

Respin Industries, Inc.

Spinning Inventions into Products, Selling Them, and Making Products

>>> Inventing Forward TM >>> Table of Contents

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About the Author

Introduction

Travis E. Huff – Founder / CEO / VP of Sales & Marketing



- Son of two entrepreneurs
 - Edwin Huff - 25 years in business Huff & Vanderbeek, LLC, accounting services
 - Brenda Huff - 20 years of sales management experience, and inventor of Wish Candle TM
- Graduate of CSU, Fresno – Craig School of Business
 - Business Administration emphasis in Marketing / Minor in MCJ emphasis in Advertising
- Over 3 years of full-time sales of Broadcast Television advertising
 - 1st Year of Sales - \$400,000 over my managements sales goals for 2006

Sometime in early 2005, I was watching Oprah and was inspired to start Re-Spin Industries, Inc. After watching the show titled “Your house could be making your sick” with special guest Dr. Philip Tierno I found out that the kitchen sink has 1,000 times more bacteria on average than your toilet. That is what inspired me to invent a product that would solve my needs to keep my cleaning tools (sponges, brushes, and dishrags) air-dry and bacteria free eventually and eventually I turned my invention into a thriving business. Currently we manufacturing, marketing, and distribution company of health & home consumer products; also we offer services that help people turn their ideas into successful businesses. Our goal is to change the world by inventing and selling our consumer products as well as helping inventors selling their inventions. We will license viable inventions and sell them thru our brand name Re-Spin Industries, Inc or we will help the inventor start their own successful business.

Inspired by Tamara Monosoff “**The Mom Inventors Handbook**” *How to turn your great idea into the Next Big Thing*; McGraw-Hill, 2005

Inspired by Howard Bronson, “**Good Idea Now What**” *How to Turn Your Idea, Invention, or Business Concept into a Money-Making Success*; Warner’s Books, 1990

Step 1 – First Steps to >>> Inventing Forward™ >>>

- Where do you start?

1. **Get a bounded notebook (with no removable pages) – date all pages**
2. **Describe your invention**
 - a. What is your idea?
 - b. How did you think of it?
 - c. What does it look like? – Include dimensions, shape, materials, anything else that is relevant
 - d. How does it work? – Describe the function of the invention.
 - e. What problem does it solve? – Describe why the product is needed.
 - f. Possible Product Names? – Write down the names that you are considering for the product.
3. **Draw a picture(s) of your idea**
4. **Describe your product's features** – “a prominent or distinctive aspect, quality, or characteristic.”
5. **Describe your product's benefits** – “something that promotes or enhances well being, an advantage.”
What does this product solve? How can it help someone in their daily life?
6. **What makes your product unique to the market?** Your idea may be brand new to the market, or it may be an improvement of something that already exists but with unique features and benefits to differentiate it. It can be helpful to include similar products in your list.
7. **Who will buy it? Who is your target customer?** Who will need the product?
8. **How might your product be expanded to other uses or customers?** Create a list of possible markets

- Record discussions pertaining to your invention – Be sure to keep a brief record of all conversations you think are relevant. When you speak with an engineer, graphic artist, prototype developer, patent attorney.

- a. Write down the date and time of your call
- b. 2 or 3 sentences summarize your conversation.

- Getting Down a Business Plan – should compliment your notebook – www.onepagebusinessplan.com . This plan should be changed every few months and evolve over time.

1. **What am I building?** – Is this a business, service or product? – The answer is the vision statement
2. **Why does this product or business exist?** – What does it aim to accomplish? – The mission statement
3. **What are my specific short and long term goals?** Company Objectives can be measured later
 - i. **Short Term**
 - ii. **Long Term**
4. **How are we going to build this company over time?** Company Strategies
5. **What is the work to be done?** Company action plan with specific tasks to do with due dates

- Step 1 Cost – Mostly “Sweat Equity”

1. A CPU and internet provider
 2. Market Research
 3. Preliminary Patent Search – do it yourself or hire a professional for \$250 to \$800
 4. Prototype development
 5. Market Testing – do it yourself, or spend \$3k - \$5k for a professional focus group
 6. Patent – Provisional patent comes with a \$100 filling fee at USPTO. Filling a patent \$2k - \$10K
-

Step 2 – Knowledge is Power >>> Inventing Forward TM >>>

- Key Decisions to make after Research

- _____ Abandon the product all together
- _____ Modify the product
- _____ Proceed with the product as planned

- After Research you should be able to answer these questions.

1. Does this same product already exist? Is so, what is it?
2. What products are similar, but not exactly the same? (List the specific features)
3. How does your product differ? (List your products specific features)
4. Which retailers sell these similar products? (List names and contact info, phone, addresses)
5. Which manufacturers produce them? (List names and contact information)
6. How are these similar items priced? (List the products and price points) – Example 6.99 at independent stores and e-retailers, and 4.99 at national chain stores
7. Based on this information is there still room for your product? (Write out Conclusion or thought)

- Write down your potential sales channels (retailer, distributors, and direct to consumer)

- Doing a Preliminary Patent Search on your invention– United States Patent Research - www.uspto.gov

Step 3 – From your mind to your prototype >>> Inventing Forward™ >>>

Why is a prototype important?

- 1) A prototype enables you to test and refine the functionality of your product
- 2) A prototype makes it possible to test the performance of various materials
- 3) A prototype will help you eventually describe your product more effectively with your team
 - i. Your Attorney
 - ii. Packaging and Marketing Experts
 - iii. Prospective consumers
 - iv. Wholesale Buyers
 - v. Investor

- **Making your Prototype** – these websites can help to make your first prototype

Shapelock – moldable plastic, when heated then dries and turns into hard plastic. www.shapelock.com

Manufacturers – www.thomasnet.com

Rapid Prototyping - www.cc.utah.edu/~asn8200/rapid.html , www.rapidprototyping.net , www.aero3dp.com

Federal Safety Standards – www.cpsc.gov – Business Link, Regulations, Laws, and Business Info – 1-800-638-2772

Voluntary Standards – ASTM International – www.astm.org

- **Test Labs** – test the product before you launch it to the market
- **Labeling Requirements** – American National Standards Institute – www.ansi.org

Materials – Plastics, Textiles- www.notionsmart.com , Formulas – formulator,

- **What will people think about my prototype?**

- Be prepared for thick skin, keep your ears ready to hear feedback
- Negative Feedback
- Thanks those who give HONEST FEEDBACK

Questions to ask someone who says they like your product

1. What don't you like about it?
2. What aspects would you change?
3. If you were the creator, what would you do at this point to modify it?
4. Is there any other advice that you are willing to share with me?

- What a prototype will cost?

Plastic or Metal

- Engineer \$100 - \$300 per hour
- CAD drawings and product refinement \$1,000 - \$10,000 depending on complexity
- Machinist - \$50 - \$100 per hour (changes by state)
- Hand-tooled prototype : \$100 - \$300 depending on the complexity
- Rapid Prototyping – (assuming CAD drawing are complete) \$150 - \$500

Textile

- \$500 and up (depending on complexity)

Safety Test

- Sending your product to an independent safety testing lab will cost (\$500 to \$15,000)

- Money Saving Tips

Plastics – Use Shape Lock to create base prototype then use a rapid prototyping company to help you manufacture professional looking prototypes

Textiles – Use a local seamstress, or friend

Testing – Speak to your manufacturer about the items that safety labs plan to test.

Protecting your prototype – Patent Pending, Non-Disclosure Agreement

Step 4 – Understanding Marketing Research >>> Inventing Forward TM >>>

After **Step 4** refer to your “invention” as a “product”

- **Two Types of Research**– Secondary, and Primary – it is like a jigsaw puzzle

1) Secondary Research - research that is already available about the marketing for your products

- US Census Bureau
- New Articles
- Trade Journals
- Purchase reports from marketing firms

- **Where can you find secondary research?**

- Census Data (www.census.gov)
- Internet (www.google.com)
- Business Publications
 - (Entrepreneur Magazine, Business Week, Fortune Small Business, Business 2.0, INC)
- Trade Associations
- Trade-specific publications (Early Learner and Kids Today for children’s market)
- Gender of ethnic-specific publications (Minority Business Entrepreneur Magazine)
- Financial data on important or relevant public companies
 - www.hoovers.com , www.sec.gov

Making sense of US Census – www.census.gov

- Click on “Subjects A-Z, this lists all the reports that are available by subject.
- Using keywords that you already have on your list – make sure you write them in your notebook
 - Click on American Fact Finder
 - Select a year and program
 - Enter Keywords
 - Select a subject
- Profile of General Demographic Characteristics

Going Public - Researching Publicly Traded Companies

- **Hoovers** - www.hoovers.com/free - Select Industry Keyword button

- **Securities and Exchange Commission** www.sec.gov – Enter ticker symbol
- **The Bloom Report** – www.thebloomreport.com

Fee-based Market Research - www.google.com type in Market Research

Research data - reports \$500 to \$5,000

2) Primary Research – Research that tells you what consumers and buyers like and dislike about your product.

- Formal / informal focus groups
- Woman – in – the street interviews
- Direct Mail
- Telephone Surveys
- Blast E-mails

Primary Research – Understanding your Options – by Silver Stork Research, follow these key questions to ask yourself before you begin planning or launching your research.

Research Audit

1. What are you top five things you hope to get accomplished with the research?
 - a. Product appeal
 - b. Brand Name
 - c. Pricing
 - d. Promotion
 - e. Buyer Behavior
2. Why is research important now?
3. What business decisions do you want to make from this research?
4. Who do you think that you should talk to?
5. If you could only get an answer to one question, what would it be?

- Informal Focus Groups- get a group of people together who will share their feedback.

1. Plan a group of get-togethers with friends and acquaintances that represent your target market, and ask each participant to bring someone you don't know. You may also wish to tap into a group to which you belong. (Chamber of Commerce Group, religious group, etc).
2. Prioritize what you want to get accomplished.
3. Tell your participants that you value their feedback, both positive and negative. Make it clear that you are looking for serious consumers, honesty is extremely important.
4. Have the participants sign a release form (See Appendix B) NDA / Confidentiality
5. Before the participants arrive, think about what questions are important to you. Keep in mind that some of this data will be helpful for future selling points. You can later quote participants in your brochures, and product sell sheets using this research.
6. List the questions you plan to ask. Your questions should be unique to your product. Start general and then get more specific.
 - Have you seen anything like this before?
 - How have you dealt with this issue without this product?
 - Would you purchase this product? How many?
 - If not, why not?
 - What do you like about it?
 - What would you change?
 - What colors do you prefer?
 - How much would you pay for it?
 - Where would you expect to buy it? (Specific stores you shop at)
 - How would you expect it to be packaged?
 - How many per package?
7. One person should be assigned to take notes and another one or two people to ask the questions and moderate the discussion.
8. Follow-up questions to clarify information are important and provide one of the unique benefits of conducting a focus group.
9. You may want to video record the event

Benefits – Provides an opportunity to go into greater depth than other research styles. The participants can add your support network. The process can be a lot of fun and informative.

Drawbacks – Coordination is more challenging than in other types of research, and personal acquaintances may be less likely to verbalize negative feedback.

Cost - Focus Groups – \$500 to \$5,000, depending of the length, complexity, and marketing firm you hire to conduct them for you.

- Save money by hiring less expensive professionals, borrowing facilities, rewarding participants with gift certificates.
- Save money by asking community group with which you are affiliated if you can attend on of their meetings and survey theirs members about your product.

- **Woman – on – the – Street Interviews** – By stopping people in their environment you can get great feedback. These kinds of interviews are informal, and they can often help you focus on key issues to help refine your product design.

Procedure

1. Choose a public place where your target market spends a lot of time. For instance, if you wish to interview moms, some effective locations include playgrounds, supermarkets, and the mall.
2. Be sure to identify yourself and have a business card on hand to help the people you're talking to feel more comfortable and eager to offer information.
3. List questions on multiple prepared forms so that everyone you speak to answers the same questions in the same order.
4. Rehearse your approach and each question. Keep it under 5 -10 minutes
5. Explain the product quickly and simply. QVC buyer you should be able to describe your product in one sentence.
 - a. Eliminates bacteria and organizes your dishrags, sponges, and scrub brushes.
6. Ask questions and write down the answers
7. After the interview, make a few notations about each person. (Ex. Mom with two kids)

Benefits – Anonymity and unbiased feedback.

Drawbacks – The discomfort in approaching stranger, shorter interviews, less feedback, and no opportunity to follow-up.

Cost - Woman on the Street – Save money by doing them yourself. \$0 - \$2,500

- **Online Bulletin Boards** – free place to collect information, there are countless websites with message/bulletin boards, where very diverse groups can be found with whom you can talk to.

Procedure

1. Visit sites with interest groups and bulletin boards related to your product. The seemingly narrowest of topics have bulletin boards to support them. No matter what the subject, you will discover useful boards as your journey on the Internet expands.
2. Join in and participate in other ongoing conversations
3. On the bulletin board, create a new topic; tell people exactly what you are doing. (Developing a new product and what it does) and that you would value their advice and feedback.

Benefits – You can change and add new questions at anytime from home.

Drawbacks - You have no way of knowing if your respondents even remotely fit your target customer. You can't verify gender, age, ethnicity, economic status, or any other traits that can be verified in direct settings.

Cost - \$0 - \$1,000

- Email Blasts – Create and email campaign and send it to your network of family, friends, and business associates.

Procedure

1. Compile any sources of contact information you have. Get out your address book or contact list. Pull the business cards out and use professional association directories.
2. Send out a request for information. Describe the consumer or targets you are looking for and specify clearly in the email who you want to speak with (example: “if you know any women currently planning for a wedding, please forward”). Then include your questions in the actual email body so it is easy for people to respond. In other words, no attachments

Benefits – Require little planning.

Drawbacks – You don't know if you are going to get one response or many. You have little control over the people the message is forwarded and chance of little response.

Cost - \$0 - \$500

- Direct-Mail Surveys – a traditional paper survey sent to a mailing list of your target consumers.

Procedure

1. Purchase a mailing lists from media outlets (ex. Magazines) or list brokers. Go to www.google.com and type in “list brokers.

2. List the questions, keep it short but complete, that you'd like to have answered. These questions should be in yes/no or true/false format.
3. If your budget supports it, hire a research professional to develop your survey, then field and process the responses.
4. Make sure you include a self-addressed and postage-paid return envelope. You may also increase your response rate by offering an incentive for completing and returning the survey – a gift certificate to a retailer or online store. It is also nice to send a follow-up thank-you letter.

Benefits – You're polling a large survey group and you have the opportunity to ask many questions and collect a wide range of information.

Drawbacks – Uncertainty as to response rate versus investment, and no opportunity to interact or clarify anything that is unclear.

Cost - Direct-Mail Surveys - Depending on how elaborate, these range from \$1 to \$5 per mail piece, including development, graphic design, handling, and postage. Save money by using your own mailing list, using a letter on plain paper, and mailing it yourself. \$500 - \$5,000

- Telephone Surveys – A phone interview is ideal for close-ended questions and should be limited to less than 10 minutes to collect true insights. Phone surveys are ideal for making the final decision on a product such as pricing or choosing a name. This is an efficient way to gather a lot of data in a short amount of time.

1. Do an internet search to identify companies that conduct telephone surveys and collect data. Type in "Call Centers" and "telephone surveys"

Benefits – Reach a large number of people can get specific information about the person being interviewed, and you have the opportunity to get more refined answers to questions.

Drawbacks – The can be expensive – several hundred dollars for a small survey and more.

Cost - Telephone Surveys – Your calling list – the names and phone number of your target market – will cost \$200 to \$2,000. You will also need to pay the labor cost of the people making the call. Save money by using your own list and making the calls yourself.

The Bottom Line – budget will be an important consideration before your conduct market research.

Low Cost Primary Research Methods - Informal focus groups, woman-on-the street interviews, online bulletin boards, and e-mail blasts.

Costly Primary Research Methods – Direct-mail and telephone surveys.

3) Informed Decision – After step 1 and 2, now you can make an informed decision

- Gut Instinct and Good Data – Moving Forward*

Step 5 – Protect your Intellectual Property>>> **Inventing Forward™** >>>

Consider the following factors before filing a patent

- Make sure that is not infringing on someone else's patent. An attorney may be necessary to ensure you're within legal requirements, even if you decide not to file a patent.
- Develop a basic prototype to determine your products functionality.
- Define your market and determine how large it is.
- Determine how much it will cost to manufacture your product.

Benefits

- If you are planning to manufacture and sell your product (as apposed to licensing).
- Can help you justify your investment in design, production, and marketing.

Negatives

- Spend a lot of money on legal fees to battle infringement of your patent

Utility Patents – protects your actual idea, regaurdless of your appearance, it deals with structure and operation of the product.

Design Patents – less complex, is deals with the exact appearance of the product

Provisional Patents – consists of written description of your invention and drawings

- Note that provisional patents can not become patents without a non-provisional patents.
 - Utility patent filed 1 year of the provisional patent

Finding a Patent Attorney

- **Finding a Patent Attorney** – Engineering or Science degree and pass the bar exam
- **Find a Intellectual Property Attorney**

Find an attorney from www.uspto.gov – Click “Patents” “Registered Attorneys & Agents”

Meeting with your Attorney

1. Is a patent appropriate for my idea?

- a. Patent, Copyright, Trademark
2. Give your attorney a mental picture of your invention, bring all records
3. Bring in the prototype, drawings, and written description of the invention, list of inventors, any notes related to the invention

Give yourself Credit – make sure that your name is included on the patent

The Time for the Process

- Utility patents can take as little as 24 months to 3 years
- Design patents can take 6 to 12 months
- You can mark product “patent pending” once patent is filed

Cost of Filing – Provisional Patent around \$1,000 and Full Patents \$10,000

Patent Agents – help you to write the patent, and are much less costly than patent attorneys

Conduct a Patent Search – Cost typically \$250 to \$800

To find a reputable company, go to The United Inventors Association – www.uiausa.com – click on their resources section.

Copyrights – protect published or unpublished literacy, whether it is an essay, a play, dance, movie, or photograph.

- **Advantages** – legal protection against infringement, cost \$250 thru lawyer, \$30 directly filled.

Trademark – identify a source of goods (such as a brand name). The trademark does not identify or describe the goods or services. It usually takes around 16 to 20 months and should cost \$900 to \$1,500.

Proper Protection - [www.wipo.int/treaties/en/ShowResults.jsp?lang=eng&treaty_id2."\)](http://www.wipo.int/treaties/en/ShowResults.jsp?lang=eng&treaty_id2.)

To determine if your country is included in this treaty, go to www.uspto.gov/web/offices/pac/dapp/pctstate.pdf , PCT application commonly referred to as international application. Over 120 countries around the world adhere to this treaty. A PCT application preserves your rights to file in other countries or regions for up to 30 months. The PCT gives you that option, and is expensive ranging from \$5,000 to \$10,000.

What will it Cost?

1. Would a provisional patent satisfy your immediate needs, enabling you to defer the higher cost of a utility patent?
2. Would a smaller law firm of individual charge less than a larger firm?
3. Can you find a registered patent agent with the skills and experience necessary to write your patent?
4. Is writing the patent application yourself an option?
5. Are there nonprofit or other trade groups that can offer free help? www.lccr.org
6. Are you willing to take the risk of not filing a patent?
7. Can copyrights or trademark fulfill your needs? Copyrights and trademarks are less expensive to register and can be put into use before official registration, free of charge. At the end of your name or symbol simply place a TM for a trademark or a C for a copyrighted. Keep track of the date when you started using these symbols.

Manufacturing is simply the process of making things, and including any combination of industrial machinery, raw materials, and human labor.

- **US Manufacturers** – www.thomasnet.com - 650,000 nationwide
- **Overseas Manufacturers** – www.alibaba.com
- **Hong Kong Trade Development Council** – www.tdctrade.com

Qualifying Manufacturers

1. What types of products do you make?
2. Do you have reference customers I can contact?
3. What is your strength? (textiles, plastics, metal, etc)
4. Do you have minimum requirements? What is the smallest manufacturing run that I can do for my first order?
5. Do you charge extra for a sample? How long does it take you to produce samples, and when can I expect to receive them?
6. Is product packaging included in your pricing? Or do you outsource or subcontract the packaging?
7. If your product involves plastic, do you make plastic molds? If so, how long will it take to produce a new mold?
 - a. Note that a company won't offer a price quote at this point without seeing either a prototype or CAD drawings.
8. If your product involves fabric, do you make textile products? Do you work with my particular textile (i.e., cotton, canvas, silk)? If not, do you recommend any alternatives? How do you want product designs communicated? Do you expect a professional pattern or will a hard sketch suffice?
9. If you are contacting an overseas manufacturer, ask if they comply with particular standards. For example, are the ISO certified? (This is an international standard that applies to good business processes.) Or have they been inspected and approved by any other bodies or private companies? (Target or Wal-Mart are both known to inspect and certify overseas manufacturers for their compliance with human rights and quality control standards).
10. How much do you charge for your services? How do you breakdown your costs (e.g., cost of mold, per unit cost, packaging)?
11. What are the payment terms?
12. How do you handle damaged or defective product runs? Is there a percentage of the product that must be damaged to reimburse my money or to justify a new production run?

The Great Debate

One of your biggest decisions during this process is to decide whether you want to produce your product domestically in USA or overseas.

1. **Domestic Manufacturing** – smaller minimum orders but with higher cost per unit.
2. **Manufacturing beyond the borders** – the greatest benefit is cost. The greatest disadvantage to overseas manufacturing is that it adds another level of complexity to your business.

Totaling your tariffs – You'll most likely have to pay a tariff when you import a product you've manufactured overseas. A tariff is the tax you pay to bring the items into the USA. It's important to know in advance the amount you will be taxed, so that you can include this figure in your overall budget. Go to United States International Trade Commission – www.usitc.gov, under tools – click on "Tariffs Schedule". Scroll down until you see "2005 HTSA – by chapter" Click on that link.

Creating your calendar – setup a calendar for production, shipping, tariffs, customs, etc

Freight-forwarding – service providers that offer help with transporting goods overseas and in the USA. Freight-forwarding refers to moving cargo from one location to another using every kind of transportation available: air freight, shipping, rail freight. Fed Ex offers door-to-door service from countries around the world to the United States through their Fed Ex Trade Networks (www.ftn.fedex.com). Save money by going with a "consolidated" shipment, which means you'll share a large container – and thus share the costs of shipping – with other importers. In industry terms, this is called **LTL** (less than load container).

Customs Brokerage – There are certain documents required for your shipment to clear US Customs.

- **Packaging List** – This document outlines the contents of your shipment, including the number of cartons and description of your goods. It's prepared by the factory that manufactures your product and is given to the shipping company.
- **Billing of Lading** – This outlines the contents of your shipment, and is prepared by the shipping company and given to you. It should exactly match the manufacturer's original packaging list. In other words, if 22 cartons left the factory in Xiamen, China the same number should be listed on the bill of lading headed for Long Beach, CA.
- **Arrival Notice** – This document prepared by the shipping company that announces the arrival of your goods. This will be sent to you, usually via fax, upon the shipment's arrival. When you receive this fax, be prepared to send a payment immediately so that the shipment can be moved right after it clears customs. Delays in moving your goods will often result in penalties, unless the shipping company has the capability of warehousing your goods. Be sure you know the logistics of this before your shipment arrives at the port.

- **U.S. Dept. of Treasury Customs Bond** – Your customs broker can prepare a customs bond. The document is required by U.S. Customs, so they're provided with "insurance" for payment upon arrival.

For instance, if US Customs has difficulty getting payment for you, the importer, they want to be assured that someone will pay the duty and any fees. It is a one page application.

Your customs broker will ask you for copies of these documents and will be physically present to shepherd your shipment through customs. It's possible to do your own customs brokering. For an outline of the process, go to www.customs.gov. Custom brokers are well worth the money; they handle everything and usually charge \$95 to \$200 per shipment. This amount is paid in addition to the US Customs Bond and tariff. Purchase an Annual Entry Bond (\$500 for coverage of up to \$50,000) for multiple shipments.

Shipping – Going with a well-known brand name, such as UPS or FedEx is almost always a safe bet, but can be a bit pricier than smaller companies.

Tips – United States postal service – ship as many free boxes as you want – at no charge – and preprinted labels with your company name. Call 1-800-222-1811 to order preprinted labels and boxes.

Filling Orders - use fulfillment services – www.mfsanet.org

Shipping and Warehousing in the US – shipping cost in the US will vary based on the dimensions of your packages, weights, and distances traveled.

TIP: Some carriers are less expensive on some routes than others, so compare different carriers. If there are enough goods to ship on a pallet, this will often reduce the handling fees involved and also protect the goods.

TIP: If you have two relatively small boxes going to the same address, it is often less expensive to tape them together so that they ship as a single box. This only works if when combined, they are within the carrier's minimum weight and dimensions requirements.

Outsourcing Warehousing – Compare the costs of multiple vendors. Some warehouses may simply charge a % of your order. Be prepared for the following potential costs:

- Setup fee
- Receiving – package fee
- Storage fee by square/cubic foot or by pallet
- Stacking or shelving fee per box
- Fee for removing item from shelf to fulfill and order

- Packaging fee and box fee (if warehouse must break open and existing box)
- Shipping-label fee

TIP: If you are starting small, partner with a company that's already doing fulfillment.

Manufacturing and Printing Specification (MAPS)

Before you send your first purchase order, make sure that the proper specification that explicitly spells out the details you and the manufacturer have agreed to. These are manufacturing and printing specification (MAPS) documents that contain details in categories relevant to your project (e.g., printing and packaging, product quality and traits, and packing and shipping).

- **Printing** - example – trim size and card stock of your packaging, digital art that details your packaging designs, colors, front of backing card, back of backing card, press proofs.
- **Product** – clarify details like color, style, material used, process notes, and numerous other items.
- **Packaging** – how many units should go into an inner carton, and how many inner cartons should be included in a master carton. Shipping Information should include all delivery requirements.

What are Pantone Colors? – The Pantone Matching System is the worldwide standard for color reference. You can purchase your own Pantone Formula Guide by visiting www.pantone.com.

Packaging – Consumed with the production of their product they leave the packaging decisions until the last minute. After all, you have less than three seconds to get the consumers' attention when they are walking down the aisle of a retail store, so the package needs to "interrupt" their thinking and draw attention to it. Add to this size and other retailer expectations and the process becomes even more challenging. Adhere to Wal-Mart standards so the product would be accepted easily everywhere.

Your packaging should clearly communicate the name and function of your product. Every word counts, and needs to communicate the contents of the package and its features and benefits in the quickest way possible. If the consumer doesn't get it, they won't buy it.

Key Packaging Tips

1. People read from left to right
2. The company's brand should appear at the top left, the name of the product in the center, and the function of the product beneath the title.
3. The features and benefits should be communicated in quick easy-to-read bullets.

Choosing the Colors of your Business – the role and importance of color in conveying a message or meaning or in communicating a feeling about your business or product cannot be overstated. “The colors you use in your marketing weapons – stationary, signs, office décor, brochures, and business cards are important to motivate people. Colors stimulate emotions, excite, impress, entertain, and persuade.

- **Red** – evokes aggressiveness, passion, strength, vitality. In business, it is great for accents and boldness; it stimulates appetites, and associated with depth.
- **Pink** – evokes femininity, innocence, softness, health. In business, be sure you’re aware of its feminine implications and associations.
- **Orange** – evokes fun, cheeriness, warm exuberance. In business, it’s good to use orange to highlight information in graphs and charts.
- **Yellow** – evokes positivity, sunshine, and also fearfulness. In business, it appeals to intellectuals and is excellent for accenting things. Too much is unnerving.
- **Green** – evokes tranquility, health, freshness. In business, its deep tones convey status and wealth, it’s pale tones are soothing.
- **Blue** – evokes authority, dignity, security, faithfulness. In business, it implies fiscal responsibility and security. Blue is universally popular.
- **Purple** – evokes sophistication, spirituality, costliness, royalty, and mystery. In business, it’s right for upscale and artistic audiences.
- **Brown** – evokes utility, earthiness, woodiness, and subtle richness. In business, it signifies less important items in documents.
- **White** - evokes purity, truthfulness, being contemporary, and refined. In business, it enlivens dark colors and can be refreshing or sterile.
- **Gray** – evokes somberness, authority, practicality, and a corporate mentality. In business, it is always right for conservative audiences.
- **Black** – evokes seriousness, distinctiveness, boldness, and being classic. In business, it creates drama and is often a fine background color.

Step 7 – Setting up your business >>> Inventing Forward™ >>>

Setting up Your “Space” – create a defined space that’s devoted to your business.

Tools and Technology – One tool that you cannot live without, The Internet. You will need:

- **Computer:** A laptop with wireless capability which gives you the ability to work from anywhere.
- **DSL** – high-speed internet - \$25 to \$30 per month
- **Dedicated Telephone** – a line for business use only is essential, put an additional phone.
- **1-800 number** – Inexpensive and effective tools for establishing credibility can easily be set up by your long-distance provider. Gives the appearance of a professional operation. You pay for the 800 calls that come into your office. In addition to the cost per call, we pay \$10 per month for this service plus \$.10 per minute for call we receive on this line.
- **Professional Answering Service** - \$40 per month, you can hire a local 24 hour answering service. With an answering service, a live human answers the telephone 24/7 in your business name. Search Google for “answering service”.
- **Fax Machine** – I was surprised by how commonly retailers submit their purchases orders by fax. A new fax machine is available for approximately \$200. All-in-one fax, printer, and scanner for \$350.

Giving Structure, Taking Shape- Choosing your Business Identity – Sole Proprietorship, S-Corp, LLC

Local Small Business Administration – www.sba.gov , Corporate Attorney – www.annrankin.com

- **Sole Proprietorship** – simplest type of business, need only business license. You will have unlimited personal liability. Your assets and future assets – can be taken to satisfy the claims of your creditors. SP have a difficult time raising capital from investors.
- **Partnership**- unlimited liability
- **Corporation** – there are two types
 - **C Corporation** – raising millions of dollars and having an initial public offering (IPO). Protects you from unlimited personal liability. You can lose money you invest into the corporation; you personal assets are protected as long as you follow corporate formalities.
 - **S Corporation** – better option if you don’t plan to make a public offering of securities. S Corp, profits and losses are taxed only at the shareholder level, not at the corporate level. There are limits on the number and type of investors you may get.
- **Limited Liability Company** – best option if you don’t plan to make public offering. Protects everybody, even managing members, from unlimited personal liability.

Getting your Ducks in a Row – Officially

Once you have decided on your business entity, you have to make it official with your state and local governments.

- Get city business license

- File company names with the county and with the state
- File articles of incorporation with the state
- Apply for my Federal Employer Identification Number

Learning the requirements in your region – Secretary of State – www.statelocalgov.net

Register for a Federal Tax ID Number – www.irs.gov/businesses/small - Click on Employer ID Numbers

Woman or Minority Owned / Operated

National Minority Suppliers Development Council

- 15 West 39th Street, New York, NY 10018 / 212-944-2430 / www.nmsdc.org

Women's Business Enterprise National Council

- 1156 15th Street. N.W. Suite #1015, Washington, DC 20005 / 202-862-4810 – www.wbenc.org

Dun & Bradstreet Registration – no matter who owns your business you need to register your company with Dun & Bradstreet. Use this resource to verify the legitimacy of companies and their history. In addition, certain large retailers such as Wal-Mart will ask you for your D&B number on their vendor application form. Even the smallest company can register with D&B. It is free to register and can be done quickly by phone (800)-333-0505 or on the website at www.dunandbradstreet.com.

The Home Field Advantage – having a home office offers tax advantages but only if your business is profitable. Figure out what % of your home is dedicated to business used – say 20% of your home, then you can write off the interest, insurance, and taxes on the portion of the home. You can also write off incremental expenses such as an extra can for garbage, extra phone line, etc. Deductions are limited to income from your home office.

- Free Business-Oriented Web-site – www.tannedfeet.com

Home Deduction Criteria

- The home office is the principal place of business
- There must be a separately identifiable place in your home for the business
- The space set aside must be regularly and exclusively used for business

Become a Website Wonder

Build a website yourself using FrontPage

Outsource shopping cart options – www.quickcart.com .

Hire a Web Site Developer - Ask Questions before you move forward

1. How long will it take you to build my Website?
2. How do you charge? By hour, by web page, by project?
3. How extensive is your technical knowledge? (Are you more a designer (good at creating graphics), or more of a technical expert (shopping cart, e-mail capturing devices, etc).
4. Will it be designed so I can easily update it? If not, how much will it cost to have changes or updates made?
5. Do you have a portfolio I can review?
6. Do you have 3 references (name and telephone numbers) of clients that you have worked with in the past that I can call?
7. When I send you revisions, how long does it take you to make them?

Once you decided on your company name, search the internet and purchase the domain name.

- Purchase an email account that has the website domain name – travis@myrespin.com

Once the name of your company is finalized trademark the name ASAP!

Managing your Business

It's all about the People – Hiring “Virtual Employees” those who work for your business, but on a fee-for-hire basis – has become an effective alternative for small and growing businesses. Example: full-time attorney, package designer, web developer, or product engineer. I hire their services when I need them, they do not come to the office, but I do consider them part of my team. As your company grows and the workload increases, you may find it necessary to hire part-time and full-time staff.

Office Operations – You will need certain systems and processes in place that will allow you to perform transactions such as make and receive payments, manage your inventory, make shipments, and serve customers.

Getting Paid – merchant accounts - if you're selling a product, you'll need an easy way for your customers to pay you. Credit cards and electronic payments are the most popular payment methods today for both end-users

and retailers. A **Merchant Account** is a global payment-processing service that enables merchants to process secure transactions, 24 hours a day. You will also need to open a bank account with the capability to link to a global payment-processing service. Costs typically \$50 per month plus a per-transaction fee, \$.20 - .30 per unit.

You can't fight the (invoicing) system - For retailers, when you take the order you will need to keep track of payment. With all orders you will need to send an invoice, basically a bill that details the products you've provided, how much is owed to you, and when it's due. QuickBooks 2005 - not only you create shipping orders, invoices, and purchase orders, but it also lets you track inventory. These are the core components that you will need for your business. So what are these four components exactly?

- **Purchase Orders** – are documents that detail the supplies or products that you order from vendors, manufacturers, or factories, giving them a record of what you've ordered and what you owe.
- **Shipping Orders** – give directions to your warehouse to ship a certain amount of products to a specific customer (Wal-Mart, Target).
- **Invoices** – bill customers for the products you're sending them
- **Inventory-tracking report** – keeps track of all movement of cash and supplies, in and out of the business.

The benefit of QuickBooks is that it automatically links all this information together for record-keeping purposes. You can also generate reports that tell you exactly how much inventory has gone out, your income and expenses, outstanding invoice by week, month, or year, so you can perform business analysis. Once you have entered the customer's information it retains this for reoccurring transactions.

Go to www.quickbooks.com

Plenty more on purchase orders – You'll encounter purchase orders in two different ways in your business:

1. When you create them

As a manufacturer, you will need to hire vendors to produce something for you. Therefore, you will need to provide them with purchase orders for their work. Usually you will provide the factory with a purchase order. This official document should state specifically what you are ordering and how much you are expecting to pay (a fact you've already verbally agreed to with your vendor). Details include:

1. Date of Request
2. Quantity Ordered
3. Item Description

4. Unit Price
5. Payment Terms

At the bottom of the purchase order put a place for comments. In this area spell out your specific expectations in detail, Example: I'll note the specific materials to be used (ABS Plastic and elastic), the length of the elastic in inches, the expectations for the packaging (e.g., four-color printing with gloss finish all over the packaging and the Pantone color specifications), in order to assure that we are on the same page.

- Spell out how the pieces should be packaged for shipping
 - i. Example: If I order 20,000 units, all 20,000 units cannot be thrown in a box together and shipped. "Last PO I wrote, 20,004 TP Saver packages, 12,000 pieces need to be packed individually in cartons of 6 units with 8 cartons per master box totaling 48 units per master box. Each box should then be put in sturdy bulk boxes for transport."
- (Monosoff pg152)

2. When you receive them

Just as you send out PO for inventory and supplies, retailers will send you purchase orders to purchase your products. Typically you will receive these thru fax, but may also receive them by e-mail and telephone. Make sure that your fax machine is working and loaded with paper at all times.

Before you receive a PO, you will need to agree to payment terms.

Example: We always ask our customers to pay Net 30 (this means within 30 days of receiving our invoice). However, some of the larger stores will say that they will only pay Net 45 days or Net 60 days. Another term that I had never seen prior to working in this business was "2% Net 60". This means that the retailer will get 2 percent off the total bill if they pay in full within 60 days. **Monosoff pg 152**

TIP: Brining in the Dough – 5 % discount on pre-paid orders

Collecting from Retailers can be time-consuming and difficult. As a new product company, many will be reluctant to pay upfront. Use an attractive additional 5% discount for prepaid orders (usually paid by a credit card). This way we almost never fail to get paid, and our retailers appreciate the extra discount. Plus, we can use the cash right away!! (**Monosoff 152**)

Shipping Orders – A shipping order is a simple document that you use to request shipment of product from one location to another. If you store your products at an off-site warehouse, a shipping order provides an

official request to the warehouse to ship to a given customer. This also provides a record and paper trail to follow if any problems arise. QuickBooks keeps track of your shipments and manages inventory. When you create a shipping order in QuickBooks, it will automatically deduct that for your inventory.

Beware of Cash on Delivery – COD may seem like a safe bet after all, the package won't be delivered until payment is exchanged, but in reality it is nothing but problems. Don't accept COD orders. Only accept Money Orders and Cashier's Checks!

Customer Service in Key- Take care of your customers, thereby creating loyalty and long, fruitful relationships. We sell our products wholesale to retailers and then they sell our products to customers.

When dealing with retailers, here are some strategies to ensure they remain satisfied (and to ensure they keep buying your products!

1. **Order Confirmation** – When you receive an order, fax or email.
 - a. “Thank you for your order. We appreciate your business. Your shipment will be sent by _____ date” Then make sure to meet or beat that date.
2. **Tracking Service** – Keep all packages tracking information in your customer files. Many times a store (the large stores in particular, which have managed plenty of inventories) will say that they never received a shipment. In these instances, tracking proof is invaluable.
3. **Follow-up** – Call after the product has been received to make sure your customer is satisfied.

Service will Set you Apart – Positive customer service ratings can typically be earned by focusing on two things:

- **Setting expectations that you meet or exceed** – under promise and overdeliver.
 - i. Example – If I know that my customer will be satisfied with a 72-hour shipping turnaround, I will tell the customer I'll meet that expectation, even though I know we can do it within 24 hours. Then, when they receive the shipment “early” they'll believe their expectations have been exceeded. This creates reliability and customer loyalty.
- **Communicate** – Everyone has times when they fail to meet their commitments. The key to surviving these failures is by communicating. Contact and reassure customers about a problem before they have to contact you.

Warehousing, Fulfillment, and Inventory Tracking

Services Fees – setup fee \$750 - \$1,500, monthly storage fee, merchandising fee, boxing fee, and fulfillment fee per order. To find one near you, visit the MFSA (Mailing, Fulfillment, Service Association) Go to www.mfsanet.org , click the button on the first button on the left-hand side. Choose Fulfillment companies by state. (**Monosoff 155**)

Understanding Insurance

Unexpected challenges and surprise cost are requiring liability insurance. This type of insurance will help you and your business in the event you are sued for problem or injuries that (allegedly) arise from your product. Premiums ranging from \$200 to \$900 per month. (**Monosoff 155**)

What will it Cost? – Money-Saving Tips

- The fees to establish your corporate entity will vary by state. To save money, get professional guidance necessary and then find free or low-cost help you complete the documentation yourself. Your local SBA office, chamber of commerce, or state government office will likely offer this kind of assistance.
- To save money on Website design, start with a template, often included in your Web Hosting, rather than building a Website from scratch or hiring an outside firm. (**Monosoff 156**)

The UPC

A Universal Product Code is a series of black bars and white spaces with numbers below. The numbers, which are encoded in the symbol, uniquely identify the product. This group of numbers, referred to as a Global Trade Item Number (GTIN), is captured by in-store scanners, which help track sales and product orders via computer. The GTIN in a UPC is always 12 digits in length.

- This bar code can be used on up to 100 products, which means there is no need to apply for additional bar codes if your first product spins off into multiple products. Your UPC is obtained from the Uniform Code Council (UCC) and uniquely identifies your company within the UPC system. Once your application is accepted by the council, you'll receive a number on the UCC membership certificate which will be included in your membership kit.
- Most good-sized retailers will expect you to have a bar code on your product, to adapt to their in-store computer system. It is to your advantage to purchase a bar code and incorporate it into your packaging design from the start. The once an opportunity for a major retailer arises, you'll be ready to go.

- To get the ball rolling, go to Uniform Code Council, Inc. (www.uc-council.org) and click on need a UPC bar code. Call to be a member UCC (937) 435-3870 – M-F – 8am to 6pm EST or email help@uc-council.org.
- For just one product your cost for membership is \$800.

What's a SKU

When a retailer is interested in purchasing they will ask “What’s the SKU (skew) Number? SKU – stands for stock-keeping unit.

The Best Things in Business are (Sometimes) Free!

Service Corps of Retired Executives (SCORE) – retired executives who volunteer their time to help small business owners. Often they have contacts and resources that can be useful. The services they offer are free and confidential, and they can help you build your business from idea to start-up to success.

The SCORE Association, headquarter in Washington DC, is a nonprofit group dedicated to entrepreneurial education and the formation, and success of small businesses nationwide. SCORE offers advice online via email as well as face to face small business counseling and low-cost workshops at 389 chapter offices nationwide. Visit www.score.org

Small Business Administration – Micro enterprise Organizations near You – www.microenterpriseworks.org

ICANN – Internet Corporation for Assigned Names and Numbers (ICANN) is a nonprofit corporation that is assuming responsibility for the US government for coordinating certain Internet technical functions. This includes the management of the Internet technical functions, and the management of the Internet domain name system (website addresses). www.icann.org To locate the registry of qualified companies selling domain names visit www.internic.net/alpha.html .

Financial Challenges of a Start-Up Business

Unless you are one of the lucky ones who hit it big from the beginning, financing a start-up is grueling.

1. **Cut corners in your everyday life** – profits will not be rolling in a month after you launch your business. Cut out daily \$4 coffees, weekly manicures, and dining at fine restaurants.
2. **Keep Working** – Don’t give up your day job too soon. Many successful inventors work on their project at night and on the weekends, and take the process as far as possible before leaving their paying jobs. If

you have a supportive spouse or partner, involve them in the planning. Negotiate with your partner whereby he or she agrees to support the family needs while you build your business.

3. **Spread it out of time** – Spread out this process out over time so you don't incur large expenses all at once.
4. **Work with your vendors** – Find vendors who will share your financial strain. Ask them to give you their absolute bargain price now. Let them know that with success, their support will be rewarded by your loyalty to them. You may also request to pay via a scheduled payment plan.

Lose your Pride

Entrepreneurship brings difficult financial times, be prepared to swallow your pride. When you need to borrow money, ask anyone you can. Better to borrow low-interest from friends and family than from a high-interest credit card.

Lock into micro loans and specials programs – There may be a grant or a loan programs offered through professional organizations such as local chamber of commerce. www.microenterpriseworks.org , www.accionusa.org and www.count-me-in.org .

Investigate small business loans – USBA – www.sba.gov offers a program the guarantees loans made by banks to small businesses. Community Express Loan – www.sba.gov/financing/basics/lenders.html . Business Loan Express www.blx.net – 1-800-722-LOAN.

Apply for a government grant – Federal Grant Programs www.sba.gov/financing/basics/grants.html

Use your credit cards – not a great option but might be necessary to move forwards

Find Investors – Resist venture capital investment as long as possible, because venture capitalist tends to drive a very hard bargain (they want to own more of your company that you may not be willing to give up). Your best bet is your family and friends. Also consider members of your community or professional groups with which you might be involved. Before you start selling a percentage of your company (and future earnings), spend time working with a professional like a SBA counselor or a micro loan support person so you're sure to understand the financial implications. (**Monosoff, 164**)

Pay your service products (such as patent attorney, engineer, etc) in a form of ownership in the business.

Strategies for getting a loan or investment

Everyone appreciates being asked for advice, people often want to “put their money where their mouth is”, and supporting their ideas with money. The most effective ways to achieve this is to develop a formal team of advisors. Many companies have benefited tremendously from forming a “Board of Advisors”, a group of people who can offer information of value to you business, who agree to provide advice on a regular basis. Overall they can demonstrate a coalition of support for you and your business. (**Monosoff, 165**)

- **Putting Sales into Perspective-** want to make money, earning money is about creating choices for you, your family, and perhaps your community. In order to make that money, you must successfully sell your product.
- **Creating Demand for your Product** – unless you are very lucky or very connected, you probably won't launch your product directly into mass-market retail stores like Target or Wal-Mart immediately.
- **Envisioning your Sales Life Cycle** – picture a funnel lying on its side, next envision pushing enough units of your product through the bottom of this funnel to fill it up as you move from the narrow end to the wide end. The distance from the small end to the large end represents time. You will need more units to fill the expanding funnel the closer you get to the top of the wide end.
- **Sales Funnel** – the tip of the funnel represents the very beginning of your sales effort and the top of the funnel represents the point in time when you have achieved the peak of your distribution goal. The market growth funnel image visually illustrates how you'll go about creating demand for your product.

Before you even think of selling your product, it's vital to be armed with the proper information. Market positioning is the discipline that allows you to examine the marketplace, analyze it for opportunity, and discover where your product fits in and how it can benefit this market.

Defining your Target Market

The first step in positioning your product should be to clarify and define your target market success when you hit the road (or phone) selling.

Customer Profile Worksheet

1. How old are they?
2. Are they male or female?
3. What is their income range?
4. What is their level of education?
5. Are they married or single? Do they have children?
6. Do they have specific ethnic or other characteristics?
7. What are their lifestyle priorities?
8. Where do they live? Where do they shop?

Positioning Your Product - You know exactly how your product can help people, but your potential customers don't. To sell your product effectively, your customers must feel that your product provides them with a benefit that is worth the money you are asking for it.

- **Product Positioning** is the process of describing these benefits and features verbally and in writing.
- **Products Benefits** – in the long run, the product will enhance the end-users life.
 - **Example**- a specialized cleaning product may cut down the time it takes to clean the kitchen.
- **Products Features** – the specific characteristics that describe your product
 - **Example** – feature might be antibacterial formula, easy to apply, and fresh clean scent.

Smart Sales Planning

Set Goals – Goals should be specific and measurable. You should base these goals on the specific nature of your product, and should consist of realistic, attainable steps. Goals must be in volume and time-based and broken down into manageable parts: e.g., sell 5 units to end customers within 60 days and sell 100 units in 6 months to independent retailers in my state.

For most new companies, the initial target customers are actual end users rather than retailers. So, formulate how you will sell products in your sales plan. Set-up a Website or Rent a booth at a local event. Targeting independent retailers would likely involve goals like mail introductory letters with follow-up calls, drop off samples, or attend and industry trade show.

Develop a Timeline – An essential element to a useful plan is a time-line. Basing your activity and results on a realistic time-line, you give yourself clear steps. If you are not achieving your goals, you will need to take corrective steps: increase your activity, change your activity, recruits (or pay for) help, or adjust your goals.

Follow a Proven Process

Create “reference – able customers”, customers you can contact. Once you have achieved success and worked out the wrinkles, your next target market would be local independent specialty stores, and online stores. Developing a successful case study of proven sales of your product in smaller local stores will give larger regional chains and catalogs the kind of justification they need to purchase your product.

Local Retailers – commonly offer new products to retailers on the basis that they pay me nothing until they have been sold. Success locally and online will then give you leverage to get placement of your product with larger, regional independent stores and catalogs.

Mass Market – national stores like Sears, Target, Wal-Mart and Kmart.

Knowing your Niche – specialty stores usually won't reach as large an audience as a big-box store. One reason is that the profit margin is usually stronger. Customers who tend to shop in these stores aren't there to seek the lowest price, but to find quality products and better service. The challenge is to generate enough volume to be lucrative. Try specialty chains, buying groups, and trade show to reach these stores more efficiently, rather than trying to sell to each small store directly.

Putting Your Plan into Action: Sales 101

1. Step One – Sell Directly to Customers

- There is no middleman. Selling direct is the first attack to create your market.

Advantages – Don't need to convince a retailer to take a risk by buying your product, you don't have to share the profit, and it is the simplest way to start selling.

Disadvantages - You're not utilizing an established channel to reach a large number of consumers as a storefront or catalog would provide.

Getting in front of your customers

1. Creating a Website presence

- Easier to sell items on eBay or Yahoo Community Groups that you are affiliated with

2. Sell to your family and friends

- When you find someone who loves your products, ask them where they would envision purchasing it from. This will help you form a "hit list" of retailers to contact.

3. Using eBay to your advantage

- Set up eBay Store – post all our products as well as many other inventors' products.
 - i. Always have auctions running to stimulate traffic to the store.
 - ii. To open a store click, "Specialty Sites: eBay Stores" , click "Open a Store"

Step 2 – Selling Wholesale

- Once you have obtained feedback from your direct customers, you can refine the packaging and price points and prepared to approach the next market – wholesale outlets, small, independently owned retailers, "mom and pop" shops. Use the customer references and testimonials to help make the sale.

Reasons to start with smaller retailers rather than chain stores

1. Lack the volume or financial muscle to compete with major retail chains
2. Need to differentiate themselves by offering new and unique, hard-to-find items.
3. Owner is working in the store, so you can speak directly to the decision maker
4. Local owners who will be inclined to help another local entrepreneur

What you need to sell to independent retailers, you will need 5 basic tools

1. **A business card** – company name , and contact information
2. **A product “sell sheet”** – document with pictures, list of features and benefits, pricing and shipping requirements, and your contact information.
3. **Quality Product Photos** – high resolution format for print catalogs and media opportunities (300dpi), and low resolution for online stores (72 dpi)
4. **A succinct introductory letter** – Write it with your customer in mind. Example: The retailer is interested in specific product features and benefits, real customer testimonials, other retailers’ experiences with your product, and their potential profit margin. Keep it brief, you will undoubtedly modify it for different people and purposes, a template to start with can be useful.
5. **Product Samples** – Firsthand quality, features, and benefits of your product

Step 3 – Selling to the Big Guns, the Mass-Market Outlets

- Most new inventors think that if they got there products into Wal-Mart they’d make millions. For most companies this is not realistic goal for most products. You should approach the mass retailers only after you’ve created a proven market through the sales channels.

Prepare for the Mass-Market

1. **Get to the correct buyer** - Finding the proper person in a large organization can be one of your biggest challenges. Hire a distributor or manufacturers’ rep. Often these 3rd parties have established relationships with a buyer, which makes it easier to open doors.
2. **Take advantage of special programs** – Wal-Mart has a “local purchase” program that gives the store manager and district manager some authority to try a local item. Contact the mass retailer you’re interested in and ask a manager if they offer this type of local-purchase opportunity. This is a powerful back-door method to launch your product into the stores as opposed to calling the corporate office yourself.

- 3. No matter how you plan to approach a mass-market outlet** – realize that the time line is going to be long; it could be a year or more before you get a decision or see your product on store shelves. You could still hear the answer NO as well.

What Buyers Want

1. What is a professional retail buyer?

- A retail buyer is responsible for the procurement and placement of product in a retail store, catalog, or website that fits within sales, margin, and profit goals.

2. What is the buying process like?

- Buying a new item from a new vendor is a more involved process which the buyer views as risky.
 - Does this company have the resources to supply the retailer?
 - Can they react if demand exceeds expectations?
 - Do they have adequate product liability insurance?
 - Are they compliant with other legal requirements like flammable fabrics, etc?
 - Are they in compliance with fair labor practices?

3. How many times per year do you consider new items and when do the products get introduced?

- Most retailers change out their floor twice per year, in February and July. Presentation of product is made to management in September and February. New products are reviewed continually, but the process intensifies in July and August and early December and January. Trade shows are critical for new or small vendors. This is where buyers will scout for new items.

4. When presented with a new product what key things do you need to consider?

- Does the product have application to my customers?
- Does it solve a problem?
- Is it easy to understand?
- Is it safe?
- Is it priced well?
- Where has it been placed?
- Is it innovative?

- Is it unique?

5. When you examine a new product, how do you determine if it will be successful?

- Experience plays a large role in determining if an item will be successful.
 - Is it an improvement on an existing item?
 - Is it truly unique and does it satisfy a need?
 - Does it have broad appeal?
 - If it is targeted at a narrow group, or unique need, sales will be small because the customer base is small.

6. What do inventors need to learn or understand prior to approaching you?

- Before approaching the buyer, know the retailer. Shop their stores. Know what they carry.
 - Do they carry a product similar to yours?
 - How is yours better?
 - Is the product suitable for the customer base?

7. What are common errors people make or misperceptions they have?

- Not knowing the retailer or the market – do your homework!
- Not being ready for prime time.
 - Is the packaging finished?
 - Product finished?
 - Sell sheets complete?
 - Presentation professional?
- Confusing a retailer with a manufacturer. Retailers are not going to produce your product.
- Hounding the buyer, after your first call, wait 48 to 72 hours before calling again.

8. How can an inventor (vendor) improve their chances of having a buyer consider their products?

- The biggest way to improve your chances with a buyer is to be prepared and to use a sales rep. The rep will have a relationship with a retailer and is aware of their paperwork needs. When a rep picks

up a new product it gives it a cachet. The buyer knows that a rep must see merit and potential in the item to assist to the line the he or she carries.

9. Do you prefer items to be packed in a certain way?

- Does it communicate the product?
- Is it attractive yet sturdy enough to withstand shipping?
- Is it bilingual, or in some case trilingual?
- If models are shown on the package, are they ethnically diverse?

10. If the inventor (vendor) is a single-product company, what can they do differently to stand out from the rest?

- Single-product companies need to be so new and different that a retailer can't live without the product.

11. What can a vendor do to make the buyer's life easier?

- The biggest thing a vendor can do is follow through: ship on time, ship complete (full amount of product requested in the purchase order), and most important to communicate. If there is a problem, let the buyer know up front. Late shipping? Perhaps you can be moved to the next catalog, etc. If you don't communicate, you are dead in the water.

12. What questions should a new vendor ask you?

- Do you have legal requirements? Product liability, etc
- Do you require EDI (electronic ordering system)?
- What are your margin requirements?
- When are you looking to add new products?

13. What questions should a new vendor expect to answer?

- Where is the item placed?
- Who else is selling it?
- What is your production capacity?

- What is your turnaround time?
- Does it meet safety standards?

14. What materials should a new vendor have ready for you?

- Product Sell Sheet
- Finished Product
- Finished Packaging
- Company Information

15. What is the most common mistake that prospective vendors make?

- To come unprepared.

16. If you were the founder of the company, with a product that you developed, how would you approach yourself?

- You have a unique story, Sell yourself as the entrepreneur!! (**Monosoff, 185**)

Seeking Out Shortcuts

One such outlet is TV shopping networks like QVC or HSN. This is a young phenomenon, only about 15 years old; these programs have a regular and loyal audience. QVC is the 3rd largest TV network in the country with millions of viewers. This is a great way to reach a mass customer audience while skipping the trade show, sales rep, distributor, online, and retailer intermediaries.

It's relatively easy to submit your product to QVC, and they are eager to find new, innovative products and are supportive of entrepreneurs. To determine if your product is a fit for QVC, ask yourself

- **Does it demonstrate well?**
- **Does it solve a problem or make life easier?**
- **Does it have unique features and benefits?**

Then, if you have answered yes to all these questions, tap into QVC product search program at www.qvcproductsearch.com. The paperwork is simple and can be submitted online. Core demographic is 91% women. Their target sales rate is \$6,000 per minute in sales. (**Monosoff, 186**)

Doing it yourself – Sales Techniques and Tips

Warming Up the Cold Call – Once you have a target list of retailers you want to contact, you’ll need to prepare before picking up that phone. A proven strategy is to draft a letter introducing you and send it to the retailer before contacting them. With your letter, include a product sheet and if possible a referral from a customer. The goal of this letter is not to sell them product but to open the retailer up to your call. This is known as warming up a cold call. (**Monosoff, 187**)

Once you have sent the letter, give it a week and make the call. It requires preparation, rehearsal, and practice.

1. **Get the decision maker on the telephone** – I want to send some free product information to the owner; can you give me the correct spelling of his or her name?
2. **Plan your call** – Mornings are the best time to call
3. **Understand that rejection is an essential part of sales** – “No”, is part of the game
4. **Remind yourself that no may just mean “no, for now”** – Ask the buyer why they didn’t like the product.

Sample Intro Letter

Dear _____:

I recently learned about your store from _____. From what I have learned, I would be honored to sell my unique product in your store.

My unique product is the only product ever made that
does _____. Stores such as
_____ have found it to be a solid addition to their offerings.

This product retails for _____ and garners 50 to 60 percent gross margin with minimum orders as low as _____ units. To first-time buyers, I am offering the following added bonus (free shipping, extra unit, free display, extra discount of 5% on all pre-paid orders).

I have enclosed a product sheet with our Website and contact information. I will follow up by phone next - _____. In the meantime, please feel free to contact me with questions.

Yours truly,

Travis Huff

Cold Calling Tips

- Whenever possible, warm up for your call in advance with a letter or some “reason” to call
- When you call, have your prospect’s name in front of you as well as a pencil and pad for notes
- Use a familiar tone, like you would have when calling a friend, also smile
- Speak slowly
- Be important, without sounding arrogant, you must come off as someone of substance.
- Understanding the challenges and be prepared for them
 - Getting through the gatekeeper
 - Control the conversation discreetly
 - Close
- Hang Up, once you get the sale, doesn’t continue to chat. Say thank-you and hang-up

Secret Techniques from Sales Stars

- Not getting who you need, ask to be transferred to HR department, explain that you meant to speak with Joe Smith, could you forward me? Could I have their extension, in case I get disconnected?

Sample Script

Seller: Hi, this is Travis, is John in? **GK:** Who is calling?

Seller: Sure, it’s Travis with Re-Spin Industries, is he there? **GK:** One moment please

Owner: This is John

Seller: John, this is Travis, I recently sent you some information on my unique product. I am following up to ask you to give it a try. Did you have any questions about unique product?

John: Oh yeah, I saw that but I didn’t really have time to look at it.

Seller: I completely understand. I can go over it with you now brieflyFirst it is important to know the most compelling thing about unique product. (Tell him this compelling thing). Do you carry anything that does this?

Closing the Sale

Most salespeople never ask for the business, try “Can I put that order together for you now?” (**Monosoff, 193**)

Examples

- Should we start with 12 units or do you want the extra discount at the 48 unit level?
- Would you like those shipped to the store or a warehouse?
- Would you like to pay up front and get a 5% discount or be invoiced?
- Are there any reasons you wouldn't want to give this a try?

After the Close

Once you have closed the deal, be sure to stop talking. Say "Thank You" and move on to fulfillment!

Thank You Note – seldom used in USA, simple Thank You notes for all new clients that you sign up.

Leveraging Prior Sales – As you close more and more deals and your customer base expands, it will make sense to leverage prior customers to penetrate large groups. Catalogs and online stores are great outlets for newer products as well. They offer an added benefit of helping advertise your product. Where online stores can often get products posted quickly, catalogs have lead times as long as 12 months.

Taking on Trade Shows - These organizations serve two main functions

1. They represent the industry as a united front to government policy makers.
 2. They help facilitate business for their members
 3. Trade shows are held in a single location for typically 2-3 days.
- They often organize and host trade shows, creating a venue for their members to display products to industry buyers.

First challenge, which trade show, is worth your time and investment. Ask your customers which trade shows they attend; they can give you insights as to which shows their peers attend. Space at smaller, regional shows will cost less to rent than larger shows. Trade Shows vary widely based on the industry, the size of the show, and popularity. A standard 10 x 10 booth will run from a \$200 to \$10,000. To locate a trade show in your industry, go to www.tsnn.com.

Use your attendance there as an opportunity to gain knowledge, make contacts, get feedback on your product, and to build your product and brand awareness.

Make the best of your booth – Find stands or shelves at a discount store, and bring pretty tablecloths to cover inexpensive tables. Create a sign or banner to communicate the name of the company. Focus the bulk of the budget on graphics, blowing up our product images with high-resolution photos.

Your Booth's Location - Get a map of the show layout; keep in mind that people tend to veer right after entering rooms. Also, the corners of rows benefit from traffic in multiple directions. Avoid being next to any vendors who will clearly dwarf you by their booth size. Avoid being near competition.

Get some pre-show attention – Send a postcard to key customers with a product overview, your booth number, and an invitation to visit your booth. As well as a press release to the media and target customers.

Work it, Work it! – As buyers pass by, engage with them. They have come to the show to buy product, so give them a quick product demonstration then tell them about your **“SHOW SPECIALS”**. You may wish to offer FREE SHIPPING, 5% of prepaid orders. At your early shows, your sales goals should be to open new accounts and establish new relationships.

Things you will need at a Trade Show –

1. Receipt Book
2. Order Forms
3. Stapler
4. Folder for Orders
5. Product Sheets / Handouts
6. Business Cards
7. A bowl of candy for visitors
8. A promotional giveaway such as pens with your logo on them
9. Product Samples
10. Floor Sweeper
11. Extra Packaging Tape
12. Scissors
13. Pens
14. A dolly

Trade Show Tips

- Wear comfortable shoes
- Don't leave your booth unattended
- Don't eat in your booth
- Try not to chat with your booth neighbors

- Have at least two people work the booth, every so often take turns leaving the booth to keep up your energy.
- Use the chance to meet others in your industry and learn all you can from them.
- Look into preset rates, for hotels, cars, airlines. www.sidestep.com , www.priceline.com , www.expedia.com . (Monosoff, 199)

Sales Representatives

Hiring salespeople is the best way to increase efficiency and your sales efforts. You will need more than one rep to cover the entire USA.

1. It is difficult for a new, unproven company to attract reputable sales reps.
2. Manufacturers reps are difficult to find

Compensations – pay based upon collections not orders

Mass Stores – including grocery and retail, average commission is about 5 percent

Specialty / Niche Stores – take more legwork and is about 10 – 15 percent. (Monosoff, 203)

Distributors

A distributor buys product for you (the manufacturer) and resells to its retailer customers. Dealing with a distributor is more like dealing directly with a large retailer. The distributor takes ownership of the inventory and assumes responsibility for selling, shipping, invoicing, and supporting accounts. Most distributors will have its own network of sales reps and staff. Finding a distributor is harder than partnering with the large retailer itself. (Monosoff, 204)

Dollars and Sense- Before you sell anything you'll need to know how to price it. Fortunately there is a formula that can help ensure that you're recouping your investment, making enough money profit to stay in business, and making some money in the process. The key to pricing your product is to understand the concept of gross margins and markups, and how to use these concepts to work out a winning formula.

Understanding Profit Margins – The entire process is driven by profit margins, the gap between what customers are willing to pay for product and what you can earn distributing it to them. If it is not large enough to justify producing the product, the product should not be pursued.

Retail Sales – sales of a product to an end user. Example: Buying cookies at a grocery store

Wholesale Sales – sales, by a manufacturer or distributor, to a retailer who then sells it to end-users

Markup – is the difference, reflected both in dollars and %, between what a retailer will pay you for a product and its retail price

Gross Margin – is the % of profit derived on the transaction. (Monosoff, 205)

Demystifying Markup – If I the manufacturer, make a product called Unique Product for \$1, and I sell it wholesale (to a retailer) for \$3, my markup was \$2, or 200%. If the same retailer, in turn, sells Unique Product for \$8, their markup is \$5, or 166%.

Getting to Know your Gross Margins – Gross Margin is calculated by dividing the markup by the cost to acquire it. My product markup is \$2, and I sold it to the retailer for \$3. Therefore my gross margin is 67%. So in this case a 200% markup resulted in a gross margin of 67%.

The retailers' gross margin for this product markup is \$5, and sells it for \$8. Therefore their gross margin is 62.5%. So in this case the retailer has a 166% markup resulting in a gross margin of 62.5%.

Margin Calculations and other business tools can be found at www.mominventors.com under Resources. Entering the wholesale cost and either the markup or gross margin percentage, we calculate the required selling price and gross margins. (Monosoff, 207)

Ask your prospective retailers their margin requirements; this will vary between specialty, catalog, and online retailers. It is not uncommon for retailers to request a minimum gross margin of 50 percent, often referred to as a **keystone markup**. An easy way to figure out this number is to double your wholesale price to the retailer. (Example: Sell your product to retailer for \$5, a keystone markup means they'll sell it at retail for \$10.

In case the retailer does not mention how much margin they “need” to make on your product, please don't be shy about asking them. You must ask them upfront and ASAP

Distributors – vary by industry and segment, but a margin of 25% to 40% is not uncommon. The distributor will be selling to a mass retailer who will also want 25% to 50% gross margin above what they will pay the

distributor for the product. (Example: Assume a \$25.99 retail price, 50% retailer gross margin and a 30% distributor gross margin.)

- \$27.99 retail price
- \$13.99 wholesale price (to retailer from distributor)
- \$9.00 distributor price(from manufacturer to distributor)
- If the manufacturers cost is \$6.25, the gross margin is 69% (**Monosoff, 207**)

This is possible to achieve because going through the distributor normally means that sales volume will be higher and the distributor incurs much of the cost of delivery.

What is Adequate Gross Margin?

Unfortunately there is no simple answer to this question. Gross margins vary dramatically by industry and product type; even within an industry they will vary.

- **(Example:** CEO of Procter & Gamble said his company has 19 to 21 percent gross margin).

Their massive volume enables them to be profitable. Many small businesspeople have made 50% to 70% margin. (**Monosoff, 208**)

Temper your Early Profits

When you first begin selling, keep in mind this is a long-term venture, especially when it comes to pricing. You want to make adequate gross margin, you don't want to price yourself out of the market, forfeiting valuable relationships with retail accounts. Early manufacturing runs are often small, and your costs are high, therefore you are tempted to pass on the higher price to the retailer. Remember you need to create demand for your product and it's often difficult to create substantial sales traction early on.

Therefore it s often necessary to forgo large profits in the beginning to get some sense of what the sales and profits could be at a “customer friendly” price point. Conduct focus groups to test the markets to arrive at an approximate price point to start with. (**Monosoff, 208**)

High –End Retailers - your gross margin should be as much as you can get.

Factors affecting Outcome

1. Production costs
2. Your retailer's margin expectations

3. The market price at which your product will sell

If your production cost is so low and your product is in such demand that you can sell enough of them for a 1,000 % gross margin, go for it!

When is the gross margin too low? – If you are making jewelry and selling it locally you can work on low margins. All of your company costs like salary, phone, staff wages, marketing, rent, and other operating costs, must be covered by the gross margin earned on your sales. The term from the percentage of money that's left after paying for all of these expenses is called net profit margin. Only you can decide what net profit margin is acceptable; unless of course you have investors who have specific expectation for their return. (**Monosoff, 209**)

If you can make 8% on a stock or bond, then you definitely want to make more on a business venture into which you are pouring tremendous effort. Your own gross margin target should be specific to your product and goals. For me, a gross margin below 35% would raise the question of whether the product should be pursued. You should target 40 to 60 percent as a reasonable gross margin and again, on the high end, get as much as possible. (**Monosoff, 209**)

What will it Cost?

- Look into discount telephone services. Many companies offer all-inclusive flat-rate calling plans that include local and long-distance services for under \$25 per month. Others offer flat-rate pricing as low as 4 or 5 cents per minute.
- To create a professional image without breaking the bank, get a voice mail service through your phone company. Most phone providers offer discount voice mail. Other special “virtual office” offerings can be found online or through companies. A good company is www.call24.com which offers live operator service with your company name for as little as \$40 per month. For an additional charge, they'll also use any script you provide.
- Be conservative about print quantities for sell sheets or sales brochures. While printers offer a per-unit break when printing higher quantities, your sales approach will inevitably change, making current materials obsolete before you can use them all up. Avoid listing prices directly on brochures, instead include them on an insert printed on inexpensive paper that can be easily changed. (**Monosoff, 210**)

Step 9 – Marketing your product effectively >>> *Inventing Forward*™ >>>

Learning the Lingo – Before adopting specific tactics to increase awareness of your product and your business, you should understand the lingo as it applies to marketing, public relations, advertising, and branding.

Marketing – Marketing is a broad term but simply is, the practice of researching your market, positioning your product to fit, and letting people know it is available.

Branding – Your brand name is a distinctive name or symbol that communicates a message and position directly to your target customers. A brand identity, involves every communication medium from product packaging to product flyers to TV advertising to website and it gives your company or product a consistent personality. **(Example:** Ben & Jerry’s ice cream, Apple, and the Gap, with each of these companies, you immediately identify a specific feeling, attitude, and personality that define the brand). Your brand will be the core of your business regardless of the products that you sell.

Public Relations – PR is the process of communicating your message, usually through un-paid media, to your target customers. Your PR efforts should promote a positive image of your business, so that customers will have a good feeling about purchasing goods or services from you. Your PR strategy can involve everything from getting “free” editorial coverage in the media like TV, newspapers, and magazines, to sponsoring seminars that support your product, to backing social causes that will help generate goodwill for your company. **(Example:** Sponsorships of breast cancer walks are part of larger public relations strategy).

Advertising – Advertising differs from PR in that it is a paid form of messaging. You see or hear hundreds to thousands of messages a day, through TV commercials, newspaper and magazine ads, radio advertising, billboards, bus “wraps” and ads, direct-mail, and the list goes on. The advantage of advertising is that you control the message completely, as opposed to public relations opportunities in which reporters often craft the message. **(Monosoff, 214-215)**

Let the Games Begin

The key to promoting your product and building your business is communicating your message consistently and frequently, to create top-of-mind awareness and to differentiate your products from the competitions.

Begin with Branding – Do you want your packaging and logo to say “cost-effective” or “up-scale”? Do you want is to say “urban chic” or “suburban mom”? Obviously your logo, advertising, website, and packaging, which make your brand, would vary significantly depending on which choice you made in these examples.

Branding Exercise

- Write down words to describe your company. **(Example:** cutting-edge, family-friendly, exclusive, upscale, community-oriented)

- Write down associated images that fit with the descriptive words you listed.
- Write down who your customers are. What images do you think would encourage your customers to buy from you? Why?
- Think of names for your brand that your customers can relate to. Should it be the owner's names as seen with many local car dealerships? Or should it describe a concept? (**Example:** natural or organic)
- Test your name and your initial messaging through either informal focus groups or via email blast. This way you can get direct feedback for your target customers.
- Make sure to listen to this critical feedback. It is easy to get attached to your brand in the same way as you do to your product idea. Remember to listen to what people are telling you. In the end you will benefit from hearing and listening to the honest reactions people have shared with you.
- Listen also to what your heart is saying. After you have listened carefully and incorporated the useful feedback from others, it is important to also consider what you are feeling.

Do-It-Yourself Marketing Strategies

There's a lot you can do first, on your own, when it comes to getting your message out. These efforts are focused on getting your **editorial coverage** rather than **advertising coverage**.

- **Editorial Coverage** – being asked to appear as a guest of a TV or radio show, seeing your product featured in a newspaper or magazine article, or providing expert insight to a reporter working on an article for a topic related to your industry. The one thing all these have in common is the ability to create awareness about your product to potential end users without having to pay for the exposure.

(Monosoff, 216)

Crafting Your Press Release

Your first step to garnering editorial coverage for yourself or your product is to write a press release. This is typically a 1 to 2 page document that tells a story about your product. The story needs to be compelling and exciting – it needs to have a fresh angle. (Monosoff, 216)

Your first step is to define your message

1. What's the story behind your business, or how did you think of your business or product? How has the decision to go into business changed your life? Was there some dramatic event that occurred that changed the direction of your life? What is unique about your story?
2. What is special or different about your business? What inspired you to create it?
3. What is the compelling angle to your story (your product or service)? For example, did your product save a life, does it help kids learn a new skill, is it the next rave in kitchen or garden, does it make life a little easier for harried mothers? Are there any elements of drama that can be added? If not, create one?

In other words, add drama to your story. Realize that reporters are constantly looking for interesting new stories. Get creative, but not carried away, and **NEVER LIE**. You cannot afford to harm your credibility with them. If you need some spice, ask others to offer their perspective, and listen to what they say. Your family, friends, customers, and colleagues may surprise you and view you in a way that you never even imagined.

Putting Pen to Paper

Think through your story, and then begin the actual writing process. Keep in mind that you can write multiple press releases: whenever you have a new and fresh angle consider drafting a new press release.

- Get creative
- Consider tying your product into “bigger picture” issues to generate coverage.
- You must look professional, letterhead is just fine, be sure there are no typos, grammatical errors, smudges, or misspellings.
- Tips on drafting and formatting a release can be found at www.prweb.com – Left margin click on “press release tips and template”. (Monosoff, 220)

Getting Help for the Experts

You don't have to be on your own completely, a cost-effective resource to help you spice up your press releases and get reporters to actually read your email story pitches is provide by publicity expert Bill Stoller at www.publicityinsider.com . Get a free eZine and then subscribe to “The Newsletter for PR Hungry Businesses” for \$97. Includes tactics you can put into practice immediately without spending thousands of dollars. Another useful resource is www.mediabistro.com . You can subscribe for \$49 per year and have access to all of its content.

Piggybacking on an Established Event

When writing your press release it can be valuable to tie your story into existing events. Examples: If you are launching lingerie, send a press release out in time for National Underwear Day (August 13), or a health related product release on American Heart Month (February). Find more than 12,000 dates and event in

Chase Calendar of Events – <http://books.mcgraw-hill.com> for \$64.95. This is a must have for broadcasters, journalists, advertising and PR agencies, event planners, and speakers. It is revised annually and the new edition is always published in the fall.

Bacon's Media Source – www.bacons.com . Offers a variety of services, TV and radio directories, updated daily, Media Calendar directory, and an Internet Media Directory. Each directory can be purchased for \$395. If you really want to target a media on your own, this is a valuable tool.

Announcing the News

Once your draft a release, getting it out there is the key! One resource I use regularly is www.prweb.com . This is a free Internet – based wire service that gives you the option of sending your press release “over the wire” where the media has access to it. You also have the option of paying a “contribution” to get higher placement in the PR Web news feeds.

PR Web – www.prweb.com

PR Newswire – www.prnewswire.com

PR Leap – www.prleap.com

Software program blaster www.pressblaster.net

Investing a few hundred dollars in yourself and your education, as well as using some proven distribution methods, is being a smart businessperson. You will ultimately increase your knowledge, and attain skills that can directly impact your business. (**Monosoff, 223**)

Publicity Quick Tips

1. Remember that reporters are constantly looking for stories. The key is you make your press release compelling. They should tell a story.
2. Think of reporters as customers. They need to see your name a number of times before it will register. They need to “buy” your story. Build your press release program in a way that lets them become customers.
3. Start with the local media, then approach national press. This will build credibility, helping you eventually get coverage in the more competitive national market.

4. Plan your press release in a series – for example, three announcements written in different press releases, released in three subsequent weeks. Design this series of information so that it ties together and tells a bigger overall story about your company.
5. Send your press release out via a free newswire service on the Internet
6. Identify specific reports you would like to target and snail mail your press release to them directly. Then follow-up a telephone call or e-mail.(**Monosoff, 224**)

Sweet Success!

So you crafted a great release, and now you have some of your targeted media. Great Job! Relax you will do fine, if you have gotten this far, you've already demonstrated your publicity savvy.

Stay on Point – I usually think of some main points (not more than three) that I want to convey, and I rehearse sound bits that convey them (I even practice them out loud). During your interview, look for opportunities to get your message out.

As Seen on TV – This section focuses on TV appearances; here is your guide for a live TV interview.

- **You are what you wear?**
 - Colors that work well on TV include red, blue, and black, and white is no good.
 - Learn about the viewing audience, and be sure to look the part in order to best “connect” with them.
 - Dress like an executive to appear on a business news show
 - Tone it down for a “sophisticated” look to target soft news targeting women
- **Makeup Matters** - mostly for women
- **Expect the Unexpected** – Note each time you make a media appearance, your experience can differ widely. Different shows have different formats.
- **Tough Questions** – Business reporters often feel obliged, to ask you financial questions about your company. Three suggestions to handle financial questions.
 - Share the information if your are comfortable, they may or may not use it and your financials, good or bad, may be what makes them want to write about it.
 - Avoid sharing by saying “ my company is private and we do not disclose our financial information.
 - Skirt the issue by using future projections, rather than historical figure. For example: “Our projections for next year are \$500,000.” (**Monosoff,230**)

Other Media – Newspapers, and radio outlets

Momentum of Magazines- TV is the most powerful medium, but the viewer must be watching at that one moment in time when you are on air. The power of magazines is that they last longer than a brief TV appearance.

Beyond Press Releases – Getting Creative with Promotions – If you can think up the idea, you can probably make it happen. The only limit is your imagination and your budget!!

Product Placement – Celebrity Gifting - You can personally “introduce” your product to celebrities at television award shows and specials. One such company is Backstage Creations, www.backstagecreations.com

Blogging – Short for “Web Log” is your own personal website.

<http://mominventors.blogspot.com>. Find out how to lead people to my blog, I found this information at <http://help.blogger.com>, in the “Beyond Blogging” section, where I clicked on “Promoting your Blog.

Allow yourself to get creative and use this as yet another interesting way to seek information from consumers and elicit feedback from prospective consumers.

- Weblogs Compendium – www.lights.com/weblogs. The elements of interactivity, community and collaboration will be key to growing businesses.
- Celebrities Blog – <http://weblogs.about.com/od/celebrity-blogs>. (Monosoff, 234)

The Four Seasons of Publicity by Bill Stoller – www.publicityinsider.com

- **First Quarter (January –March)** Early in the year, the media is looking ahead. This is a great time to pitch trend stories, marketplace predications, and previews of things to expect in the year ahead. This time of year “get your personal house in order”, Home organizing, weight loss, etc. Anything that’s geared toward helping people keep their New Year’s resolutions can work here.
 - **Key Dates and Events:** Super bowl, NCAA tournament, Easter, and Academy Awards.
- **Second Quarter (April – June)** an “anything goes” time of year. April is a good time to try some of your general stories (business features, new product stuff). When May rolls around, thoughts turn to summer. Summer vacation pieces, outdoor toys and gadgets, stories about safety, leisure activities, things to do for kids.
 - **Key Dates and Events** – Baseball opening day, tax day (April 15), spring gardening season, Memorial Day, end of school, summer vacation

- **Third Quarter (July – September)** - Folks at PR firms are on vacation, marketing budgets are being conserved for the holidays and reporters are suddenly accessible and open to all sorts of things. Get work done here with creative, fun angles.
 - **Key Dates and Events** – July Fourth, summer movies, summer travel, back to school.
- **Fourth Quarter (October – December)** – Busiest time of the media calendar, the 4th quarter is when the business media turns serious and the lifestyle media thanks holidays. Christmas gifts, Christmas cooking, holiday gifts. Nail down lead times for publications you’re targeting.
 - **Key Dates and Events** – Labor Day, World Series, Thanksgiving, Hanukkah, Christmas, and New Year’s Eve. (**Monosoff, 236**)

Hiring a Marketing Expert

Once you get busy, you will not have time to research the calendar of events, pitch your stories to reporters, and keep track of follow-up calls. I then realized that I needed a professional publicist, after all.

- Personal reference and word of mouth are often the best methods to find a reputable PR agency. PRSA www.prsa.org
- Good public relations professional will only take companies or products for which they feel they can generate media coverage.
- There are basic materials you should already have prepared when hiring a publicist.
 - Company/product background information
 - Sample of the product
 - High Resolution Photos (300dpi)
 - List of goals – where do you see the company in 1 year, 5 years, and 10 years?
- Put a “press room” on your Website. This is a section on your site that has information for the press and tells them whom to contact.
- A publicist or public relations contract will cost from a few hundred dollars to thousands.
- One way to limit expense no matter which firm you go with is to start with a shorter contact or campaign. (sign up for 3 months). Consider narrowing a campaign to include just print or just broadcast coverage.

Advertising

The advantage of advertising is that you control the message, and you don’t have to rely on the whim of reporters or producers to pick up your story. The biggest disadvantage – advertising can be extremely costly, especially when it’s not effective. There are generally two types of ads:

- **Direct-response ads** – Might say “Come in today, and save 70 percent on closeout shoes” this is focused on one-time ads and can be effective.
- **Brand-building ads** – tends to focus on a clear message and delivers consistently. Choose one particular magazine; appear in it regularly in the same place, so you’ll be sure to be seen multiple times.

Choosing Your Ad Vehicles

Print Ads – Advertising can be targeted, and captivate the audience for your unique product that you are selling. (Monosoff, 240)

- **Choose your media carefully** – If you have a niche product, choose targeted outlets, such as specialty publications, radio station with targeted demographics and internet sites that appeal to your audience
- **Stretch your dollars** – Once you’ve chosen your media, get as many impressions as possible. Don’t run ads one time, rather run it 6 times per year. Increased frequency, consumers will begin to recognize and remember your brand or product. The more you run the cheaper it becomes..
- **Larger the ad , the better**
- **Color is better than B&W**
- **Make sure it looks good** –
- **Don’t overlook the power of radio** – Extremely effective medium and is often quite cost-effective, compared to TV.

The Power of the Web – Banner Ads, Search Engines, and Keyword Advertising

If you have a website, you are also in a position to take advantage on another important advertising medium – the Web. There are two ways to advertising – banners and keyword advertising

Banner Advertising – They are small display ads in a magazine, except they are interactive and can include moving changing elements, and clickable. Banners ads are not particularly effective, unless placed in great quantity or at very selective locations. Not the first option in internet advertising.

Search Engines and Keyword Advertising –To make sure that the search engines have at least spidered your website, <http://submit.search.yahoo.com/free/request> , where you can submit your site to Yahoo! Search Google – submit website

Keyword Advertising – Google’s program, called Adwords, and a purchase through the Adwords program can get your ad shown on Google, Earthlink, AOL, and AskJeeves.

- **Google** – http://adwords.google.com/select/?hl=en_US&sourceid=awo&subid=WW-ET-adsenseland&click=en_US
- **Yahoo** http://searchmarketing.yahoo.com/arp/srch.php?o=US1447&cmp=Yahoo_SponsorResults&ctv=Sponsored_Searches&s=Y&s2=S&s3=

Finding a Partner – Licensing 101

Setting up your own business is a major undertaking. Taking a product from concept to market is an enormous commitment of time, energy, and money. Of course, if successful, the financial rewards and personal gratification can be well worth the effort. So what is licensing, anyway?

A **licensing agreement** is a contract between an inventor of a product (you) and another person or company, usually a manufacturer, who will develop and sell your product in the marketplace, the inventor (**licensor**) licenses the rights to their idea or invention, copyrights, or trademarks to a manufacturer (**licensee**). Typically the inventor/licensor will get a percentage of sales revenue. (**Monosoff, 246**)

Why should you license? – There are definitely benefits to being a licensor, especially if running your own long-term business isn't something that interests you. Some of the benefits are as follows:

1. Licensing to a manufacturer with established distribution channels, an inventor's product can be integrated into the product mix very easily.
2. The licensee assumes all the costs of producing, marketing, and distributing the product, thus taking the financial burden off you.
3. The licensee assumes all the risk associated with the product. This includes possible market rejection of the product, product liability issues, and other unforeseen market conditions.
4. The licensee is the majority stakeholder and therefore has a vested interest in pursuing legal or costly patent enforcement issues in the face of competitive knock-off threats.
5. Licensor receives a royalty payment, usually based on a percentage of product net sales, as compensation for assigning rights to the licensee.

Why do Manufacturers Want to License?

1. Licensing inventions from outside inventors is a great way to save money on in-house research and development (R&D). It is a way to outsource product development. Innovation often means looking outside our company, to develop new product ideas after managing the day to day business.

2. Outside inventors have a hands-on approach to inventing. An independent inventor typically creates their invention after wrestling with a problem and developing a solution that works, which is less common in the corporate lab.
3. Independent inventors tend to devote tremendous thought and effort for their products, whereas at a large company, many ideas are competing for mindshare.
4. Outside inventors are not shackled by the internal rules and regulation.

Making your Case – Collect secondary data and project future overall size of your potential market. Gather compelling data competing or similar products do as much research as possible to determine if the invention is patentable or can be produced without any product infringement.

Preparing the Presentation – Once you have the data then you should present it in the most effective way possible to your target licensing partner. A prototype is often the most effective and attention-getting way of presenting your idea. Hundreds of ideas are submitted but the ones who attach a prototype are usually looked at first. If you cannot make a prototype, have clear 3-D drawings designed by graphic design or engineer.

- **Simple product sell sheet** - This clearly states the problem or need, a description of the product, the product features and benefits, summary of the marketing opportunity, and legal status.
- **Simple Introductory Letter** – briefly should introduce yourself; explain your interest in contacting a licensee, and a set time line for follow-up. (**Monosoff ,250**)

So Many Fish in the Sea – To whom do I offer this great business opportunity?

- **List of Prospects** – Identify and initial list of at least 50 prospective targets
 - Pinpoint the manufacturers that would be most likely to produce your product.
 - Go shopping in a store that you think would carry your product, jot down names from the product packages of manufacturers that produce and sell similar products.
 - Manufacturers Trade Association – www.asaenet.org
 - Manufacturers – www.hoovers.com
 - Click – Industry Key Word, “free US site”
 - Qualify each lead to determine which companies make the most sense to approach
 - **Size** – smaller companies are good targets, less burdened with bureaucracy like multiple decision makers. Fast-growing small or mid-sized companies are recommended.
 - **Geography** – Companies that are near you might be good prospects; if it is possible to leverage local contacts to meet the decision makers.

- **Similar Product Lines** – a manufacturer with a line in which your product is a natural fit is a good prospect.
- **Ability to reach the decision maker** – Find out who ultimately decides what products to license, how many different people need to weigh in, and what paces they typically put a new invention through.
- **Company Policy** – Find out the company policy for accepting submissions. Find out if they will sign your non-disclosure agreement.
- **Manufacturer reputation** – Find out if the company has licensed other products, then try to contact the inventor to ask them about their experience. The original inventor remains on the patent listed at www.uspto.gov.

Making the Sale – There are some generalities for you the inventor.

- **Up-front Payment** – The money that the licensee pays to the licensor up front, before development or sales even begin. It is unusual for an inventor to seek an up-front payment that covers the cost of their patent filing. Another way is to base your payment on 1st year sales projections.
- **Royalties** – Payments made to the licensor based on a percentage of the licensee's product sales. The typical royalty range tends to run from 2 to 5 percent of wholesale price of each unit sold.
- **Annual Minimum Payment** - Contractual term that requires the licensee to pay the licensor a minimum amount of royalties, irrespective of the actual royalties due from sales. The purpose of annual minimums is to ensure that the manufacturer places sufficient effort and resources behind promoting the product. Annual minimums are most important in the initial years of the agreement.
- **Exclusivity Agreement** – Usually a manufacturer will want to have exclusive rights to distribute the products globally. Depending on each party's motives, the agreement could actually divide up the markets in many ways. The length (term) of the agreement can also vary from 1 year to forever.

Special Corporate Programs

- **The Big Idea Group** – www.bigideagroup.net , accepts invention submissions for consideration by their pool of manufacturer and retail clients.
- **Procter & Gamble's Connect and Develop Program** – www.pgconnectdevelop.com.
- Partners seeking to tap into external intelligence include www.innocentive.com , www.yet2.com , www.ninesigma.com .
- **Dial Corporation** – www.dialcorp.com
- **Staples** - is now offering an Invention Quest Contest – <http://inventionquest.dja.com>