

INVENTORS COUNCIL

OF MID-MICHIGAN

PO Box 232, Lennon Michigan 48449

Web Site: INVENTORSCOUNCIL.ORG

The Inventors Council is an independent, non-profit 501 C-3 corporation formed to help inventors pursue their dreams of bringing new and innovative products to market. Our goal is to help fellow inventors succeed in the most efficient and least costly manner possible by providing education and business networking.

Founded by Robert (Bob) Ross in 1995

We meet monthly at Walli's Restaurant, 1341 South Center Road Burton, Michigan. Just Two blocks south of I-69, Exit 139

VOLUME EIGHTTEEN

NEXT MEETING THURSDAY July 10, 2014 7:00PM

NUMBER SEVEN

Thursday July 10, 2014 Meeting

The meeting will begin at 7:00pm at Walli's as usual in the upstairs conference room.

This month we will be actually working on the product development on one of our inventor's ideas.

We are going to use the club audience in an idea development exercise. This will include brainstorming a product name for the invention.

We will be using the "whiteboard" to do this idea fest.

This is one of the best development methods and one that has been in product development at General Motors Truck group in the heyday of the best products ever.

This process will work on any product or process.

We will be given the product definition, function, problem it solves, estimated price point, costs, design, engineering, and manufacturing alternatives, technical challenges, competition, packaging, and many other issues.

This should be fun and a great learning opportunity for all our members. See you all there at 7:00pm at Walli's

The July 10, 2014 Meeting will be featuring more club members products and helping each other help fellow inventors with their journey.

Cash Flow for Inventors

(How to make sure your invention will pay for itself)

Why You should do a Cash Flow Analysis

To quantify your breakeven point (how many units must you sell to pay off your investment)

What information do you need to have

Your price point

Method of distribution and discounts

Net piece cost (direct product costs only)

Net Revenue (Margin) (money you get from each sale)

Manufacturing Margin

You should always calculate your manufacturing margin before you move forward with your invention. Make sure it gives you enough margin to stay in business.

Manufacturers' Revenue --- Manufacturers' Cost

Manufacturers' Revenue

= Manf. Margin

Target Margins: Licensed = 50% Sold Direct to Consumers = 75%

Starting Your own company selling to companies = 60% to 65%

Define Manufacturing Costs

Anything required to produce, package, and ship the actual product

Materials

Direct Labor (to produce product)

Components

Labels

Packaging

Shipping containers

Overhead costs not included

Electricity Water Office support Machinery Brooms

Or any cost that is not on the actual product delivered to the customer

ICMM
Home of the Happy Inventors



MARKETING

Hints from the Fog
by Mike Ball, President



Cash Flow Formula

Revenue --- Costs = Margin (Contribution)

Revenue is what the customer actually pays you for each product. (This is your margin/unit minus cost)

Costs are all the material, labor, packaging, that is delivered to the customer.

Investment = Tooling (molds, dies, fixtures), parts and packaging inventory.

The total money you spent for production per unit.

Breakeven analysis =

Investment divided by Margin = Units to pay off investment

Example: \$4150 tooling investment
\$6.26 margin per part
\$662.93 Units required sold to break even

Quantify Your Risk (example)

Facts you know

You invested \$4150 to make a mold

Your price point is \$15.95

Your average net margin is \$6.26 per unit

It would require 663 sales to pay off all your investment

Your Manufacturing Margin is 69%

Would you produce these products to sell or drop the project and move on to your next idea???

You are the only one who can decide if the risk is reasonable

All of life is risk

You need to do your market research and forecast on how many you can sell

Is your product competitive?

Does your product (invention) fill a need?

Are you willing to work hard to sell your product to your customers?

If you will work, can you make this product pay

Summary

You must have designed, engineered, and built a product before you need to do a Cash Flow Analysis

Without a finished and packaged product you have nothing to sell.

You just have a dream or an idea.

No one ever lost money doing nothing, but they never gained any money either.

Invention Review Panel

For objective evaluation and priceless feedback, share your invention ideas with an educated group of inventors, business owners, engineers and authors!

Our Panel will sign a non-disclosure agreement to guarantee your ideas are kept secret while we provide you with the input needed to make decisions, no matter what stage of the invention process you're at!

There's a \$25.00 Donation for a Review. The Panel meets at 6:15pm before each meeting. Call Panel Chairman Rick Mason at 810-659-7935 for an appointment.

Review Panel Members
Marty Sovis Rick Mason
Jim White

Bob Ross 1919 - 2004
Inventors Education Column

Inventors Resources

Michigan Inventors Clubs
Inventors Council of Mid-Michigan
Inventorscouncil.org

Muskegon Inventors Network
Muskegoninventorsnetwork.org

Grand Rapids Inventors Network
GRinventorsnetwork.org

Jackson Inventors Network
Jacksoninventors.org

MidMichigan Innovation Center
www.mmic.us

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