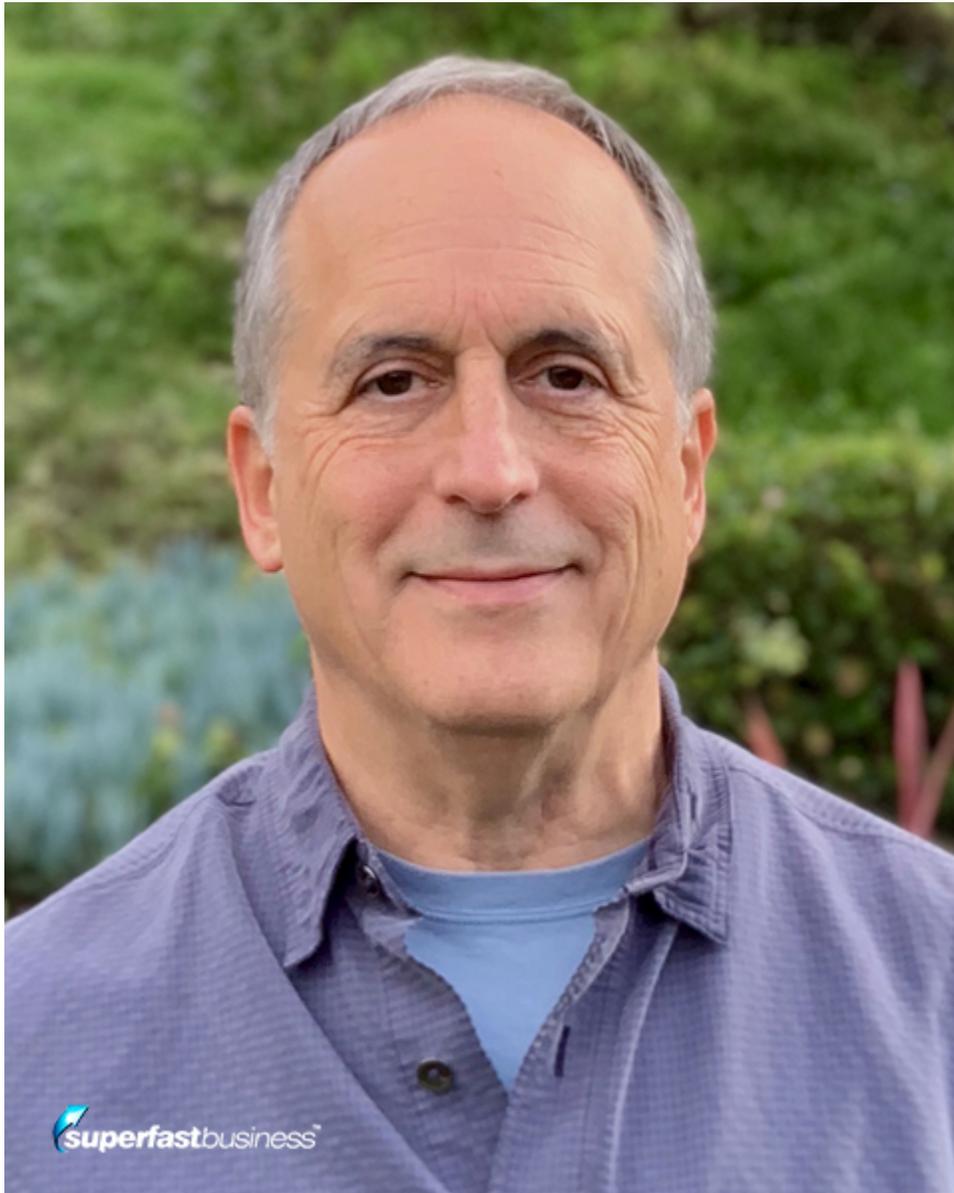




Licensing For Profit With Bob Serling



How do you profit from pre-existing assets with little or no outlay? Licensing expert Bob Serling discusses several of his most effective practices.



Bob Serling

James: James Schramko here. Welcome back to SuperFastBusiness.com. This is Episode 690. And I'm speaking with Bob Serling. Welcome, Bob.

Bob: Well, thank you, James. Thanks for having me.

James: It's an absolute pleasure. I've caught up with you a few times before, I think I was a guest on your show. And we caught up in San Diego a few years back. But I saw you in San Diego a long time ago, actually, I think it was probably about 10 years ago. And you were speaking on the topic of licensing at a Frank Kern event. And then I didn't hear from you for a while. But you have this business called Profit Alchemy; you have a huge amount of success in the marketing community; you are a columnist for Success Magazine; you like inventing, as well. So you've got a very creative mind. I'd love to know, how did this come to be? How did you find yourself in a field where you're pioneering licensing, invention, and interested in making profit for businesses?

Bob: Well, you know, I was always afraid somebody would try to force me to take a job. So I kept jumping around to different topics so no one could ever catch me and make me work for someone else. You know, I think for all entrepreneurs, we're idea people. And that's both a plus and a minus. It's great because we have a lot of ideas, but it can also be a minus, because so many ideas can be distracting. So I tried to channel my energy into a path where my ideas were working in related ways. You know, so I could move around to different things, because I liked that, but also that I could stay focused at the same time.

James: So you're a classic business inventor.

Bob: Yeah, pretty much. That's right.

James: I remember when I found you in San Diego. I was very keen to talk to you about [revenue share models](#), because that's something I was getting back into myself, having studied some [Jay Abraham](#) material, and gone through a dozen or so contracts from other people. And I wanted to ask the great Bob Serling what sort of tips you had for me. And it was good to talk about more creative business solutions than your standard sort of retainer model, or half-owner type thing. 50/50 deals, I call them. There's plenty of those sort of arrangements.

Just what is licensing?

But you've managed to work in a different realm, and that's where you're licensing. And licensing is a general term, so I think we should start off with talking about, what is licensing? How does it differ from regular sort of business models that we've seen?

Bob: Okay, that's a great question. So it's always great to kind of define that, because it sounds mysterious to people. But licensing really is just using assets in a temporary arrangement, while paying little or nothing to use them. And those assets can be yours, or they could be the assets of other companies. And what I'm kind of known for is using assets in what's called a toll gate arrangement, where you're essentially a connector or a middleman, and you're putting one asset that one company has together with a need that another company has, and kind of collecting a fee for being that connector, but also guiding them through the process. So that's kind of a quick overview of what licensing is the way I use it.

Paying for Pokemon

James: So a quick example – are you talking about, if I bought some Pokemon bedsheets, for example, there's probably a license involved there somewhere?

Bob: Yeah, that's definitely a license. The bedsheet company has a license with the Pokemon Company. So let's say Pokemon, you're talking about, you're probably looking at a minimum of \$5 million for that license, right? So if you want to buy some Pokemon sheets, or pajamas, which I know is what you really want, James...

James: Everyone knows I don't wear pajamas.

Bob: You know, you can't just go to whoever it is, you know, whatever big movie studio owns Pokemon, and say, hey, do you mind if I use this? Because they're going to say, Oh, sure, you can, but it's five million bucks. So you're going to buy it through the company that's created that license. Now that sounds like a funny example, but we actually had a case here in California where Disney sued a very small daycare center for putting images of Mickey and Minnie Mouse on their fence. So companies take their licenses very seriously. But that's an example of like, big corporate licensing. And the way we do it is similar, but it's a little more friendly. And when you do it creatively, you're not paying any fee to use those things the way you do when you're doing corporate licensing.

James: Right, so we're going to zoom back down to our level of business in a moment. But with that particular license, so someone wants to put Pokemon characters on the bedsheets, they might find out who has the license to recreate Pokemon images and they might pay them a fee so they can, like, sublet the license down into small categories, maybe.

Licensing events and techniques

Bob: Yeah. Or you know, another example that I'll give you, one that's going on currently, and people are probably pretty aware of, is people know what Traffic and Conversion is, the big convention that's typically here in San Diego. Well, now Digital Marketer has entered into a licensing arrangement with another big events company, and they're going to do a Traffic and Conversion in New York, one in Amsterdam, one, I believe in China, and two or three other countries. And that's all being done. So they're licensing the Traffic and Conversion brand to this convention presentation company. And that's probably a better example that people can relate to.

James: Let's maybe even break it down even more. Let's say I am a well-established author, I've got a course, and it teaches a certain technique. And then there's another business out there who has a course, and they say, oh, one or two of the modules from your course might be quite useful for their students. And they say, could we have access to some of your course? How would you approach that from a licensing perspective?

Bob: It can be done, and that's a perfect example. And that can be done a couple of different ways. So let's say it's just between that expert and the company that wants to license them. Right?

James: Yeah.

Bob: Well, the expert can say, Well, here's the thing. One way to license it is say, Well, I will train you in my entire approach, and certify you. And you can then use my approach and the certification. And you have to pay me X amount as a training fee, and then an ongoing royalty of X amount every year. And if you don't make that royalty payment, then your license expires. That's a simple way.

The private labeling approach

The other way is that you can actually do what's called private labeling, or white labeling. So years ago, I had a program that was called The Information Products Master Course. And it taught businesses how to create information products, and sell them in addition to whatever services they had. Well, I private labeled that to, I think, eight different people. And I remember one that sold very well was to a company that was doing software training for Apple. And so they renamed it The Information Products Master Course for Software Developers, right? And they took all of my material, and they had permission to replace my examples with examples, in the software development industry. So that was a private label. And then I did that same private label with somebody in the consulting industry, someone in human resources, and there were three or four others. So those are a couple of examples of how you can take your intellectual property and license it.

James: Right. In a way, my [revenue share deals](#) are a non-exclusive license to utilize my intellectual property and processes to help them grow their business, so a simple one. You mentioned that can be on both sides, too. So we might be the person who's the expert, who wants to have other people pay a license fee to use our stuff, whether it's through certification or a private label arrangement. Or we might be the person who wants the intellectual property. We want to inject a new way of doing things into our business, and we want to pay someone to use their stuff.

Bob: Exactly.

James: I remember in [a previous episode I had with Jay Abraham](#), he had a great technique, often with revenue share deals, if the company wouldn't pay him a percentage of the upside for him to come and help them, then he would turn around and offer them a licensing agreement to just license their property or their product or their intellectual ideas. And then he could sell it for as much as he wanted, and then pay them a percentage of the revenue, if he thought he could do a better job of marketing it or he needed control. So you can play both sides of that.

Bob: Exactly.

The really cool middleman model

James: The really cool one, you said, is the middleman model, the toll gate arrangement, and that's where you might not be the expert, and you might not need the expertise. What you do then is you're a matchmaker or broker identifying a problem in the market and then going out and solving it and then matchmaking it so that you can take a piece of the action, right?

Bob: Exactly. And I do that for my clients all the time. Because they'll come to me and say, well, gee, you know, I'm thinking of testing... So I've got a client in the health industry. Let's say they do men's health products and supplements. What we're thinking of testing, a female health supplement. Let's say it's a multivitamin that has certain, I don't know, enzymes, or whatever that others don't. Well, rather than having to go out and formulate it, and pay all the money to have that formulated themselves, they'll say to me, Do you know anybody in that industry? and I'll say, Sure, because some I do. But I also know enough people where I can lock in somebody very quickly. Then I act as the intermediary or that toll gate, and I put the two sides together. I help them come up with an arrangement that's agreeable to everyone. And that's important, because a lot of times, when two companies approach each other, it can get adversarial. Both sides are afraid that they're going to get screwed. But if there's a middleman like me, and I've done this, and I'm soothing them and letting them know that I'm not going to set up a bad deal for anybody, because for one thing, my fee is paid out of the profits they generate, and if it's a bad deal, I'm not going to make anything and they're not going to be happy, and they're not going to continue. So as a broker, you provide a very valuable service – number one, in finding a product or service that somebody doesn't know about, and helping them research it, and number two, in actually putting the deal together, in a way where they don't end up hating each other. Because so many deals get blown in the very beginning, because each side is suspicious.

When you're asked to sign an NDA

James: There's a lot of that. I was going to ask you sensitivities around it, because as someone who has an audience now, you and me, I bet you get approached all the time, people saying, oh, Bob, I've got this amazing idea, you know, I want you to sign an NDA, and then I can tell you what it is. This happens a lot when people realize you can be a good connector, you've got reach. How do you do that little dance with people in the beginning, where they're trying to tell you about it, but not let you go away and steal the big idea? Like, in my case, I tell them, I got plenty on my plate. I don't need to steal their ideas.

Bob: I'd just sign the NDA.

James: And often when the NDA comes along, the idea is just so pedestrian, like it's already been done 25 times before, or it's so wildly unlikely that it's not something I'd be interested in anyway.

Bob: You and I and anyone with any expertise can tell that in 30 seconds, or let's say five minutes. So for example, I had a guy, he had invented what he thought was a new device for people who have foot and ankle problems and can't walk properly. And this helped to walk properly. And he has that problem. And he was certain that it was ingenious and they were going to make a million dollars a day, and all this. And of course he wouldn't tell me what it was. I said, Well send me your NDA, I'll be happy to sign it. He sent me his NDA. I did a little research in a technical database that I know about from my inventing experience that most people don't know about, found another device exactly like it, cheaper to manufacture, sent him back that link, said, I'd advise you not to do it because this other thing exists that's preferable to your design. They thanked me, they were happy.

So I do, at times, I charge to evaluate an idea. I don't charge that much. I think I charge about \$250 because that kind of fleshes out who's serious and who isn't. But it's easy to tell. But my advice is to always sign the NDA. It can't hurt you, it can't harm you. It can actually protect you to say, Hey, I signed it. Here it is. Here's the material I sent them. Now, we had another product in development that was similar, but here's the records of that product being developed earlier. So it can't do anything but protect you. Plus, you know, people ask you to sign an NDA because they're inexperienced, and they don't know you and they're frightened. I'm happy to just soothe their fears, do it, and move on. And sometimes some really good ideas come along, because you did take the time to sign it.

James: Yeah. Well, I was more addressing the concern they have about whether they could share it or not. I don't have an issue with an NDA. But more often than not, people's ideas are not that useful. It's amazing how deluded we can get about the opportunity in something. As entrepreneurs, we see the opportunity in everything. But I'm sure occasionally something comes along that's earth shattering, like your Ubers or, you know, a transformational concept.

Structuring a deal as a broker

I'm wondering how you structure the deal when you are the middleman? Who's paying what, and how did you still make it work for you? You said you get paid a percentage of the upside profit from the deal?



"THERE ALWAYS HAS TO BE
SOME CASH INVOLVED.
BECAUSE IF NOT, YOUR PROJECT
IS MORE IMPORTANT TO YOU
THAN IT IS TO THE PERSON
YOU'RE WORKING FOR."

Bob Serling

Bob: Yeah. There's different ways to do it. You can structure it as a retainer and a share of profits. There always has to be some cash involved. Because if not, your project is more important to you than it is to the person you're working for. So they have to have some cash invested, some skin in the game, or the project's always going to get low priority. So I like to do it as, basically, my method is that I figure out approximately what I think it would be worth over a year. I get that when I speak with the prospect. I say, "Okay, so what do you hope to do with this?"

"Well, we'd like to sell \$2 million worth a year."

"Great. What's your profit margin?"

"Oh, about 30 percent."

"Okay, so then we're looking at about \$600,000. Right?"

"Right."

So I let them define it. Because anytime you come in and bring a number, you're going to be wrong. So you're either going to be low, and sound like you don't know what you're doing, or you're going to be high and sound like you're trying to take advantage of them. So the very first thing and the most critical thing is to let that person define the value. So if my share of \$600,000 at 20 percent would be \$120,000, I'll ask for five to 10 percent of that as the retainer, right? Just enough. I mean, \$5000 is enough to keep somebody in the game. The rest of it is then based on 20 percent of the profits we generate. So that's how I do it.

There's a third way where you can balance cash, a commission and equity. But that's really complicated. And that takes attorneys, and I think it's way beyond the scope of today's talk.

James: Yeah, anytime equity and ownership comes into it, that gets really quite muddy, which is why I've really liked simple agreements that can usually fit on just a couple of pages. They're very clear and simple.

With the retainer, is that considered in advance? Or is it in addition to the percentage of the profit?

Bob: It can be either. Some people do it as a lock-down advance. I do it as an advance against commissions.

James: Yeah.

Bob: Because therefore, I have more incentive to really work hard. I tell the client, that gives me more incentive to make sure I keep that and they get great results. And if you think the total fee is going to be \$120,000, and the retainer is \$5000, I'm not going to nickel or dime over keeping that \$5000 when the \$120,000 is the real prize.

When things get derailed

James: What happens if they flop? Something happens and the whole thing's derailed? Do you give it back?

Bob: No.

James: Okay.

Bob: It depends. It depends on the stage where it's derailed. But if they come back to me, if they're dragging their feet, and they're dragging their feet, and say, you know, this other thing came up, and it's really great, and we want to do that, and I say, Great. Let's do this. Let's put your project on hold for now. When you're ready, come back to me, and we'll start again. But I do not refund the retainer at that point. If we were three months down the line, and we tested two or three campaigns and it didn't work, then certainly I would. But I've never had that happen. I've never had to make that refund.

Whose agreement?

James: And do you use your agreement? Or their agreement?

Bob: Depends. It depends on the size of the company. Smaller companies, 5 million and under, we're almost always going to use my agreement. Companies above that size, they have big legal teams, and they want to justify what they pay their attorneys. So we use their agreement. But agreements are essentially the same.

James: Right. Well, I've seen people try and twist and contort the agreements when the lawyers get a little bit excited and want to transfer all the risk to you, and have none themselves. So often a deal can look great until the lawyers get involved. And then they want to sort of turn it a bit and you have to be pretty strong in what you're prepared to have happen or not. But usually it's your own lawyers' cost, right?

Bob: Yeah. You know, James, the thing with that is, so if the company wants to do the deal, they like what you have. So if their attorneys start messing it up, I just say, you know, I just think it's getting a little too complicated, a little too one-sided. So, you know, I appreciate your effort, but I think we should really consider just kind of backing off and not doing this. And then all of a sudden, they start to get very friendly again.

James: Yeah, that's right. I've said once, Look, I think your lawyer's trying to do you out of this deal, because it's not going to happen the way they want.

Treating your suppliers right

Bob: Yeah, yeah. You know, it's funny. I was talking with Roland Frasier the other day, and he was talking about a deal they were doing. And the company kept trying to talk down, to cut down their percentage of profit share. And so one of the people on Roland's side said, "Well, wait a minute, if I understand it right, you're trying to convince me to pay less attention to your deal? Because you want to pay me less than our standard fee. So if I'm getting less, I'm going to pay a lot more attention to our other clients for paying our standard fee. Is that how you want to structure the deal?" And of course, that put an end to it, and they paid the standard fee.

James: Yeah, I mean, it's hard to imagine some people don't even realize that. When they nickel and dime suppliers, they're really trying to put themselves at the end of the queue and make themselves last on that supplier's Christmas card list and who they want to work for.

Bob: Yeah, very much so.

James: You know, John Reese talked about overpaying suppliers and paying them early, a long time ago. And it definitely can come into your favor if you ever want to do business again. It's okay to pay well.

Bob: I agree with you 100 percent. And I know people who swear they never do anything but pay 60 days late. But I have had my same virtual assistant for 15 years, my same webmaster for 17 years, because I always pay everybody on time or early. I don't believe in it; I personally, I just don't believe that it's the human thing to do.

James: Yeah, it's just not nice.

Bob: It isn't. And it's a horrible way to run your business, and it seeps into your life if you think that way. And also, it just keeps people happy. And I want good people staying happy and staying working with me.

The major importance of a win-win approach

James: So it sounds like you have a generous approach when it comes to deals. You're happy for everyone to win and you're putting yourself on the same side of the table rather than trying to gouge a deal and make it all work really well for you or one party, and someone else has to lose for the other person to win type thing, which is, you see a bit of that attitude out there in the market sometimes.

Bob: Yeah, there is some of that. And that comes back to what we talked about a minute ago, why it can be so lucrative to broker these type of deals, even though we're not talking a lot about brokering today. But as that intermediary, you act as kind of the escrow account, you know, where things are held safely. And not necessarily money, but each person's concerns are guarded safely by you as the intermediary. And it's really important. That's an important part about getting the deals done, because each side knows you, and they know they can trust you. But they don't necessarily know they can trust the other party. So you bring that trust to the deal. And that's a big part of it.

James: So tell me how that works – does one party pay the other party? Or do they pay through you in escrow, in the true sense of it?

Bob: You know, no. I never want to hold the money. Because again, I don't want to be accused of any financial malfeasance. So it depends on the deal. But in a simple deal, let's go back to that, say an expert has some intellectual property that another expert wants to license either part of it or all of it. Well, the person licensing it is going to pay the expert. And whatever fee they pay them, usually that's done as a fee plus commission. Twenty percent of that is going to go to me, and then the remaining 80 percent, they'll split 50/50. But it'll always be paid by the licensee.

James: Right. So they're actually splitting it up at the start. They're not paying 100 percent and then reimbursing you.

Bob: Right. That's correct.

How deals come unstuck

James: Interesting. And where have you seen these deals come unstuck?

Bob: The way they become unstuck, the most typical way, is that over a period of time, the two parties will say, “Well Bob, why are we continuing to pay you this fee, when you just set this up once and this is running smoothly? We’re losing money every month.” That usually happens after about a year to 18 months. And then I negotiate a buyout. Right?

I say, “You know, you’re right. If you need more help, you can get it. That’ll be another project, and we can talk finances then. But if you’re just going to continue with this one license, and you want to go your own way with it, you guys trust each other now, that’s fine with me. Let’s negotiate a buyout.”

And I usually take, for my buyout terms, in general, it’s going to be how much did you pay me over 18 months? And that’s X amount. Okay, you can buy me out for 50 percent of that. So if you paid me \$150,000, over 18 months, for \$75,000, you can buy me out, keep doing this forever, and never have to pay me anymore.

James: Is there a circumstance where you build that into the initial agreement?

Bob: No, because I’d like them to pay me forever.

James: Gotcha.

Bob: So let’s back that up a second. If you’re an author, and you write a book for a major publishing house, the publishing house doesn’t say to you after two years, “James, we’re not paying you anymore. Your book’s selling really great; heck with you.” You get those royalties for 10 years if the book sells for 10 years; you only get them for six months if it sells for six months.

Same thing with inventing. When I invent a toy for a company, I get my royalties for as long as that toy sells. So I want the royalties to continue forever. But I’m also realistic enough to realize that after a while, some companies... Now, if they keep engaging you to license more and more property for them, then those royalties keep going on, because they don’t want to cut you off – you’re making them a lot of money. But if it’s just one piece, and they never did anything else, you know, after a year or two, they’re going to probably look at wanting to buy out that arrangement.

James: Yeah, the same thing Jay Abraham said, where they started to feel diminishing return. He said, You can’t fault humans for being humans. But I’ve also seen agreements where it can be just built in up front, like, after a certain period, then it could be a buyout of this preset formula. That’s one way that I’ve seen it handled.

Bob: Yeah. I don't put it in because it actually complicates things.

James: Sure.

A licensing strategy machine

Bob: So I have 18 different licensing strategies.

James: Just 18?

Bob: I added another one this week, that's right.

James: It was 17 last time I spoke to you. You're an innovator, that's for sure.

Bob: That's right. But 17. And I'm actually doing a book on it. And the book cover's done, it says 17. And I just added another one.

But the thing is, when you work with a company, a client, as a licensing consultant, it's rare that just one licensing strategy is going to be all they need. I mean, they have so many different assets that could be leveraged and turned into six-figure profit centers, that after you've done one for them, it's easy to say, okay, we set up this private labeling agreement. What if we did a clone of some of your products or your website? That would generate another 40 percent in profit. Are you interested? And 90 percent of the time, they're going to say yes, because you're doing a good job for them. So if you pre-install that idea of buying you out, it gets really messy later – well, I'm going to buy out this one, but the other one's going to continue. And so I don't do it. You either buy me out entirely, or you continue and pay royalties. It's just the easiest way to do it. It's the cleanest way to do it.

James: Sure. I think sometimes, having a predetermined buyout helps the person go ahead, knowing there is an end, if they need it. Like, forever is a long time for some to consider.

Bob: So let me make a suggestion, and you can tell me whether you want to do this or not. I'm not sure how much time we have. Would you like to talk about two or three other ways, other licensing strategies that people can use that they can take away from this and start using on their own?

James: Yeah, I do. I started writing down a couple already. We got private label and clone, and I did have a question around that too.

Bob: Yeah, I was going to say profit cloning is a great way to add six figures to any business.

James: Because I wanted to ask you, you know, what kind of business can benefit from licensing? Because if you're either a broker, then those kind of businesses would be your target customer to get started with. And if you do have a business, then probably some of these strategies you can deploy straightaway. Like, I've already done a bunch of this stuff already. It's you know, as you're talking about this, at one stage, I licensed a speaker to speak on platforms and to sell my program using my slide deck, and we split profits on that. I did the middleman model, where I found SEO supply and then sold them to, well, I had affiliates selling to end users and I was just in the middle there. So that was fun.

Bob: Sure.

James: I've helped a client of mine clone his products. He had a great product, sold decamillions, and just went out with the exact same product, different label, different demographic, different distribution.

Bob: Exactly.

Let's talk about cloning

James: With the cloning, do you suggest that the client retains ownership of that, or are you cloning it for someone else? Or both?

Bob: You know, it's open to your imagination.

James: That's what I love about this. There's no rules, are there?

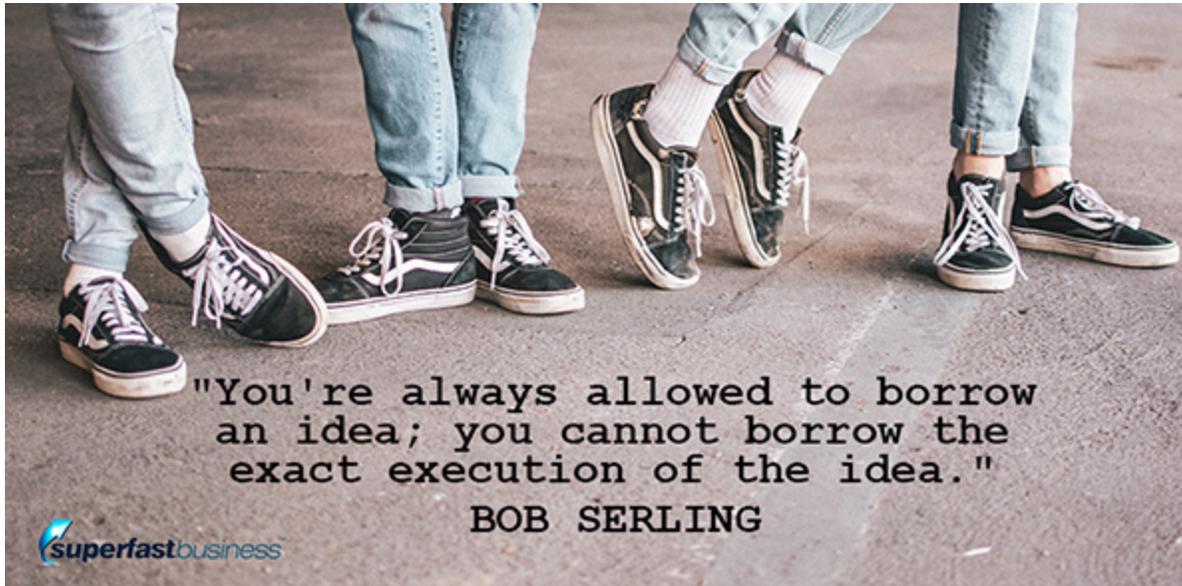
Bob: Yeah, there aren't. Let's just talk about the simplest way of just doing your own.

So there's two different ways to clone. One is to clone your entire business. And the other is to clone a portion of your business. So I have a client who has a course in day trading stocks. And he's an engineer, and he's very analytical and very data-driven. And his system is based on data. And it's very solid, works really well. But it's dry and boring. So his competition actually sells a lot more than he does, by making a lot of big promises. You know, get rich overnight, get rich in 30 days. He doesn't do any of that. His is all steady, sure and safe, kind of like Warren Buffett.

So what we did was we took his exact program, didn't change the name of it or anything, we hired a copywriter to write more emotional copy that would appeal to people who liked that idea of making money with day trading more than they do building their retirement. They want to make money now. And it can be done. And we were not going to compromise his product, we were just going to change it to present it in more emotional language. We set up a separate website with more emotional language. We took his own list and remailed it, and said, "Hey, you were interested in our trading program and didn't buy it. You might be interested in this version of it."

Immediately, the very first month, his profits increased by 40 percent. And he's maintained that 40 percent for something like seven years now. So just by cloning his entire product and site.

So that's a training program. Now let's talk about a physical product. I have a client who sells like, outdoor supplies for picnickers and parties and stuff, you know, like aluminum pans and paper plates and plastic forks and just really commodity type of stuff, but he has good prices and good quality. And he sells a lot of it. So he does a couple of million a year in business selling this stuff. And so what we did with him was we cloned part of it, which is that, I think, 75 percent of his sales are to individuals who just want stuff for their own picnics. But 25 percent are institutional sales, to corporations and business associations and that, and they want wholesale quantities. So we took the exact same products, but only the ones that really fit for wholesale sales, and set up, again, a totally different website that's only for wholesale sales. So it's called something like Wholesale Entertainment Supplies or something like that. And in doing that, he immediately, his first month, his profits jumped 30 percent. They've been doing it, I think, about three months now. They're up to about 50 percent. And they project that over a year, they're going to hit a 70 percent increase in profits, and be able to maintain that for year after year.



So cloning is a very simple thing. And again, you can get really creative. You can help other companies clone their stuff; you can clone, you can license features of other companies' products to clone and pop onto your own. Or you can actually look at your competitors' products and say, what are they doing that we aren't? And how can we clone the concept where you're not going to steal something outright, but how do we clone the idea? You're always allowed to borrow an idea; you cannot borrow the exact execution of the idea. That's called intellectual property theft. But the concept can be borrowed, legally and ethically. And you can then roll that into your own product.

And then of course, you can act as a middleman, to set up cloning things for companies to clone their own products and services or others. So there's no real limit to it. It's limited only to your creativity. And it's a really powerful method that anybody can use to sell a lot more of their own products or other companies' products.

How do you make the approach?

James: Let's say you've got the creativity and you go out and you find things you could clone or private label. How do you then approach the person who should be using that end product or service? Do you have a database on hand? Do you do [cold outreach](#)? Are you in a club or a group? What do you find is a typical approach pathway?

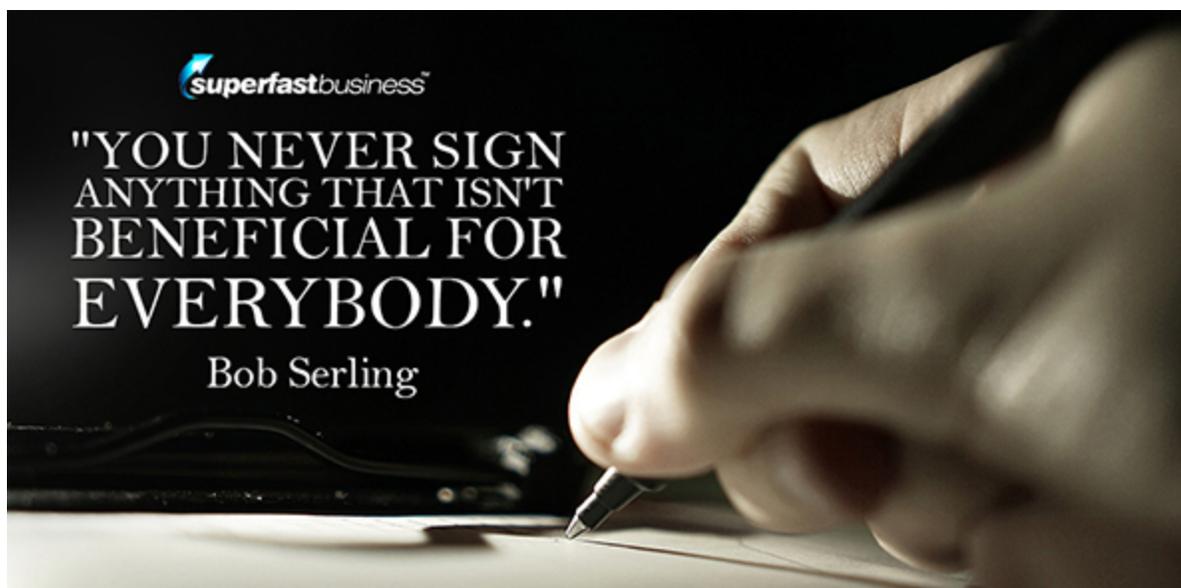
Bob: Wait a minute, James, do you want me to give away all my secrets?

James: I do see that as my job as the podcast interviewer. I want to extract something from Bob Serling. My audience by the way, they absolutely love these topics, because I do often talk about royalty deals, [revenue shares](#), and we have a more creative approach here. We had, recent guest was [Jay Abraham](#). We love this stuff. And you're a world expert on it. I'd be crazy if I didn't at least ask you the question.

Bob: Okay. So you know, it just depends. So when I invent toys, I invent toys for big companies, companies that are doing \$5 billion or more in sales. So what I'm really doing is I'm cloning their own toys. So I know who to approach, I approach them first. And if they say no, I then approach the next biggest competitor.

Now when you're doing it with other things, if you're doing it for a client, if you know the industry, then you can find some some good candidates for cloning. If you don't, I just sit down with a client. And I say, so like coming back to the guy with the day trading program, I don't know anything about trading stocks and bonds. I said, "Who are your main competitors?" And he said, "Well, there's about 20 of them." I said, "Who are the top two?" He showed me the top two. Those were the ones. And so as the intermediary, I hired a copywriter who I knew could write emotional copy, but wasn't going to stretch it. He wasn't going to lie. This guy was an engineer, and the last thing he wanted to do was create a bunch of BS. So I found him a good copywriter who could do it. But again, I had to have a source to clone. And so if you're brokering a deal, your client is always going to know who those sources are. It's just a matter of asking them. I know that breaks up all the mystery of it, but that's how you do it. It's pretty much common sense.

James: So they really need someone to go in and represent them that's not as direct as them. So it's like having a bit of third party or arm's length distance to soften the deal and make it more likely to happen, without them paying a premium.



Bob: Yeah. But it's also in the negotiations. You know, most business owners aren't great negotiators. And they don't know when, like you alluded to, when the attorneys are sending something horrible to them that's just going to nail them. I mean, I saw one contract that came in, this big corporation wanted to license a product from a small company. And they said, You are responsible to defend us in all litigation, whether it's something we caused or not, and whether we knew we were causing it, and we did it legally or illegally, which is basically saying all legal responsibilities are on you. And the smaller company goes, well wait a minute, this is a billion dollar company, I'm going to have to just eat it and sign that because I'm going to get rich on this. Well, number one, you don't know if you're going to get rich. But number two, you never sign anything that isn't beneficial for everybody.

So a lot of what you do is helping them identify the resources. Because you know, like that example, when I said to him, "Who are your top competitors?" Well, there's about 20 of them that he never thought about what to clone, you know, or where to go to get it. And then I just simplified it and said, well, who are the top two? Because you don't want to look at all 20. It's so fractured that you'll never get anything done. And those things sound very common sense and obvious. And they are. But when you're working with companies that have never done any licensing, everything's a mystery to them. So you're just kind of helping them navigate muddy waters.

James: Yeah, that's very nice. Why don't you share a couple more of your licensing techniques?



What else should I buy?

Bob: Alright. So one of my favorites is what I call a resource center toll gate. And what a resource center is is very simple. When you have a customer who has bought anything, and I don't care if it's a product or a service, anytime anybody buys any product or service, they immediately start thinking of other complementary products or services to buy as well. And I like to use the example of a few years ago, when I bought this huge big screen TV for this Superbowl party. And I told my wife, I tried to use female logic on her. I said, I'm getting it on sale, so it won't cost that much. I can buy it through the business and write it off and this and that. So she said, Okay, fine. So I buy this humongous TV. We have a TV room, we put it in the room. And my wife takes one look at it and says you know, this will never do. That TV is great, but the cabinet, the TV stand, is dark brown, and it's the wrong shade. We need a different shade of dark brown. Okay. So she immediately starts thinking of other things to buy. And that happens with any product or service. Long story short, we ended up with a new TV cabinet, I decided I needed new surround sound speakers, I actually bought a pizza oven for the Superbowl, and all these other things. And this little \$2,000 purchase ended up costing me like \$18,000, \$20,000 before I was done.

So let's boil that down to a more reasonable example. So I've got a client who sells training for new salespeople. Companies have promoted somebody from within to sales, and they need to be trained in basic sales training. And he provides that training. I said to him, "What's the first thing these people want, once they finish the training?" He said, "Oh, that's easy. They want time management software." I said, "Great. Do a search on Google for time management training." He goes out and does the search. I said, "What what results did you get?" He said, "I got 152,000 results." I said, "Exactly." And that's the problem every customer faces. They know they need other products and services. In fact, they want them. But when they go looking for them, there's so many choices that they're overwhelmed. So if you step in as a resource center and say, "I've got you covered, I've already selected the right time management software for you. I've also already selected the right CRM software for you. Oh, by the way, in addition to that, you may want to upgrade your wardrobe, if you're going to be speaking in person. I've gotten you a discount to buy clothes through the mail from (whatever company)." It just goes on and on and on.

So when you become that resource center, and you start referring people to the products and services they want anyway, and you will eliminate that nightmare of research they have to do, you can make more money from that than you do from your core products. Now I've got a client who does that. They basically sell training on traffic and training, what else is it? Maybe it's SEO. They've identified 12 products, everything from database software to email software to design software, 12 different products that their clients would like. They set up a resource center, those products are in the resource center. In addition to them being in the resource center, twice a month, they send out standalone emails, pitching one of those products. So they're doing about, I forget what it is, I think they do about \$750,000 a year in sales from their core product. And they do \$1.2 million in sales from the resource center. Now the other beauty though, the resource center, is that 100 percent of that is profit, because they're not filling the orders, they're not processing the credit cards, they're not doing customer service, they're just a referral service. That's all they do. They're a resource center.

James: That sounds a lot like my [Products page](#). I've always done well off affiliate solutions. And then I invite my affiliate providers to come and create content with me. And we all go well with that, because we're serving my audience, I know exactly what my audience wants.

The affiliate route

Bob: Exactly. And then the other real benefit to it is a lot of times you approach these companies and they don't know you, and so you're not saying, well, I'll sell your product, you sell mine, you're just saying, hey, do you mind if I sell your product?

James: Yeah.

Bob: Of course, they're going to say yes. Well, after a year of selling it, and you're making both you and them a lot of money, if you want to then approach them and say, "Hey, what do you think about offering my traffic course to your customers? There seems to be real compatibility between them," 90 percent of the time that partner's now going to say yes, because you built a relationship with them by paying the money for a year, right?

James: Yeah. That's kind of how I started online, was selling software as an affiliate. And I sold so much of it, they doubled my commission. And then I had an information product that I was giving as a bonus, and then I realized the people who own the software were the greater market segment. And I started selling my information product. And I was able to double my business straightaway by approaching people who already had the software.

Bob: Right.

James: And the manufacturer of the software was very kind, and I made a lot of sales in their community, in their forum. So it's funny how many of these business models I've had a go at.

What else you got? You got another one there?

The repeating circuit toll gate

Bob: Okay, so let's talk about one more, and it's called a repeating circuit toll gate. And it's kind of like a resource center, but the beauty of this one is that it also generates a lot of traffic for you. So what you do, let's go back to the guy who does the day trading program. Now he doesn't want to do the circuit. He's afraid to do it. But he could do it easily. So people who buy day trading programs don't want just day trading, they also want to learn about Bitcoin and Blockchain stuff, they want to learn how to buy commodities, they want to learn how to buy futures, there's all these different things. So my suggestion, or my recommendation to my clients is that we make a circuit of five other people plus you. So that's six products. So we would find six courses on different aspects of trading stocks, or buying gold, silver, Bitcoin, bonds, whatever it is. And then each of the companies, in rotation, promote the other company's product, one given month, and then the circuit moves to the next one the next month. So twice a year, each company's product is being promoted to five other companies' lists. So you're making money each time you promote another company's product. And then the two months that the companies promote for you, not only are you making money, but you're also building your list. And depending on the size of your partners, you can build your list substantially. So it's kind of like a little more sophisticated version of the Resource Center, but it's done on a regularly scheduled basis with regular partners, and it just benefits everyone involved.

James: Yeah, I think it benefits everyone, as long as they've got something to sell. There used to be this thing, the Syndicate. And they did that with internet marketing products. The problem was for the affiliates outside the circle. They send their customer there once and then their customer gets whacked six times in a row from partner to partner to partner.

Bob: Right.

James: Only the people in the circle benefit, with that model.

An anti-launch model bias

Bob: Yeah. You know, those are all people who were using a launch model.

James: Yeah, it gets noisy, doesn't it?

Bob: I'm biased against the launch model.

James: Me, too. I've got a whole chapter in [my book](#) about why I'm not a fan of the launch model. But I do love autoresponders and segmentation. I've had a lot of success with the resource center model. A simple one, I'll just give this one away, is on the bottom of an email, you can say, this email was sent using [Ontraport](#). People click on it. Now they're tagged, and put into a sequence that can have a follow up to say, Here's why I chose Ontraport over AWeber. If you buy Ontraport, I'm happy to send you some extra training on it. All helpful stuff. But it's only being sent to people who clicked on the link because they were behaviorally interested in it, so they got segmented. And you can do that throughout your whole system with like, 6, 10, 50 different products or services that are only being offered to the right person at the right time, versus a launch, which kind of just takes a mallet to the market and says, we're going to bash you in the face with this product so hard with so many emails across every media, it'll be impossible to ignore. But it's also likely that it's really not ideal for everyone at that particular time. So it's an interesting discussion.

Bob: Yeah, to me, a launch is just a virtual method of cannibalism. You eat your own list, you eat their list, everything left bloody and torn apart. I wouldn't participate in a launch for anything.

James: That's good. You don't strike me as that sort of guy. You know, like, I'm getting an overarching theme in all of the things you've shared with me. The common theme keeps coming back. There's two, actually.

One is that you have strong values and you're a good person. And the other one is that you like a simple business model. You've identified the 80/20 of it, or even the 64/4, the small parts that make all the difference. And you just focus on that. Even helping a customer, saying, Listen, don't show me 20, just show me two. It's the same when I'm dealing with my wife. If she wants to research something I say, after you've done the research, can you just send me the top few? Because often she'll just sort of send me too many things. And it's just work, you know, to look at it all.

Bob: Yeah, absolutely. And you know, back to your point, too, if they click that link for Ontraport, you could also drop a pixel and now you can start retargeting them just for that as well.

James: That's right, and you can drop a pixel per page on most platforms now.

Bob: Yeah.

James: The platform I'm working with the most with one of my partners is [10XPRO](#). He's built in the ability to now pixel any particular page, so you can super, super ultra segment. And it's all about creating good value by being relevant and promoting something when there's the right context.

Summing things up

So if you take your licensing concepts, just a little quick summary here, Bob, is that it doesn't matter if you're not the expert. And it doesn't even matter if you don't have a need, you can go and find an expert, and you can find someone who has a need. And you can be a matchmaker or broker or middleman, the toll gate. There's so many ways you can do it, from private label to cloning to creating resource centers and repeating circuits. If you are the expert, you can probably make a whole lot more money selling what you already know to someone else. That's kind of how my licensing deals work. I'm sharing my intellectual property with other businesses to grow them much faster. If you need something, you can go out and buy it. You can go and pay someone a fee to inject your business.

Bob: You can go out and license it, you don't want to buy it.

James: You don't have to build a Pokemon brand, if you're a bedsheet company, to be able to put it on your sheets.

Bob: Exactly.

James: You can actually go and license it. Like, now your sheets are like the hottest thing going in the under-five market or whatever. I only use that example because it's easy to relate to.

And then basically when it comes to the deals and contracts, you're very generous in sharing who pays what and how and where it can go wrong, and a nice way to approach it if it's going off track. So it's a great business. I love the creativity of it. I've explored and tried a whole bunch of these, and it's definitely been a part of my trajectory, which is why I always resonate towards you.

Bob, seeing you speak gave me that first round of ideas. That was when I first became aware of that. Further developing it and experimenting with it over the years has found me a few extra avenues. And I'm pretty sure what you've shared today is going to be so valuable for our audience. So I just want to say thank you on behalf of SuperFastBusiness. And also if you could let us know, where do we go and get the other dozen or so methods that you haven't shared here yet? Because I know you've probably been inspired to create them. I remember when I asked you, Where can I buy your stuff? You didn't have it. Or it was so old that you sort of put it to the side and you went off on another mission. But you're back.

Bob: At the time, I was diving back into just the world of inventing.

James: Yeah.

A life of its own

Bob: I'll tell you a real quick story. The licensing stuff just took on a life of its own about a month ago, actually. So I have this little mastermind group here in San Diego, of people who I've invited. A peer group. I don't charge for it. There's six or eight people. And one of the people in it is Roland Frasier. And Roland, years ago, maybe 10, 12 years ago, used one of my licensing techniques, and he made \$1.3 million in six weeks with it. So he posted to Facebook. He was talking about people wanting to know how to make money quickly to finance their business. So he mentioned that. And then Peter Parks jumped on and said, Yeah, I made \$828,000 on my second deal. And then a bunch of other people jumped on. And then I started getting emails from a lot of people on my list who'd seen it and said, Come on, you've got to do a new licensing program.

So long story short, I decided I'd do it. And then Roland asked me if I'd come talk about it at War Room in November, which I'm going to do. And so that's how it kind of came to life again. And I started looking at just all the different licensing things I've done since the first program. That program, I think, had six techniques. And now I'm up to 18. So I am putting together a free resource on it. It's not ready quite yet. But if people go to my website at salesgrowthsystems.com, on the homepage there, there's an ebook called The Sales Growth Solution. You can't miss it. It's right on the homepage. And on the homepage is a fantastic picture and podcast interview with none other than James Schramko.

James: What?

Bob: So if you go out there, you'll see that. But if you sign up for that, there's another ebook right below that called The New Rules of Joint Ventures. If you sign up for either one of those, you'll get the announcement in about anywhere from four to eight weeks when I finish the book on 18 Ways to Use Licensing to Add a Six-Figure Profit Center to Your Business. So that's the long and short of it.

James: Thank you so much, Bob, I really appreciate it. That's salesgrowthsystems.com. And I hope we can catch up again. I want to get my hands on those licensing resources, because they've been tremendously profitable for me, and you are an expert on this subject matter.

Bob: Well, it was an absolute blast. I always love talking about it. And since you have so much experience having done it, your questions always come from a point that I think is a lot more valuable to an audience than somebody who's brand new to it, and is trying to kind of muddle their way through it. So it was really a great time.

James: Perfect. Well, someone listening to this, I'm sure they can get some help from you or me. And that's going to make it a lot easier. You know, there's the slow, difficult way to do it, or like you said, you can get a little bit of help guiding through the fog. And I know some of the people I've helped put deals together for, it's tremendously rewarding to think, you know, we created this from an idea, just a concept. That's what I love about this.

Bob: Yeah.

James: You know, you're an inventor.

Bob: You really don't need any resources of your own. You can just be that connector, and build a wonderful business around it. If you know Andy Hussong, his entire business is just being a connector.

James: I do know Andy. I had the pleasure of coaching him and helping him compile some of that genius knowledge into information. He's so well-connected.

Bob: Yeah.

James: In fact, I'm going to send my kids to listen to this episode, because this is the one where it would really be a great advantage to know this stuff much earlier in life than by the time you've already been through the hard work of building a business and creating products and setting up infrastructure. You can get going with this one right now, no matter where you're at, which is the fun of it.

Bob: I'm with you on that. My son, of course, grew up around this. He's 30 now. He has his own business, and his business does about 2 million a year. But \$600,000 a year of that is from licensing deals, where he does private labeling of one of his products for other companies.

James: That's the best. Then you know you've done your job. Thanks, Bob.

Bob: Thank you, James. I really enjoyed it.



Learn the most profitable
business models from
James and other experts
inside SuperFastBusiness
membership

[CLICK HERE](#)