

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 EIGHTEEN

NEXT MEETING THURSDAY August 14, 2014 7:00PM

NUMBER EIGHT

Thursday August 14, 2014 Meeting

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

In the July meeting our members worked as focus team for an actual invention by a member, Fred Elvin.

The invention is a cooling fan for the cab of class 6,7,8 over the road tractors.

The invention is designed to cool the sleeper cabs while parked at night instead of running the engine for air conditioning and using about 8 gallons of fuel.

The savings should be about \$40.00 in fuel every night.

The members came up with the final name of "Cross Breeze" Cab Fan. They also came up with a "logo" for the packaging.

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

We will work on design and engineering tonight.

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

The August 14, 2014 Meeting will be featuring more club members products and helping each other help fellow inventors with their journey.

This month we will have an early working prototype (not a mock-up) to review and discuss design and engineering change or updates. We now have a good looking product represented by the current prototype.

We need to solve the extension to seal up the window so the fan has no open areas. The members will be able to see the working prototype.

Even though we now have a very good looking and working invention, we do not have a business case unless we can make the finances work. No matter how great you product works, if the manufacturing margin is too low, we will not build and sell it until the revenues and cost are going to be profitable.

We will calculate this out as a group at the meeting. This protects the inventor from losing money. There is always risk with any idea, but using this method will make sure you make sufficient money if you can sell the product idea.

Safety first means, you must make a enough profit to stay in business if your invention does sell. (See below for calculations)

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

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 on the product 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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