

12 Points for the Perfect or Ideal Business

The following points are a composite summary of those that appeared in the DOW Theory Letters (#708, 881, 982 & 1160). The DOW Theory Letters are edited & compiled by Richard Russell, DOW THEORY LETTERS, Inc.

The Ideal Business:

1. SELLS TO THE WORLD

The ideal business sells to the world, rather than a single neighborhood or a single city or state. In other words, it has an unlimited global market.

2. INELASTIC DEMAND

The ideal business offers a product which has an “inelastic demand” “Inelastic” refers to a product that people need or desire – almost regardless of price.

3. UNIQUE PRODUCTS

The ideal business produces a product which is difficult (or almost impossible) for a competitor to copy or reproduce. This means the product is an original (such as a publication), or it requires very special knowhow, or it produces a product which is protected by copyright or patent.

4. LOW LABOR REQUIREMENTS

The ideal business has low labor requirements; the fewer people needed, the better. Today's example of this is the much talked about “virtual corporation.” The virtual corporation may consist of an office with three executives, where literally all manufacturing and services are farmed out to other companies.

5. LOW OVERHEADS

The ideal business has a low overhead; it does not need an expensive location, it does not need large amounts of electricity, advertising, legal advice, high-prices employees, big inventory, etc.

6. LOW INVESTMENT

The ideal business does not require huge cash expenditures or large investments in equipment. In other words, it does not tie up your money in capital.

7. CASH BILLINGS – (Cash On Demand)

The ideal business is a business that has cash billings. In other words, it does not tie up your capital with lengthy or complex credit terms, etc.

8. REGULATION FREE

The ideal business is relatively free from all kinds of government and industry regulations and structures.

9. PORTABLE

The ideal business is portable or easily moveable. You can put it anywhere you want in the world: Australia, the USA, Great Britain, New Zealand, China, Indonesia, etc.

10. YOU LOVE IT

Here's a crucial but often overlooked one; the ideal business is one that keeps you fascinated, you love it, it requires your full intellectual (and often your emotional) energies. There's nothing like being fascinated with what you're doing.

11. CONTINUING NEED

The ideal business sells a product which fits a continuing human (or animal) need. It's not a fad product, it's not a product which people can easily substitute or even do without.

12. FREE TIME

Another important one: the ideal business leaves you with free time. In other words, it doesn't require your labor and attention 12, 16, 18 hours a day.

Three additional points might be added into this list as follows:

13. A PROVEN SYSTEM

A system with a proven track record on which to structure the building of your business. The system might make use of tapes, books and meetings (seminars, away weekends, etc) to assist its associates with building their businesses.

14. TAXATION BENEFITS

The expenses of the business can be negatively geared against your primary income when determining your tax each year, provided the relevant Tax Office requirements, etc, are met.

15. TIME LEVERAGING

A lot of people each doing a little. J. Paul Getty has been quoted as saying: "I'd rather have 1% of the efforts of 100 men, than 100% of my own efforts."

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