

INK & TONER USA

A Business Plan for Steady Success

by Wendy Zarganis • Recharger Magazine

When Bob and Jane Bloom established INK & TONER USA in 2004 there wasn't any other retail store in South Florida that provided printer, copier and fax supplies. The Blooms sensed the store was a good idea, and within the nine months of opening, they saw that good idea blossom into \$128,000 in sales. Since then, INK & TONER USA hasn't slowed down. The West Palm Beach store hit \$401,000 in 2005, and grew 11 percent last year to its 2007 sales figure of \$558,000. What makes the Blooms' success more impressive is that the Blooms run the store with only themselves and one other employee, Steve Arnold, who joined the team in 2005.

Prior to opening INK & TONER USA, both Blooms had successful careers in other areas. Jane was (and still is) a teacher and accountant; Bob was a manufacturing software consultant in the 1990s. As a result of the



INK & TONER USA's West Palm Beach storefront.

manufacturing sector slowdown in the early 2000s, he sought a transition into a different line of work.

"Really, it was a stumble into the ink and toner industry," he said. "I was looking for another business and saw a huge opportunity for retail stores. The

only retail ones that existed in South Florida at the time were the office stores — Office Depot, Office Max, Staples. There was no pervasive presence retail establishment."

The Blooms sensed something could be made of this retail gap and

Bob began crafting a business plan in late 2002. Over the next year, the Blooms attended industry trade shows, including Recharger World Expo. They spoke to a lot of people, met with vendors and received training on filling ink cartridges. Bob took a basic course in remanufacturing toners to gain a basic understanding of the process. And they listened to seasoned industry experts.

This comprehensive training was a huge step toward the Blooms' future success. According to the United States Small Business Administration, as many as 50 percent of new businesses fail in the first year. The Blooms' ability to be on the successful end of that statistic is, in part, attributable to their patience and willingness to develop a strong foundation before launching into new territory.

"I learned as much as I could about the business while building my plan," Bob said. For two years, the Blooms dedicated themselves to industry research and to developing a solid business plan.

In January of 2004, the Blooms' carefully written plan was viable. "All the while [creating the plan] we didn't even know we would start the business," said Bob. "But there were great things that attracted us to this industry. Mainly, people hate paying what they are paying for supplies. They are looking for alternatives. The premise of our business plan was to offer them significant savings with high-quality supplies and service. The other thing that attracted us to the business is that everyone is your potential customer. Almost every consumer, every business needs what we sell. And they need it over and over again. It's consumable." Even with moments of self-doubt, the Blooms moved forward with their



INK & TONER USA has an extensive inventory, stocking a wide variety of aftermarket as well as OEM products.

plan. Bob said, "We created opportunities for ourselves because we were unique. No stores were like us here in the county. Honestly, I thought I had a unique concept that no one had thought of before. And there are things about our model that are different. But we didn't know anyone around that had a retail discount ink and toner store. As we started going to shows we met people, mostly independents whom we could talk to and ask them about their experiences."

The Blooms networking included talking with local media as well. "We're big believers in network marketing," Bob said. "We worked with a small PR agency that first year. We were fortunate and got several articles placed in the major local papers. We also went to a lot of events and got involved with the community."

The diligent research and grassroots marketing combination paid off early for the Blooms. "We did very well, right from the beginning. We

grew month over month," said Jane. "We broke even in our third month."

The couple's impressive success was not without challenge. Jane explained, "In the beginning it was hard because people didn't know what we did. We had to educate people. Almost everyone who walked in the door asked, 'So what do you do here?'"

The Blooms educated as much as they sold. They let potential customers know the benefits of bringing cartridges in to be refilled and how to save them money. They spent ample time telling walk-ins about the cartridges that would best suit them, all without knowing if the person would purchase something from them or not. "That was the big challenge," Jane said. "We would spend the time really explaining what we did to people who walked in and often have no sale from it. We would hope they would come back — in most cases they did. But the time spent educating was tremendous. And most days

it was just Bob [in the store]. I also teach so I was in the store only half to two-thirds of the time.”

But the affable Blooms, native New Yorkers who have made Florida their home since 1982, showed tenacity and focus.

“We honed our target customers — office store customers and those who use catalogs,” Bob said. “Our business plan focused a lot on ‘How do we attract that customer?’” The Blooms created their pricing model based on that target customer. And they had the foresight to also know who their customers were not.

Jane said, “We were not focusing on Internet people. For Internet buyers, cost is the only factor. Service is not. We say to them, ‘If you’re happy with just saving that money and not worrying whether you got the wrong product, then that’s fine.’ But you

should hear the horror stories: [people] buy on the Internet and get the wrong product from what they ordered or it comes and it doesn’t work. But we can’t compete with [Internet suppliers] who have no overhead. Sometimes we win those customers over, sometimes not.”

Bob added, “Our prices are competitive, but not dirt cheap. I’ve never been a believer in being the cheapest guy on the block in anything I’ve ever done — that’s a formula for going out of business to be honest. Our target market comes to us and ends up saving 20 to 40 percent in general.”

The Blooms carefully pinpointed their pricing and their target market when working out their business plan. “If a customer walks in or calls us and they are currently buying from an office store, we know they’re going to save money at our store,”

Bob said. “With us, they get product they need, better service and a broader selection. We’ve developed a reputation in West Palm Beach as a place to go if you need to get something.”

“The office stores send people to us all the time,” Jane said. “I was in Office Max buying paper and the [employee] said, ‘Oh, INK & TONER! I send people over to you all the time!’”

Bob said, “Our core set is larger than [the office stores’] core set of products. But we have anything HP in stock; almost everything Lexmark, Brother and beyond. We have a reasonable selection of Samsung, which stores don’t carry; Sharp too. Obviously we can’t stock everything, but we have great suppliers and we can get almost anything next day.” The Blooms also add OEM brands to their extensive inventory. “Some stores refuse to do that,” Bob said, “but we have customers that only want OEM so we want to provide those products for them.”

The Blooms’ strategies have been lucrative. With only three employees, INK & TONER USA produces a volume average of more than \$180,000 per employee, per year. To maintain such impressive numbers, the Blooms know their limitations. For example, they outsource their toner. “If we were to remanufacture toner ourselves and do the same volume, we would need at least five employees, maybe six,” Bob said. “[Adding employees] would change the whole dynamic of our business model and our profit size. So we think what we have is a good model. We made the decision early on that we’d be expert on refilling ink and we would rely on our suppliers for toner.”

A logical extension for INK & TONER USA would be franchising,

Jane and Bob Bloom, center, with Steve Arnold, the store’s only other employee, and their daughter Dara, who works closely with and supports the company’s licensees.



and the Blooms did build a franchise line item into their business plan. "We came across some of the franchises in our industry," Bob said. "We looked at several, thinking [that owning a franchise] might be a possibility for us. But after doing due diligence, we decided franchising didn't make sense for us. The costs of getting in were high."

The Blooms opted for an "unfranchise" model. INK & TONER USA's entire business model is based upon low start-up costs and low overhead costs, including personnel. Bob calls the unfranchise the "fundamental premise" of the way they wanted to expand. With the Blooms' program, an unfranchisee can open a business for 50 to 70 percent less than a franchise.

"We really call it a licensing program," said Jane, explaining that the program operationally works like a franchise, though is legally different. The Blooms train and license people in a two-week program they run out of the West Palm Beach store. To date they have helped open four stores in South Florida, three in Louisville, Ky., one in Atlanta, one in New York, one in Texas (with a second to open in the coming months).

"We're proud of our program," Jane said. "We've helped people get into business and been able to build great relationships with people."

The Blooms' daughter, Dara, is a key component to the program's success.

"We really have two businesses," Jane said. "One is the store; one is the training and licensing." Dara developed and teaches the QuickBooks component of the training. Dara is certified by Intuit as a QuickBooks ProAdvisor, a status reserved only for those professionals who have demonstrated exceptional knowledge of QuickBooks. She is also a University of Florida graduate with a degree in finance. Dara optimized QuickBooks to run in a retail environment, specifically for an ink and toner store. The Blooms' comprehensive training includes everything from the day-to-day store operation to back-office bookkeeping.

"We make things simple," Jane said. "A lot of small-business people don't understand the expense side of things. They don't worry about fixed and variable costs. Consequently, they don't do well. We tell people, 'You need to get an accountant.' We have one. But we can teach them the day-to-day operations."

Bob added, "You can build a highly successful ink and toner store

▶▶ Blooms' Business Tips

Bob and Jane Bloom offer some suggestions for you to consider for your ink and toner business:



side salespeople, advertising, public relations, and other activities. For us, business networking has been essential to our success. Active involvement in chambers of commerce and other business groups can bring you customers that you'll keep for the long term.

1) Business Planning. Take the time to develop and execute a comprehensive business plan. Review the plan periodically. Adjust it as you learn from your good decisions, from your mistakes, and as your business grows and evolves.

2) Location, Location, Location. A good location can help make your business be successful. A bad location can make it very difficult to succeed. Rent is a factor, obviously, as a high rent can make it difficult to be profitable. But if sales are good, rent becomes less significant over time. If sales are bad, rent becomes an albatross, no matter what the monthly payment is.

3) Network, Network, Network. While a good location is important, it won't bring in enough customers alone. You will need to execute a marketing plan. This may include out-

4) Cash Flow. Among the most common causes of business failures are problems with cash flow. There are multiple aspects to consider here. It is important to keep your start-up costs low, so that you're not merely working to pay off your loan. Overhead costs need to be managed carefully. And you must watch your receivables closely. Call customers quickly when invoices are coming due. This has become even more important as the economy slows down. Don't let your receivables become bad debts that need to be written off.

5) Competition. Know your competition. Understand how you will be able to compete effectively with them. Evaluate the risks they present to you today and might present in the future. And be prepared to adapt your business plan.


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without investing a lot of money or a lot of overhead if you do it smart. That's what we try to convey with the program."

The Blooms convey the good business sense that they preach. Even in a slow economy, INK AND TONER USA continues to enjoy steady growth. Bob said, "Everyone still needs the products we sell. On the one hand, we do see more customers looking at ways to save money. On the other hand there is no question the amount of printing going on is less or at least slowing down. Many of our customers' businesses are down 20, 30, even 60 percent. The challenge for any business

is how to hold your own through the tough times — and how to be prepared to grow again when times are better."

Bob adds that the aftermarket can benefit from social attitudes swinging toward "green" practices. "This is one of the few businesses in which customers can help save the environment and save money at the same time. Usually, buying green products means the customer pays more, whether it's a hybrid car or organic food. In our industry, you pay less and are still helping the environment. With [our society's] green focus, that message is resonating with people."

Entering its fifth year, INK AND TONER USA looks forward to continued growth thanks to its solid business plan, comprehensive licensing program and the dedication of the Bloom family. Even in tough economic times, or with industry-specific difficulties like cartridge availability, the Blooms' sunny attitude and savvy business sense make INK & TONER USA a steady success. 

Contact INK & TONER USA at
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