How To Start A Business and Make $1,000 - All in 24-Hours

Scott A. T.: Broadcasting from One Dallas Tower, welcome to the Financial Rock Star Show. I'm your host, Scott Alan Turner, ready to help you get out of debt, save more money, and retire early. In this studio with me is producer Katie, who'll be making meatloaf today. Ma, the meatloaf. On the show today, I'm answering your questions about money, business and life. If you have a question you'd like answered on the show, visit goaskscott.com, leave me a voicemail.

Andy in Detroit, Michigan had the following question, I find your situation very inspirational. You're a hardworking, family-focused man that has similar life priorities as I do. You involve your family in your business, and have found a way to build your career around your passions. I'm interested in starting my own business as well, with the same values you've demonstrated to me. I have the will, the passion, the time, and the support and partnership from my wife. I'm just lacking a business idea. It's a very important piece of the puzzle, obviously. Currently, I work full time in a sales and account management capacity for a marketing firm. I'd like to set aside 30 minutes a day in my schedule over the next few weeks to decide what I want to pursue for my business outside of my full time job.

If you have any suggestions, or recommendations on activities that'll help me narrow down my ideas for a successful business idea, similar to Myers Briggs, or Marcus Buckingham's standout questionnaire. Is there something like that for deciding which business path I should go down? Any other advice will be greatly appreciated. Thank you, Scott. Continue producing your excellent content for your subscribers and fans. You're doing some amazing and inspirational work.

There's a guy named Noah Kagan in the IT tech community. His employee number was 23 at Facebook, and employee number 7 or 8 at mint.com, the budgeting software site. Don't hold the mint.com thing against him. He wasn't involved the customer ... Sorry. Lack of customer support at that company. He's got a new online business. Well, it's a software business, what it is it's not really that relevant. I'm on his email list. One of the emails I got several months ago is, and I'm going to share it with you. He had a challenge, I don't know if it was laid down to himself, or someone challenged him. Start a business in 24 hours, make a thousand dollars. The criteria, some of the limitations that he was given, he couldn't use his existing email list, like his business contacts, because obviously, if you're working for Facebook or mint.com, you have a lot of connections.

He couldn't access his roll decks, say, and go out and get Venture Capital, or anything like that. Similar producer, if you've never started a business, and you, you don't know where to go, or you're starting from ground zero, those were his limitations. 24 hours, start a business, brand new idea, make a thousand dollars. I'll share the link to this story in the show notes, because it's pretty interesting.

He went out to ... I don't know where, like a social media, or something. He got business ideas from other people. He picked from one of them. See, he's got a lemonade business, a salsa of the month, and beef jerky. Beef jerky. He went with the beef jerky idea. It just walks through it, everything he did to test the business, get sales, the scripts and the sales process he used to get a thousand dollars in sales in 24 hours. I'm just going to paraphrase a couple of things from the article here, Step number 1, I made a basic budget so I could work backwards to see what amount of sales I would need to do to hit a thousand dollars. Set a goal, work backwards to get there. That sounds familiar.

Number 2, figure out who his customer was. Number 3, did some kind of a marketing plan, social media stuff, Facebook, Twitter, emails that he sent out to his friends, inviting people on Facebook. I'm just scrolling through this article really, really quick, referrals. Here's a couple of things in the article that stand out, number 8, he says ... He's got a list of 11 things here. I'm just going to skip ahead. Number 8, you don't have to spend a lot of money to start a business. With only 24 hours, and 7 dollars and 99 cents, that was the price of his domain, I got this business going. You don't need to spend tons of money and time developing your business. Number 9, the secret to success is work. That's it. It's hard and tiring, but if you want it, you can do anything. 10, you've got to ask. I focused on people who I thought the jerky would generally be good for. It was a bit uncomfortable, but I noticed that generally, the case when you're promoting something, you believe in.

His wrap up was, "What all boils down to is yourself. If you really want it, and are willing to work, the lifestyle you want is available to you." I could put that at the end of the show today. I think that's a good way to wrap up. He says, "I made a thousand dollars in less than 24 hours" with his jerky product. Then, he promotes a business course that he's selling, which I cannot speak to the business course, whether it's anything about it. That's not a recommendation. You're going to see that link in the article, if you choose to read it.

Those results are not typical at all. It's from someone who's an expert at online business, could quickly pull things together like getting a domain, knowing how to set stuff up, the email scripts that work, the marketing behind it. Forget that it took him 24 hours, okay? It's not typical. It might take a beginner who doesn't know any of this stuff for an online business 12 months. That's okay. That's all right. It takes what it takes. It is an inspiring though, how he did that so quickly. I've met people that are batting 100% all their idea's work. That's not realistic either. Personally, I bat about 50%, for successful businesses, for failures. That's not really typical, either. It's probably above average. If you're looking from a Venture Capital perspective, they're looking to get one 1 of 10 home runs. 1 win out of 10. Not home runs. They're looking for a 10% success rate. That'll make up for their 9 failures of investments.

Continue with the baseball theme, you might not have ever stepped up to the batter's box, but you have to and take a swing and see what happens. Here's a quote, "I can give you a 6 word formula for success: think things through, then follow them through." That's from sir Walter Scott. Here's a book I want to recommend to you, it's called "Will it Fly? How to Test Your Next Business Idea So You Don't Waste Your Time and Your Money." It's by Pat Flynn. He's a very successful online business entrepreneur, has several businesses. He sits on the board of many other businesses. This is a really new book. It came out in 2016. It's only a few months old, but there's lots and lots of examples and activities that you do as you go through this book. It's a step by step process. The exercises help you thinks things through, cut down on your time to market.

More importantly, if you have no idea what you want to do, but you just got the bug, and you got the itch, and you want to scratch it, you don't know what problem you're going to solve, this is a great book to get started and go through that process. I'm going to read a little bit out of it. Get to the right page here. I made a note. Woops. That's not the right page. Bad lighting in this room. Here we go. Here's one of the activities it does, you're going to trace all the jobs, positions and volunteer work that you've ever done. Hey, doesn't matter your age. Doesn't matter if you're 18 and going to this. You just work through the activities.

By creating a chronological road map of your past work experience, you'll be able to discover some very interesting patterns about who you are and what works best for you. This is similar to crafting a resume in the sense that you'll be listing what you've done in the past. Traditional resumes are boring and just scrape the surface in helping us understand who we really are, which is the primary goal here. In this particular exercise, you're going to dig a lot deeper, and learn about your strengths and your weaknesses. You'll find out what kind of things you like and you dislike, where you seem to gravitate. Finally, you'll see how your target idea fits into your personality, and how it aligns with the trajectory that you've already been mapping out for yourself over the years.

That's just an activity one of many throughout the book that lets you look at, you know, "What do I like to do? What is going to excite me?" This is not just a book. It's not just a book that you read passively. You go through it and follow the stuff. Step by step process to get from, "I think I'd like to start a business, but I have no idea what to do," to testing it out and seeing if it'll make money even before you have a product or service to sell like Noah selling beef jerky.

Another quote from the book, "Most people never execute on their ideas because they just never execute." They don't execute. A lot of people might have good ideas, but they don't do anything, or they want to change a behavior in their lives, but they don't do anything. They see this better opportunity, better thing over here. "I like this in my life, but I don't do anything about it." They don't execute. Well, there are several reasons behind that, reasons that I've identified either in my own life, or seeing other people. Number 1 is people just are not committed. That's a nice way of saying people are lazy. People don't want to do things because work is, it's hard. That's why they call it hard work. Working is hard sometimes, unless you love what you do, then it doesn't seem like work. People are not committed to achieve the goals that they want.

Next is distractions. Many people, they have a dozen different ideas. They'll try to do a dozen things at once. They have no focus. They never finish up anything. They'll start something. Maybe work over here for a little while. Drop it because there's something over here looks a little better that might be different. Called "Shiny Object Syndrome." They just drop the ball on it. Time is another one. We all have our responsibilities and commitments, friends, family, work, whatever. You carved out 30 minutes, Andy, so you're getting there. Money is another one. You don't need a lot of money to start a business. The big one for most people is overwhelm, or not knowing what they do. This book will help you solve that problem. Overwhelm, usually the biggest one in my own life. There's so much to do if you want to start your new business. You don't even know where to begin. This book will help you narrow that down.

Last quote from the book, "Vision without action is a daydream. Action without vision is a nightmare." It's a Japanese proverb. Will THat Fly by Pat Flynn, check that out if you were looking to start a business. Thanks for the question, Andy.

Leah from New York City wants to know the tax benefits of an LLC. She's of an LLC, and currently the only employee.

Leah: Are there any tax benefits for my situation? Tax benefits for owning a business are huge. Huge. People say there's a different tax code between rich people and broke people. Well, there isn't. Many rich people are business owners. There is a different tax code between business owners and non-business owners, which gives tons and tons of deductions and benefits to owning a business. Some of the most common ones when you get a home office deduction. Let's say you own your home, townhouse condo. It's 1,000 square feet. You're office is 100 square feet. 10% of pretty much any home expense, you'd be able to deduct as part of the home office deduction.

Scott A. T.: For example, if you have the pest guy come in, and he sprays all around the house. He charges you $100 for spraying for bugs. 10% of that was for your office. $10 deducted for the portion of the office that he sprayed for bugs. Your internet, your cell phone, you can run through the office, though the IRS are getting kind of sketchy on those. Your home utilities, same thing. Add up all your utilities for your home. The portion that are derived from your home office get deducted.

One of the huge ones is just travel, travel. You go to a conference. It's a tax deduction, flights, hotel, rent a car, part of the meals. What a lot of people do is go find a conference where you want to go on vacation. See what conferences are there, and then make the trip. I am flying to Atlanta next week to teach a 2-hour course on podcasting. That flight is deductible. I get to see all my friends, go out, visit some of my favorite restaurants while I'm in town, have a good time, but because it's business, I get to deduct a portion of that trip.

Buy a new computer, you can deduct it if it's for the business. Your desk for your office, deduct it. Artwork for your office if you decorate it, deduct it. Anything related to the business, deduct it. Something to keep in mind, don't buy something just because you deduct it, if you don't need it. Then you're just wasting money doing that. That doesn't make sense. If you don't need a new desk, don't buy a new desk just because you think the business is paying for it, because you're the business, you're paying for it. Some people get that mentality, "It's the business that's paying for it. This is free." No, I mean, it comes out of your profit. It's you that are paying for it, even though you get the tax deduction for it. It's a trap that you can fall into, just like using a credit card. You think, "It's not real money because the business is paying for it." No, it's you.

November is a good time to find a CPA to walk through this stuff. Make sure you're getting all ... or just doing some year-end planning, because they're going to be able to give you some recommendations on things you might want to do before the end of the year to prep for your tax return for that year, such as moving money around, making purchases, or not making purchases so that it applies to one year tax return versus the next year's tax return. Start looking for that person in November so that December, you can get that stuff worked out. You don't want to wait until December 15 to start finding the CPA and then give him all your paperwork. Not enough time. November, look around for somebody. Find them. Sit down., "Hey, here's what's going on." Just get some advice. They will help you maximize your tax deductions and prepare you for the return that will be coming up. Thanks, Leah, for the question.

Chris is wondering if there is anywhere to find a decent return on my cash.

Chris: My emergency fund of $10,000 is just sitting in an account making less than 1%.

Scott A. T.: No. 1% in online bank, that's about as good as you can get right now. Check out Ally, check out Synchrony, actually, just go to bankrate.com and look at the latest rates. Ally and Synchrony usually rate at the top. Bankrate.com, they've got a search feature. You could find the best interest rates on any given day. They're established online banks, Ally and Synchrony are. I can't speak for the rest, Capital One 360, normally shows up in the top list, as well. They're usually about a quarter percent less than the other ones at the top. Thanks, Chris, for the question.

Andrew wants to invest, but also save for unexpected expenses.

Andrew: At the start, it's investing last month, and I've been enjoying every learning opportunity I've had. Started in Robin Hood because of the inexistence of fees and recently invested with Betterment. How can I continue to regularly contribute to a large amount ... pay large amount to my investments without the risk of not having enough money in savings for unexpected expenses?

Scott A. T.: Now, Robin Hood, for those of you that are not familiar with it, it's a recent addition to the investing world. It's primarily a phone app, but it lets you make stock trades in a few clicks. They're known for allowing to make free trades. They make money in many of the same ways as a traditional online brokerage, including collecting fees from customers who choose to upgrade to a margin account, and accruing interest from money that's sitting around that's uninvested, called making money on the float.

Now, there's nothing unexpected about unexpected expenses, Andrew. You'll have them. I've had them. I'm going to have them again. They're coming. We don't know when they're coming. Someday, they're coming. Now that you know that, you can't risk not having enough money for what is guaranteed to happen. Whether that's AC breaking down at the house, car breaking down, emergency trip you have to take for family emergency, something's going to happen some time in the future. I suggest you curb your investments until you have a 3 to 6 month emergency fund saved up. Before you do that, you've got to make sure all your debts are paid off. That's the order of things that works. Get out of debt. Get the 3 to 6 month emergency fund, then start building up the investments.

If you don't go these steps, you're really begging for trouble. If you don't have the emergency fund built up, you have a job loss, a medical emergency, if you're a homeowner and have a big expense there, the bad situation begin. Then you're just going to start pulling money out of your investments, which you don't want to do if it's a down market, or you don't want to do if you have to pull it out of your 401(k). Also, it takes 3 times as long to do each of these things, the debt pay down, the investing, saving for the emergency fund if you're trying to do them all 3 at once. You do them one at a time, and it's just amazing how quickly they come together. Until you actually do that, you don't get that experience. Now, some people, they like to get the 401(k) match or they're building up an emergency fund. I get that. It's hard to give up that free money. The emergency fund puts you in the safe zone that most people aren't in.

For example, who cares what's in your retirement when you have a $3,000 air conditioning to replace? Your retirement's 20, 30 years off. You want to be cool now while it's 100 degrees out, or in the summer time, or in my case, my neighbor who had an $8,000 AC replacement in his house. You wouldn't take out a 401(k) alone to pay for that. That would be a bad decision. You get the emergency fund built up first, you get ready for that rainy day that's coming, that storm, that hurricane. It's on the horizon. You may not see it over the horizon, but it's just over the mountain top. It's coming, coming for all of us. It always rains. You get the emergency fund, you stay dry, and then you get back to building wealth. Thanks, Andrew, for the question.

Quick break to pay the bills. You're listening. Scott Alan Turner.

Katie: Are you tired of scooping the litter box? Sick of throwing away thousands of dollars on cat litter? What about that smell? My friends laughed when I told them I never scooped litter, and my cat choose a regular toilet until I revealed my training process, and they saw the cats using the toilet for themselves. Hi, I'm Katie, expert cat instructor on how to train your cat so you never have to scoop or buy litter again.

Toilet training a cat has many benefits, not in the least is all the money you're going to save by not having to buy litter anymore. The Scoop No More system shows you how to do it. Best of all, it's completely free. You'll love never scooping or buying litter again. Toilet train your cat and start living a litter free life. Visit scoopnomore.com

Scott A. T.: Got some more financial travel hacks for you from the fine folks over at Personal Capital. They sent me this infographic. I'm going to rattle off some of this information. It's going to be a quick list. I'm not going to elaborate on much of it. First, choosing cheap destinations. Tips for that are signing up for price alerts at all the airlines, or some of the other sites like Orbitz and Expedia. Being flexible on your dates, talked about that in the previous show. A day difference can make hundreds of dollars difference on your flying schedule. Booking early in the week. Do you know Tuesday is the preferable day to book your travel? That's when most of the deals and the price changes come out, is Tuesday. Tuesday travel, just remember that. Tuesday travel, that's the day you want to look at booking your flat.

Booking directly with the airline to get the lowest fare and signing up for loyalty programs and mileage reward to earn frequent flyer mile. If you are driving, this is interesting. It says, some companies will pay you to relocate someone's car. I've not heard of that, so I don't have a website. I believe it to be true. Sounds like something that would be available in the new sharing economy. Using your credit card to cover your rental insurance if you're renting a car. Don't buy that junk from the rental agencies. It's junk.

What about sleeping? Staying in a hotel, bidding on rooms, using Priceline, Hotwire or Better Bidding. What else do we got? Hotel credit or sign up bonuses, websites like Airbnb and Couchsurfing. We talked about Airbnb before. Haven't heard of Couchsurfing. Another one is staying on a farm. There are actually travel destinations you can go to at a discount where you volunteer there. You might go to some exotic country and plan trees for a week in exchange for food and lodging, and of course you get your free time slot if you're going to be planting trees for 15 hours a day, doing slave labor, or anything like that. There's a lot of opportunities on that, eco-tourism, where you can actually do some work, do some good.

This graphic here says, work on an organic farm in exchange for food and a place to stay with sites like www.oof, so woof. Doing free stuff, says most museums have discounted or free times. Search websites, plan ahead. If you're a student or a member of the military, carry your ID card for discounts, and Google things like free food or free events to whatever city you're going to. Thank you Personal Capital for the list.

Dave from Seattle, Washington asks what happens to his investments when he passes away.

Dave: Right, what happens to the money I invest into the stock market after I die, assuming I don't touch it before I die? For example, instead of throwing $10,000 at a whole life insurance policy each year, I put this into the stock market above and beyond my Roth and 401(k), use it as my later in life insurance after my 30-year term runs out. I have ... Estimate, I could have over 3 million dollars in 50 years. If I were to die at that point, I'd be around 80 and leave that money to my kids. Would they need to pay capital gains tax when they cashed out? I thought I heard somewhere that the floor value of the stock resets upon inheritance just like real estate does, is this true?

Scott A. T.: When someone passes away and their individual stock certificate's involved, the transfer of who gets those will depend on if a will was set up, number 1, or if the stocks were even mentioned in the will. If you're married, you just list your spouse as the beneficiary. Your spouse gets the stocks. That's considered joint ownership. If your will lists a beneficiary, that person would become the owner once the holder passes. Now, what trumps that for retirement accounts specifically is when you're in a 401(k) or Roth, you list a beneficiary on those. It's very, very important to have a beneficiary listed on those documents when you're setting up a 401(k) or a Roth, because that allows you to avoid the probate process, which can be time consuming. It can be costly. You get the lawyers involved. With a Roth, IRA, 401(k), traditional IRA, 403 B plan, all those really easy to set up and list the beneficiary with any of those plans.

Now, if you've got an individual brokerage account where you're talking about doing above and beyond the other stuff, meaning not a retirement investment account, you can designate what's called a transfer on death, a TOD. That transfers the account to an individual upon your passing. That also avoids a probate, saving money and saving your beneficiaries time. Yes, the beneficiary, they can keep all the investments or sell the investments depending on what they want to do. As the amount grows over the years ... Dude, 3 million dollars, that is a ton. That's a lot of money they're going to have to deal with. You're going to want to sit down with an estate planner, help you out with the relevant documents, taking into consideration your will, do this holistic whole thing, and look at minimizing the taxes that are eventually going to be owed on the gains in the account.

A simple example, you can gift $14,000 a year to any individual without paying taxes on it. That's just one thing that's available. Years on, later in your life, you start distributing money each year to the kids, the grand kids, whoever spread that wealth around, will avoid taxes on that. Estate planner, they can help you cut down on those inheritance taxes.

By using a term policy, investing the difference, what you're talking about, your family gets to keep that money. They get to keep that money, not the evil insurance company. They're not evil, but whole life policy is not necessarily a good thing. With 3 million investments, you'll be paying the tax man, if you sell the investments, or your heirs will be when they sell them. The tax man's going to be coming with that kind of money. The floor or the step up basis, so that means at the time of the death, the price of the mutual funds or stocks, if you had individual stocks, they are reset to the time of death. That can save a huge amount of capital gains tax.

They do that because if you have multiple purchases of funds over the years, the share prices, they're going to be all over the place. It's going to be hassle to track. Once you die, on the date, that's the price of whatever it is that day. For inherited mutual funds and regular taxable account, the tax basis, it's called, it gets stepped up to the value of the fund on the date of the death.

Easy example, you bought shares over the years at $10, $12, $15, $17 over 10, 20 years, whatever. You die, the share price is $20 on the date of your death. Everything you bought is recorded as having a share price of $20. Instead of paying the taxes on the gain of between $10 and $20, $12 to $20, $15 to 20, all those differences that you've made, all those different gains, that goes away. The price is just ... It's $20. Then, if it goes up from 20 to 21 after your passing, the heirs will be paying the gains on that dollar, whatever that amount is. Not a free ride, though, because estate taxes are going to be paid out of the estate. When the beneficiary gets those inherited shares, the taxes, most likely, would have already been taken out already. Bottom line, work with an estate planner at some point.

My certified financial planner does ours. Just another reason, financial planning, they can look at the estate. They can look at the taxes, they can look at the long term things, they take all of this into consideration. If you're talking about having 3 million dollars of assets in a brokerage account, and you're young, you've got long ways to go, definitely want to look at that as an option. Everything under one roof works for me. Thanks, Dave for the question.

Susan asks about inheriting debt from her mom, because I live with my mom. She's 81 years old. She has a house that is paid off, but just had to refinance a home equity loan for 40 years.

Susan: I'm working to be debt free, but this loan is freaking me out. What are kid's responsible for? I do want to be able to afford the house by myself, and don't want to remit by the time I retire.

Scott A. T.: When a family member passes away, the creditors get notified of their death. They will claim, or rather, file a claim, for the repayment of any outstanding debts that are on the deceased person's estate. Unless your name is on that loan, or on the mortgage, the debt repayment is going to come out of the estate, so the would fall under that, credit cards would fall under that, car loans. The estate is going to pay them, or the creditor is going to come on and try to seize the assets if they can. The person who has to reconcile all this stuff is the executor of the estate, which may or may not be you, maybe a lawyer who has been assigned to it. If there's cash available, the executor will pay off the debts. If they have to sell some of the assets to pay of the debts, they'll have to do that, and if there's not enough money to pay off the debts, it's ... Sorry creditors, there's just not amounts to pay you off. They'll just have to write it off as a loss.

Mortgages and your home equity loan, they're pretty complex stuff. You're going to want to see an estate lawyer who's familiar with that, and the specific requirements of the State that you live in, as well as the federal laws. Different laws for different states. Generally, if you inherit a home from your parents when they pass away, if the home has a mortgage on it, a home equity loan, the lender's not going to swoop in a week later and say, "Pay it in full." That's called calling the loan. Generally, that doesn't happen. If you're the inheritor of the property, you don't get to not make the payments on the mortgage or the loan, you have to keep paying them. It'll fall to you to keep paying on it until it's all paid off, making the periodic payments, or paying a lump sum, if you choose to do that.

Most important thing while your family members are still alive, though, is to get a will in place. That is going to make the administration, the processing of everything, when the time comes, much, much easier. Got to have a will in place. It's going to make your life much easier than trying to go through probate court. Unless the executor of the estate finds that there are other assets that can be used to pay off that loan, and they get that loan cleared up and taken care of, balance it down to zero, it will, at some point, fall to you, in order to take over that loan, if you inherit the house. Thanks, Susan, for the question.

Kevin from, California sent me this message.

Kevin: I discovered your blog and podcast, which I listen to religiously back in January. Since then, I've created a budget which has not only stopped the bleeding of my wife and I's emergency fund, but increased it by $500. I started a side hustle, which brought in close to a thousand dollars. Most importantly, started tracking our net worth, which has now grown over $50,000 in the past 5 months, primarily due to our home value and my wife and I's 401(k) increases, which is keeping us highly motivated. Going to start tackling the car loan and debt next. Just want to say thank you for helping me feel like a financial rockstar.

Scott A. T.: Way to go Kevin and wife. Your message is going to motivate others.

A word from Walt. My wife and I started listening to your podcast after being recommended by a friend at work. We love what you have to say, and have already learned so much, and are currently taking advantage of your save a thousand dollars a week. We look forward to hearing all of your podcasts and advice on your website. I've already started referring others to your podcast, as well. Thank you. My pleasure, Walt. I want to thank Therese, again, for sending me the cherries and brandy.

If you want to drop me a note to introduce yourself, email scott@scottalanturner.com. That's the quick way. If you're in a band, you know somebody who's in a band, have them send me their music, we'll get it on the show, if it's rocking. If you want to send me a shoe box or envelope of unrocked 10's and 20's, my mailing address is on the website. To close us out, Will Rogers, "Even if you're on the right track, you get run over if you just sit there." Those are the words. That's it for this episode. I'm your host, Scott Alan Turner. Legal services provided by. All the links mentioned in the show are available on the show notes at scottalanturner.com. If you have a question you'd like answered, visit goaskscott.com, leave a voicemail. Thanks for listening.