanged information I think useful to all; it appeared to me each person got some specific advice from others, some ah-ha's, as did I. Time and money well invested. And now 9 of us are ranchers. I believe this will be my new answer when people ask what I do. I'm a rancher. Anyway, life's for living. Follow our evolved model: somehow, somewhere, get into association with other people who are of like mind, ambition, and can assist you in improving life and lifestyle, and for whom you can do the same – and winnow away associations that fail to fit such criteria. As I point out in THE RENEGADE MILLIONAIRE SYSTEM, "association" has consequences and is largely within your own control. And whatever you do, don't go through life a penny-agonizer, a cheapskate. Invest, give, spend, enjoy.

Second point: there are lots and lots and lots and lots of really good investment opportunities out there for people with cash, willingness to learn, and just a little time. All kidding aside, a lot of people do very, very well investing in Angus cattle breeding. Then there are tree futures. Two of my VIP Members know about this. Two of the Wealth members are very active real estate investors, in two very different kinds of real estate. A group of us may be land developers yet this year. For pure income stream at, now, 12% to 16%, can't beat real estate backed private mortgages. As I told several of this group over lunch, this was a new mindset and skillset I acquired later in life than I wish I had: making my money make money for me. I started broke and, even producing good income, stayed broke with nothing invested for too many years. I focused on work. Then for about a decade, I got so good at several kinds of work and so good at promoting myself, I was able to derive such high pay for the work, I stopped being broke and got cash rich, and there's a lot of good things about being cash rich. I'd rather be cash rich than one of the braggart paper millionaires who's MasterCard can't take a \$100.00 monthly continuity charge (I know several). However, it's only in the past ten years I've incorporated strategies for money working for me. Now I'm nearly to the point of money working for me instead of me working for it, a 100% switcheroo. Could have been sooner. My advice is: insist on this, and discipline yourself to learn what you need to know. **Depending on where you are on the work/money continuum, and where you want to go, and how quickly you want to move, you have to allocate the time and money you invest in self-education between the first three of the four categories I mentioned, that we work on in my Wealth Group. And most entrepreneurs err in putting too much weight on the first, too little on the second and way, way, way too little on the third.**

Third point: you need a real cash cow. I have two kinds of rich clients, group members and friends. A small number are business traditionalists, in the sense that the vast majority of their wealth has grown and is growing hostage to and captive in their businesses, with what little there is outside the businesses, also captive in the homes they live in, cars they drive, restricted access pension plans they own. They hope to get it one big, fat payday when they sell their companies. While I occasionally have twinges of envy toward the guy with his name on the big building or the chain of 100 stores or offices, it quickly passes. I have cheerfully, deliberately traded away equity build-up for cash now, and most of the second type of my rich friends, especially those I'd class as renegade millionaires, have done the same – and it is my observation **they are happier.** Less stressed over economic ups, downs. Live better. Better, more opportunistic investors. Striking a far, far better balance with the four categories named above. As a matter of fact, one client has spent decades building a respectable, very valuable, traditional bricks and mortar business in which quite a bit of wealth is hostage. In the past four (short) years, he's created "my kind of business", a high margin, low overhead, zero inventory, fluid, flexible, marketing business which already provides more money taken out each year than the old business can. He is much, much happier with the new one, eager to sell the old one. I'd urge carefully looking at each Renegade Millionaire Strategy separately and in combo, to convert your present business to a cash cow. A key Renegade Millionaire idea is that a business is a thing to take money out of.

As an aside, when the inevitable crash and troubled economic times come, cash will be king.

And it turns out, you can even, to some degree, have your cake and eat it to; create value and equity in a cash cow while still taking a lot of cash out.

In the cattle breeding business, they do this. Now we do this. The old model: take well bred cow, have her impregnated by well bred bull, wait ten months, get one new calf, sell calf, do it again. Equity in breeding cow diminishes over years, incidentally. New model: get three, four, five, eight embryos per year from same cow. Keep one or two that become additional breeding cows. Sell others. Create equity via ever growing herd. Take cash out via selling embryos, or embryos carried to term by other, low value cows in which embryos are inserted. Do both. Do it all. Own a cash cow. Build up saleable equity. Reverse diminishing value to increasing value.

Same with any business. In the info-business, at the solo entrepreneurial level, where it's rarely done, I found ways to create equity and sell it for the fat payday but still take lots of cash out as I went, and even to keep getting cash out from profits after I no longer owned it. Twice. I also found ways to cut myself up and sell off pieces, making the parts worth more than the whole. Imagine if I could produce embryos, too. Regardless of your present business, you should be able to twist it up like pretzel, make it into something different, wind up with a more fertile and productive cash cow, and still build value.

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Just FYI: our group of ranchers includes myself, Ron & Jill Wolforh, Steve and Maureen Swanson, Michael Walters, Brent Enders, Jerry Jones, Bob Higgins, Michael and _____ Jans, and Elizabeth Moreland and Jim Ekman. Sadly, we must operate the business under a DBA, as Ron and Jill worry the name 'Cash Cow LLC' may offend the delicate sensibilities of the veteran breeders and ranchers at the auctions. I will find a way to test their sense of humor later.

PS: I actually got a brand new business card made, that says; DAN KENNEDY. RANCHER. There is another reason beyond this one, which you might "get" immediately if you've been paying attention everything I've been teaching in recent years. If not, and you get and study my RENEGADE MILLIONAIRE SYSTEM, I discuss it there. It relates to a principal strategy we Renegade Millionaires use, that reflects a very different view of "sales" and "customers." And **it is the difference between making a high income vs. creating wealth.** If you do not yet own THE RENEGADE MILLIONAIRE SYSTEM, then I can promise, a full understanding of this one idea alone is well worth the entire investment required. However, a very abbreviated and succinct summary of the idea can also be found in my NO B.S. BUSINESS SUCCESS BOOK. As a side note, this article was posted in October 2004. Soon, invitations for the 2005 Renegade Millionaire retreat & Boot Camp will be issued. This Retreat will occur only one time during 05, and only Renegade Millionaire System Owners may attend and participate. You will need to own a System and be its registered owner in order to be eligible to attend.

PPS: Now that I think about it, what conceivable reason could you have for not owning and using my Renegade Millionaire System?

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7 Carpenter Road

Lynnfield Massachusetts 01940