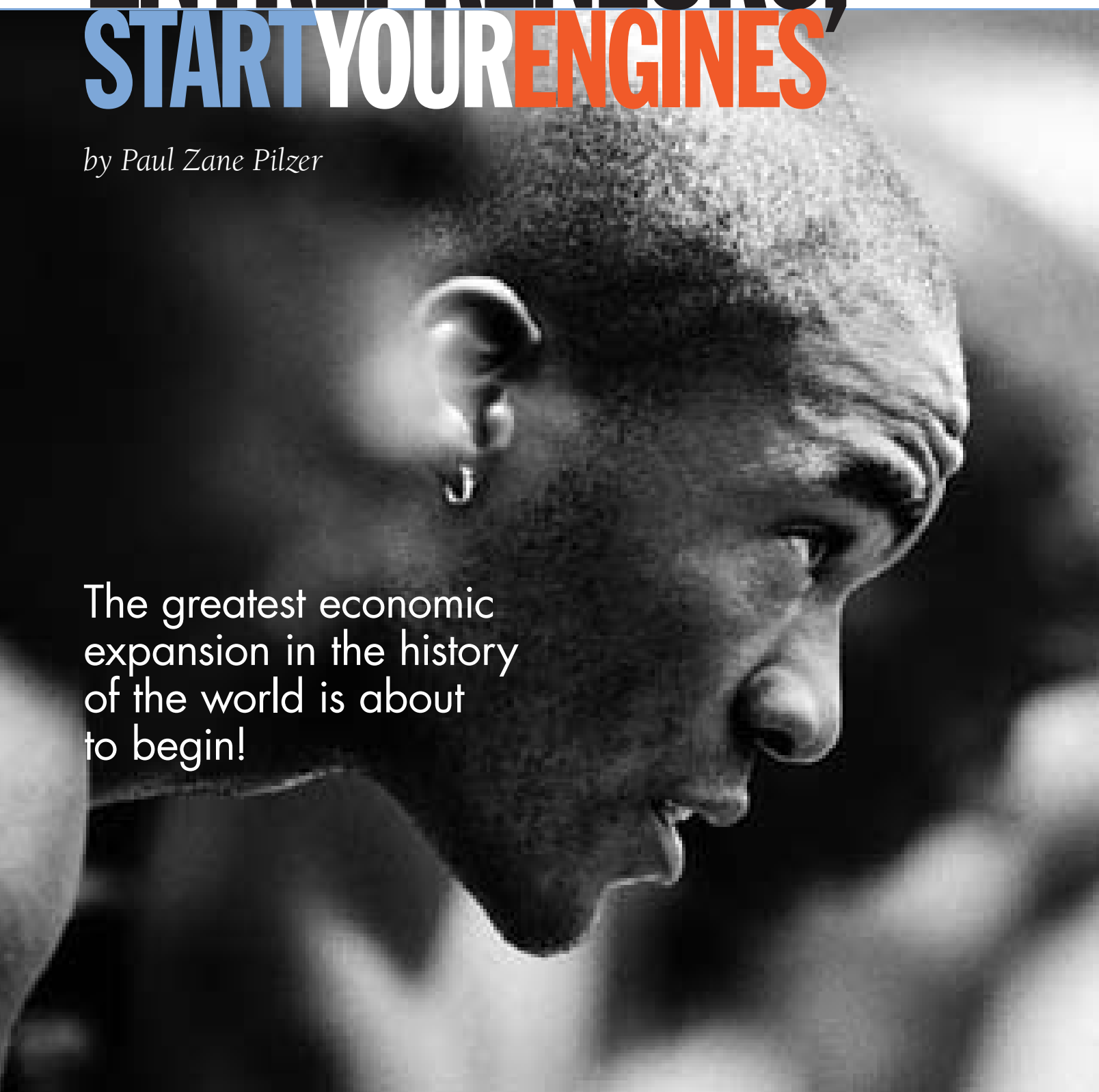


ENTREPRENEURS, START YOUR ENGINES

by Paul Zane Pilzer

The greatest economic expansion in the history of the world is about to begin!





Let's begin by looking at the last decade. Much of the innovation that defined the American experience in our first two centuries stagnated during the past 10 years. But this innovation stagnation has created the greatest opportunity we've ever seen for people wishing to start a new business. Provided, of course, that their product or service either improves the life of their customer or provides something their customer is already using but at a lower price.

In the 20th century, America grew to become the world's greatest economy because of entrepreneurial innovations. From Henry Ford (cars) to Abraham Levitt (homes) to Steve Jobs (iPods, iPhones), entrepreneurs created new products and services so compelling that consumers *had* to have them. Americans wanted to work harder than ever to purchase items that hadn't even existed when they were born. Moreover, each of these new products or services created entire industries of support products, such as gas stations, restaurants, furnishings, cell phones, etc.

However, for entrepreneurs today, the last decade of innovation stagnation has created the greatest economic opportunity in history because there are so many ready-to-be-implemented advances in virtually every sector of our economy. The greatest personal fortunes of 2020 are about to be created by entrepreneurs who either lower the

price of existing products or introduce new products and services to our economy.

From Wall Street to Main Street

Many people blame today's financial crisis on Wall Street. However, once the crisis had begun, the crash on Main Street was caused by consumers realizing the emperor had no clothes—that many of the products and services they were buying were simply not worth their cost.

The same house that sold for \$250,000 in 1999, which was nine years older in 2008, was not worth \$450,000 in 2008—even though many homebuyers were willing to pay that much for it, due to easy credit and a fear that prices would keep rising. A new car with the same features as last year's model did not justify an annual price increase, especially in the summer of 2008, when gasoline reached \$5 per gallon and consumers wanted more fuel-efficient vehicles. And no mass-produced handbag was really worth \$10,000 or more.

When consumers rebelled in 2008 against paying more for the same or less, businesses were forced to cut their costs. Employers worldwide laid off millions of employees and blamed it on the recession.

When we look closer at what happened in 2008, with the benefit of 20/20 hindsight, we see the decline in consumer purchasing and the resultant unemployment were not caused by a traditional economic slowdown. They were both caused by the inability of many businesses from 1999 to 2008 to keep up with their customers in an expanding economy by providing new or improved products and services. This caused consumers from 1999 to 2008 to spend money on the same products and services, bidding up the prices among themselves beyond their true value, rather than spending money on things like wellness, better cars or better housing that would improve their lives.

More significantly, this failure by many businesses to keep up with their customers' needs created an unprecedented opportunity today for entrepreneurs and intrapreneurs (those who use entrepreneurial skills within an existing organization) to start new businesses that provide real value-added products and services to consumers and businesses. There was already a backlog of what I term Ready-to-be-Implemented Technological advances (RITs) before the great crash of 2008, and the need to implement them and retool our economy is now greater than ever.

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What Happened from 1999 to 2008

Between 1999 and 2008, U.S. economic output, as measured by gross domestic product, increased by a whopping 65 percent, from \$8.7 trillion to \$14.3 trillion.

Meanwhile, the U.S. population during this same period increased by only 10 percent, from 273 million to 303 million. This resulted in an enormous increase in consumer disposable income from wages and increasing investment income.

Traditionally, when economic output increases faster than population, consumer lifestyle improves. Consumers purchase more and better automobiles, new electronics like cell phones and personal computers, and larger and better homes. But with the exception of a few bright spots, such as the more than \$500 billion wellness industry, consumer lifestyle did not improve much in the decade before the great crash of 2008.

The average and median price of a single-family home rose from \$180,000 in 1999 to \$300,000 in 2008—for essentially the same house except it was nine years older with an outdated kitchen. The average home size increased steadily from 1,200 square feet in 1960 to 2,300 square feet in 2001. Each year, houses included more useful features, such as built-in air conditioning or better insulation, but size and quality stagnated from 2001 to 2008 when only the price increased.

The average price of a new automobile in the United States rose 40 percent, from about \$20,000 in 1999 to \$28,000 in 2008, without any significant increase in quality, performance or features. In the all-important area of fuel efficiency, performance actually declined from 17 to 16 miles per gallon in these years, after having increased consistently every year before 1998 from 12 mpg in 1975 to 17 mpg in 1997.

I vividly remember each new automobile my father bought in the 1960s and why it was superior to the car it replaced. Air conditioning, automatic transmission, power windows, seat belts—the list goes on and on for the compelling new features that came out with each model year. Or, if you didn't purchase a

Paul Zane Pilzer's Timeless Advice 10 Things Aspiring Entrepreneurs Should Do

LOOK FOR PROBLEMS. “Just pick up any newspaper or watch any news program and you will see how many problems need to be solved. Finding problems to solve are the business opportunities for entrepreneurs. Our past and future success lies in human ingenuity.”

BECOME A LEADER IN YOUR FIELD. “Accumulate knowledge. Pick an industry, focus on it and master it.”

BUILD YOUR NETWORK. “Become recognized in your industry as someone who is good at what they do. Build a solid reputation for expertise.”

SCHEDULE YOUR TIME. “Don't waste your 168 hours in a week, schedule them. I schedule my time intensely.”

NOTICE WHAT COULD BE IMPROVED. “Businesses become rich because they find a way to serve others better.”

STAY WIDE OPEN IN YOUR THINKING. “When you're 18, your world is wide open. But as each year passes, one more nail goes into the coffin, killing your dreams and inspirations. And by the time you reach 25, you've been beaten down and become a realist. And my advice is you can't let these things get you down.”

HONE YOUR ENTREPRENEURIAL INSTINCTS TO MAKE THE WORLD BETTER. “We have to take responsibility for making the world a better place, and when we do, we'll create our own opportunities. All my businesses started the same way: I got rich by improving the world and making a lot of people happier in the process.”

DEAL WITH THE SLAPS. “Rebel against rejection. You can go out into the world and do anything you want.”

EXHAUST YOUR EXISTING SKILLS. “Utilize all of your existing skills—what you know and who you know.”

COMMUNICATE WELL. “Becoming a successful entrepreneur starts with accumulating knowledge about many topics. First you have to work on your generic skills: reading, writing and basic math. If you cannot communicate effectively with people, you are in trouble.”

new car for a new feature, you purchased a new car because it cost less—it actually saved you money over the cost of maintaining your existing vehicle.

Today, there hasn't been a new feature introduced in years that makes a compelling reason to purchase a new car. Detroit killed its own business by failing to make cars that consumers wanted for either utility or economic reasons. For example, if Detroit had offered a 100-mpg car in the summer of 2008 when gas hit \$5 a gallon, there may never have been a crash, due to tens of millions of consumers trading in their cars for more environmentally friendly and fuel-efficient models.

As we assimilate the events that led to the great crash of 2008, as well as where we are now, it's clear there is no better time to step up and be the entrepreneur or intrapreneur who has enough vision and courage to give consumers what they really want: innovation. How do you do this? Consider these strategies:

Master your industry. Learn as much as you can about your industry. As you learn more, your functional skills will improve and you will build a network, adding value to your new idea.

Fix the world. Notice the problems your customers have and fix them in a new way or in a less expensive way than your competitors.

Focus on the solution. Instead of focusing on the struggling economy, focus on ingenuity. How can you separate yourself from the crowd?

Hold on to your dream. Don't let past failures or dire economic forecasts make you a pessimist. Keep your youthful dreams alive and create your own opportunities. **S**



Paul Zane Pilzer (www.paul-zanepilzer.com) has served as an economic advisor to two presidents and is the best-selling author of many books, including *Unlimited Wealth*, *The Wellness Revolution* and *The Next Millionaires*. Pilzer has started several entrepreneurial companies, becoming a millionaire before age 26. His new audio program, *The Entrepreneurial Challenge*, offers a template to find your entrepreneurial destiny and 10 business plans to help you succeed in today's market.

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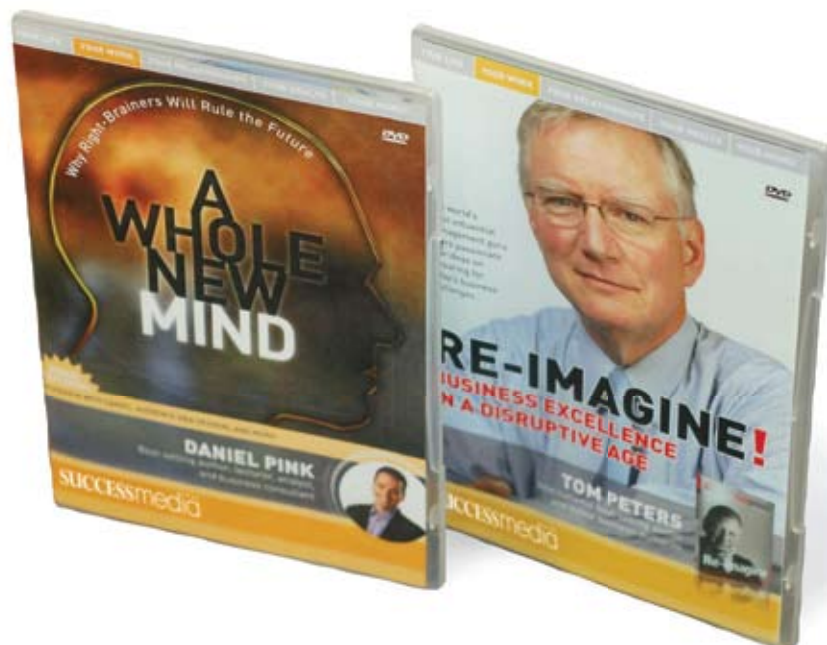
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