

Work So You Don't Have To

By John Eliason

If you could start off every month with ALL the money you need, how would life change?

Royalties, “passive income,” bankers call it “residuals,” the oil business and other entrepreneurs call it “recurring income” or “evergreen income.” Call it whatever you want, it’s the foundation of the most valuable businesses on the planet. Use it and you’re following the recipe of the world’s wealthiest. You might think it doesn’t apply to what you do or it’s impossible or need millions of dollars to invest, but there are other ways to get it. It’s worth figuring out.

Real world examples

There’s a wide spectrum of examples that you can pick from and use for yourself, let’s take a look at a few – again, rather than just admire what they’ve done, think how you might be able to model what they’ve done for your own business. We may as well start at the top with one of the greatest minds in business, Warren Buffet.

The Toll Bridge

Warren Buffet loves subscription businesses and what he calls “toll bridge” businesses; every time someone wants to go from here to there, take a transaction from here to there or continue receiving or using a service, they need to pay a little fee. If you look at what he invests in you’ll see this love in action; he owns banking, credit cards, insurance and newspapers; in fact he recently bought 28 more newspapers for \$344 million, owns a huge chunk of American Express, Wells Fargo, Bank of America, Master Card and GEICO (yes, that little green insurance selling lizard you see on TV).

#1 He looks for businesses with toll bridges, recurring business, subscriptions and monthly premiums; evergreen income.

So, tear a page out of his book to achieve what we want in life and business. **Obvious ways to build toll bridges, subscriptions and evergreen income.** Utility, cable, Internet, mobile phone, industries... This same concept is how these industries became behemoths. Look at your phone service; a basic fee to have service (subscription) and every time to make a call (toll bridge). Same with electricity, water... Similar for cable or Internet; basic service and more for more usage.

- It's a common strategy for those in the know.

Even little companies can generate solid recurring monthly revenue. Banking, the classic toll bridge: customers pay for financial transactions (toll bridge). There's currency trading, payment processing and fees charged on investment portfolios. How can you borrow the banking thinking and use it in your own business?

Insurance:

Warren Buffet is the master of this game. He's taken premiums and bought more toll bridges; smart.

Not-so-obvious ways to build toll bridges, subscriptions and evergreen income.

Security systems and monitoring:

Here's one that combines hardware (the system in your home or office) where you make money on the sale + you make an ongoing (subscription) fee on the monitoring of that system.

Payment processing:

Another that combines equipment and service. How could you spin this model into another industry?

Service Agreements

This area is easy make into a subscription and recurring revenue business. Think things like home and building maintenance, monitoring, cleaning, landscaping, snow removal, trash... Those who turn it into a contract are the ones who usually prosper. And with a contract, the customer knows what they're going to pay and can keep a control on their expenses.



Software and cloud-based subscriptions

Movies:

Look at Netflix; you used to have to go to the store and rent movies as you wanted. No more. Now a basic service fee and voila' you can stream them. That's better. Today Netflix is worth \$59.4 billion. Goodness!



Music:

Now you have Pandora, Apple Music, Napster and others like it...

Seems the savvy are jumping on this subscription bandwagon way of selling.

There are newsletters, advice, educations, training, information, newspapers, magazines, food, wine, genealogy, dating, shaving supplies, there's even a club for buying rubber gloves. And all sorts of business software; HR, accounting, CRM... You can target individuals or businesses. Payment gateways are a snap to add. You can take your knowledge and create an online business sometimes pretty fast.

What could you do to provide massive value at a fraction of what it's worth to the used and you're on your way to breathing space?

Retail Hybrid

Mailboxes and shipping store:

I have a buddy that owns one of these and he says that the rent on the mailboxes covers his

store rent, hey, at least it's a start.

Apple Store:

Like most retail stores, they don't make a ton of money from hardware, but combine hardware and subscriptions and you have one of the richest companies on the planet. Ah ha.. a retail store with recurring revenue, interesting...How else might you spin a retail store to have recurring/subscription/evergreen income? What might be a new spin on an old product?

Subscription/Membership Model

Fitness:

Most every fitness studio in the world, runs on this model. It's key to their success. How could you turn a standard product in a membership model?

Massage:

Massage Envy turned their pay for a massage into a membership model, different, but similar. "Yesterday" they were non-existent; today they are the biggest name in massage. Compare their profit with the thousands of no-name massage studios that struggle. The BIG difference; Massage Envy has their overhead covered with membership/subscription fees while the independents hope someone comes back.

Membership breeds habit, community and loyalty – priceless.

Consulting:

One of the more brilliant examples I've seen recently, consulting!: I have a buddy, Jim, his company sells OSHA consulting to businesses. His company could charge a \$20,000 fee for consulting and his clients would have to really think hard about it. But for \$1,500/month subscription, the client can say, "Yes" easier and they get exactly what they need to stay in compliance, right away. His clients go with the \$1,500 per month and it just keeps spinning month after month year after year and more and more and more business are jumping on board!

The list goes on...

These companies with a subscription or a toll bridge model usually have higher valuations because they have GUARANTEED INCOME.

You can do the same. Like Warren you can buy toll bridge companies or like my buddy Jim you can adapt your company to be a toll bridge, or you can change the way you bill or like every financial, planner, card processing or insurance seller, you can sell another company's services with very little overhead and innovate your own along the way. In any case, you want to sell services and subscriptions to anything that gives your clients ongoing value; get enough clients and you're out of the rat race.

By John Eliason

John Eliason is a rebel entrepreneur who teaches other entrepreneurs shortcuts that speed results. You can find more of his rebellions ideas in his business lab www.rewirelab.org

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