

## The Million Dollar Minute

By Douglas Niedt

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### **Incoming Producing Assets**

I'm Douglas Niedt. Thanks for joining me for this Million Dollar Minute. I'd like to talk about Income Producing Assets. Let's get something straight. The entrepreneurial guitarist—that's YOU—doesn't spend money unless he must. He doesn't buy anything until he knows where the money is coming from to pay for it. And, when he does make a purchase, he makes certain the money is spent on income-producing assets.

In other words, things like fashionable clothing, furniture, dirt bikes, and boats are nice, but they don't usually directly produce income for a musician. They eat up income. They don't produce it. But a guitar, a computer, or recording equipment has tremendous potential to produce income for a musician.

Say you want to record a CD at home, or demo tracks. You will need equipment. Now your spouse, parent, boyfriend, girlfriend, or other doubting Thomas may have a big problem with your spending \$2,000 on a microphone. Just explain to them that it is an income-producing asset. Yes it costs money, but you will use it to record which will eventually return more than the \$2000 investment.

You may have to explain, “No, honey, we can’t afford to buy you those new shoes today. I need to get that Avalon mic preamp. It will give me a better sound for my vocals and we will sell more CDs. The Avalon is an investment, an *income-producing asset*. When the money starts to come in from the CD sales, we can buy all the shoes you want.” Or for you female artists out there, “No, sweetheart, we’ll have to wait on that hunting/fishing gear or big-screen HDTV, or Jet Ski. I need to get that Apogee converter to clean up the high end on my guitar. My recordings need to be high quality to sell commercially. Remember, the Apogee will be an *income-producing asset*.”

Don’t you love it? But actually, this is a financially sound philosophy. Boats, fashionable clothes, furniture, appliances, hunting gear, dirt bikes—yes, they are all very nice but they don’t directly produce income. If you are going to spend money, spend it on something that will *produce more money*, not eat it up. When the entrepreneurial guitarist makes a purchase, he makes certain the money spent generates much *more money* in return.