



THE 'IDEAL' BUSINESS

(The Dow Theory - R Russell)

Now, obviously, the 'ideal' business doesn't exist and probably never will. But if you're about to start a business or join someone else's business or if you want to buy a business, the following list should help you. The more of these criteria that you can apply to your new business or new job, the better off you'll be.

- (1) The ideal business sells the world, rather than a single neighborhood or even a single city or state. In other words, it has an unlimited global market (and today this is more important than ever, since world markets have now opened up to an extent unparalleled in my lifetime). By the way, how many times have you seen a retail store that has been doing well for years -- then another bigger and better retail store moves nearby, and it's kaput for the first store.
- (2) The ideal business offers a product which enjoys an "inelastic" demand. Inelastic refers to a product that people need or desire -- almost regardless of price. Many special drugs fit this description.
- (3) The ideal business sells a product which cannot be easily substituted or copied. This means that the product is an original or at least it's something that cannot be copyrighted or patented.
- (4) The ideal business has minimal labour requirements (the fewer personnel, the better). Today's example of this is the much-talked about "virtual corporation." The virtual corporation may consist of an office with three employees, where literally all manufacturing and services are farmed out to other companies.
- (5) The ideal business enjoys low overhead. It does not need an expensive location; it does not need large amounts of electricity, advertising, legal advice, high-priced employees, large inventory, etc.
- (6) The ideal business does not require big cash outlays or major investments in equipment. In other words, it does not tie up your capital (incidentally, one of the major reasons for new-business failure is under-capitalization).
- (7) The ideal business enjoys cash billings. In other words, it does not tie up your capital with lengthy or complex credit terms.
- (8) The ideal business is relatively free of all kinds of government and industry regulations and strictures (and if you're now in your own business, you most definitely know what I mean with this one).



- (9) The ideal business is portable or easily moveable. This means that you can take your business (and yourself) anywhere you want -- Nevada, Florida, Texas, Washington, South Dakota (none have state income taxes) or hey, maybe even Monte Carlo or Switzerland or the south of France.

- (10) Here's a crucial one that's often overlooked; the ideal business satisfies your intellectual (and often emotional) needs. There's nothing like being fascinated with what you're doing. When that happens, you're not working, you're having fun.

- (11) The ideal business leaves you with free time. In other words, it doesn't require your labour and attention 12, 16 or 18 hours a day (my lawyer wife, who leaves the house at 6:30 AM and comes home at 6:30 PM and often later, has been well aware of this one).

- (12) Super-important; the ideal business is one in which your income is not limited by your personal output (lawyers and doctors have this problem). No, in the ideal business you can sell 10,000 customers as easily as you sell one (publishing is an example).

That's it. If you use this list it may help you cut through a lot of nonsense and hypocrisy and wishes and dreams regarding what you are looking for in life and in your work. None of us own or work at the ideal business. But it's helpful knowing what you're looking for and dealing with. As a buddy of mine once put it, "I can't lay an egg and I can't cook, but I know what a great omelet looks like and tastes like."