

A strong case for profits

One Florida company's approach to starting a business generated positive cash flow within days

Scott Weiner is a self-described "Android nut" who has always upgraded to the latest and greatest smart-phone. When he traded in his previous phone for the new Samsung Galaxy Nexus in late 2011, he loved everything about it. Except for one aspect.

"The thing is as slippery as if it's got grease on it," says the web entrepreneur and former employment lawyer from Fort Lauderdale, Fla. "I think I dropped it three times in the first week. So I ordered a bunch of cases to see if one would solve the problem, and I was pretty dissatisfied. I thought, *Why don't I start selling cases?*"

In April, Weiner did just that, launching DBA Cases, a company that sells and now designs premium Android smart-phone cases constructed from high-quality materials such as an impact-resistant polycarbonate, a polymer that is also used in bullet-resistant glass and fighter jets. (Weiner says he plans to manufacture cases for the iPhone 5 this year.)

His first shipment of 750 units nearly sold out within a month, grossing \$2,450. That may sound like a small number, but it was definitely something. More important, he was learning the business; he quickly built



Mobile phone case sales grew 28 percent between 2010 and 2011.

a sterling reputation among customers, secured a \$20,000 investment and then launched phase two: manufacturing and distributing 8,250 cases for the hot-selling Samsung Galaxy S III. (10 million units of the phone were sold within two months of its release.)

Turns out, mobile phone cases are big business. According to a report from industry research firm NPD Group, case sales grew 28 percent to 23.4 million units between 2010 and 2011, with revenue up 57 percent to \$661 million. That said, it's not a business for the faint of heart. Because pre-release information and rumors about upcoming phone models can be incorrect, it's a costly possibility that case-makers could have to scrap entire manufacturing runs.

Knowing the danger of bad information, Weiner didn't rush his homework. Over the winter, he methodically scoured reviews of every Android case on sites like Amazon, eBay and Alibaba. Then he went deeper to find out what the bestselling handsets on eBay were (Amazon doesn't publish such numbers). Weiner ordered and hand-tested many of the cases he researched.

He also searched eBay to determine how quickly phone cases dropped in value. He discovered that prices start in the \$12 to \$15 range, then drop six to 12 months after release. However,

they usually bottom out at \$8. This told Weiner that, at a minimum, he had to figure out a way to make a profit on an \$8 case.

While conducting his research, Weiner stumbled on an opportunity to get in the game with less risk: He discovered that a popular mesh case wasn't being sold for Samsung's Galaxy Nexus or Galaxy Note smartphones, both of which were still new to the market.

"I found the factory that made the mesh case and ordered sample cases for the Galaxy Nexus and the Note," he says. "I liked what I saw, but I didn't want to take a tremendous risk." So he ordered 600 pieces for the Nexus and 150 for the Note.

Weiner then sold his cases on Amazon for \$11.50 each. His total cost per unit came to roughly \$5.75—well within the \$8 price floor.

Selling through Amazon was part of Weiner's larger strategy. The online retailing giant handled his order fulfillment and payment processing, even with his relatively minuscule product inventory. And he used the site to focus his marketing efforts. He knew from his engagement with Android power users on product forums that Amazon was usually the first place people went to purchase a good-quality case online.

Through the forums, Weiner sold a few cases and asked the buyers to post reviews on Amazon. Because of his cases' high quality and value, the feedback was sterling. DBA Cases catapulted into Ama-



30 DAYS TO PROFITABILITY

Follow this timeline to achieve quick success

T MINUS 6 MONTHS

Research your market. Talk to the best customers in your business category. Try to test as many of the competition's products as possible. Do it again three months later to see if any new products, shops or competitors have emerged. Scott Weiner of DBA Cases went to Amazon for reviews, eBay for sales numbers and Alibaba to find manufacturers and wholesalers to contact.

T MINUS 3 MONTHS

Decide how big you need to be. Figure out a minimum number of units you need to sell that will prove your concept and make the process worth your while. Your number depends on your available investment and your product. In Weiner's case, the fact that many Chinese factories require minimum orders of several hundred units was the deciding factor.



Hold the phone:
Scott Weiner's
DBA Cases.

“I’m selling a better-quality case for less, because I don’t want to rip people off.”
—Scott Weiner,
DBA Cases

zon’s top 100 for the product category, in turn boosting exposure and sales.

By May, a month after launch, Weiner had the confidence to begin looking for a factory in China that could manufacture cases of his own design for the new Galaxy S III. Through a sourcing agent, he eventually found a few factories to produce and ship 8,250 units to follow the release of the new phone.

“Throughout this whole process, I learned that if you want to start a company that is going to be a brand-name company, you can’t be greedy,” Weiner says. “There are many companies out there that are not growing as fast [as mine] because they sell phone cases for \$30 or \$40. I’m selling a better-quality case for less, because I don’t want to rip people off.” —L.K.

T MINUS 1 MONTH

Find a middleman for the heavy lifting. Use a fulfillment service or intermediary such as Amazon or a wholesale distributor to handle the operational side of inventory, shipping and payments. This way you can focus on marketing the current line and working on future products to fill the pipeline. Yes, these middlemen will take a healthy cut of your revenue, but if your concept works, they’ll be ready to scale up quickly to keep the business growing. You can always renegotiate later.

T MINUS 3 WEEKS

Spread the word. Find out where the most valued customers in your business congregate (think online forums, review sites, trade shows, conferences, events and informal meetups where influential customers talk shop), and start publicizing and seeding your product on their home turf. With any luck you’ll build a backlog of good reviews and pre-orders before your full product line hits the market.

DEPARTMENTS

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After several attempts to showcase Asian culture, Danielle Chang hits the sweet spot with her Luckyrice food festivals.
By Jenna Schnuer

10 Location

Find out the best—and, uh, most challenging—states and cities for startups and entrepreneurs.

12 Get started

It's easier than ever to start a business, and our list of resources can help you do it for less.

16 Money

How you fund your new venture will play a deciding role in the company you build.
By Vanessa Richardson

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Your next step to success depends on finding the right teammates.

20 Tech

Will you power your company with Apple or PC? iOS or Android? We weigh your options.
By Jonathan Blum and Anthony Mowl



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Take advantage of online video to put your startup in the best light from day one.
By Logan Kugler

27 Month one

Through exhaustive research and methodical planning, Scott Weiner's startup was cash-flow positive within days.
By Logan Kugler

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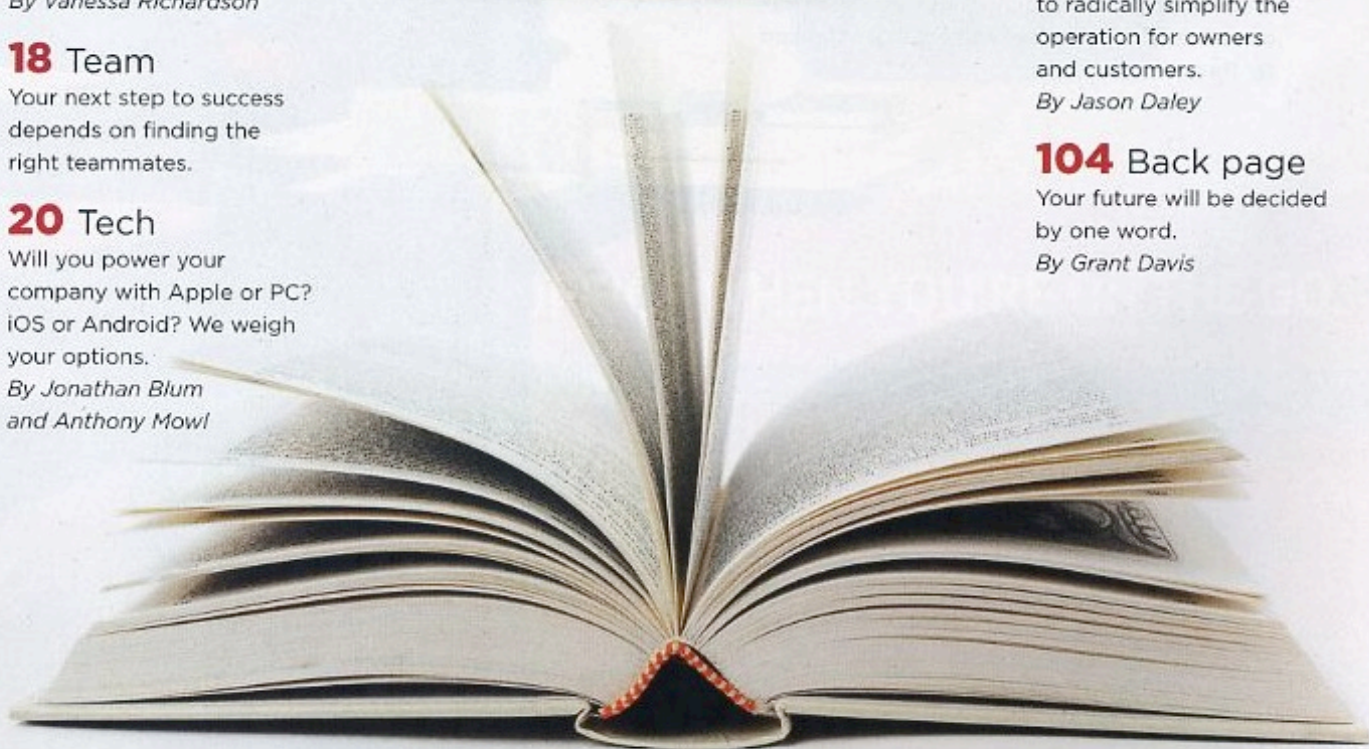
Before you jump into franchising, make sure you know the terminology.
By Tracy Stapp

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A dog-training franchise uses mobile technology to radically simplify the operation for owners and customers.
By Jason Daley

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Your future will be decided by one word.
By Grant Davis



A man in a white shirt and blue tie is looking down at a tablet computer. The background is a blurred office setting with a large screen displaying the word "SHOW" in yellow.

Show me

How to produce online video that rivals the pros and puts your business in its best light

Nothing beats video for selling products and ideas online. According to comScore, professionally produced online video increases consumer preference for a product by nearly 25 percent. The key words here are *professionally produced*. All too often companies post lackluster online videos with bad lighting, poor sound and monotonous delivery and then wonder why consumers run to higher-quality content. The reason is simple: Consumers connect better videos with better products. >>>

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SHOUT OUT

The same goes for fundraising efforts on crowdfunding sites such as Kickstarter, WeFunder or Startup Addict. Early on, Kickstarter co-founder Yancey Strickler noted the connection between video and success. After the site had funded close to 1,000 projects, he discovered that those with videos were successful 54 percent of the time, while those without had a 39 percent success rate.

The good news is that it's not as hard to create top-notch videos for your website or promotional campaigns as you might think. With a small investment and some basic know-how, you can add a valuable tool to your sales arsenal that captures an audience and convinces them to either buy into your company or to purchase your products. Here's what you'll need. —LOGAN KUGLER



CAMERA

The **Canon EOS 5D Mark II** (\$2,199) is an SLR camera that has become the benchmark for shooting high-quality full-HD video on the go. Pair it with a zoom lens from Canon's L series or rent a **Zeiss Compact Prime CP.2 lens** from BorrowLenses.com (\$105 for three days). Store those memory-sucking HD video files on a 32 GB **SanDisk Extreme Pro CompactFlash memory card**



(\$155 on Amazon). What you're paying for here is memory and much faster download speeds than you'd get with less expensive flash cards.



LIGHTS

Smith-Victor's K71 3-Light Soft Box Kit (\$1,530, pictured) is the secret sauce to video with a pro-quality look. This kit comes with an essential hair light and the boom to hold it. If you want something portable, outfit yourself with **ikan's Standard Interview Kit** (\$2,199), which comes with four LED lights with collapsible stands and rechargeable battery packs. The whole kit packs into a utility bag that comes with the set.



TELEPROMPTER

Unless you're a world-class speaker, don't wing it. Polish a script and put it on an iPad, which can be used as a professional-grade teleprompter when attached to a **Prompter People's Flex Series iPad Teleprompter** (\$899) and the company's iCue app.



AUDIO

Don't mess around with sound; go for crystal-clear audio and easy setup with the king of wireless microphones, the **Sennheiser Evolution G3 100 Series Wireless Lavalier Mic** (\$630).



TRIPOD

The **Manfrotto MVT502AM tripod** with a **701HDV Pro Fluid Video Mini Head** (\$350 for the set) is lightweight (just over 4 pounds) and solid as a rock. The 701HDV head makes precise adjustments incredibly easy to execute.

PRO TIPS

- Use a zoom lens and position the teleprompter 10 to 12 feet away from you. If it's too close, viewers will see your eyes moving side to side as you read.
- Keep your backdrop simple, or pick a memorable yet visually calm location.
- For editing, Apple's iMovie does the job. Don't have a Mac? Find someone who does and borrow it. Seriously—it's the only way to go.

WORLD of OPPORTUNITY

Home-Based Travel Franchise

80% of all cruises are booked through a travel agent, 94% of traveler's consider **cruising a satisfying vacation experience.**

-Cruise Line International Association

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