

Printer ink entrepreneurs grow through 'un-franchise'

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WEST PALM BEACH — Bob and Jane Bloom are teaching others how to replicate their printer ink shop.

They're sharing their business plan, their supplier list, their bookkeeping system, their trademarks — without charging franchise fees or collecting royalty payments.



Jane and Bob Bloom, both former teachers, provide two weeks of hands-on training for \$20,000 to people who want to open Ink & Toner USA stores. Traditional franchises can cost \$100,000 to \$300,000 to start.

Photo: Bruce Bennett/The Post

The owners of Ink & Toner USA are working to build a chain, of sorts, of independent stores, sharing their secrets of success for a fraction of the price of their franchise competitors.

They call it the "un-franchise," as they try to combat the franchise boom in their fledgling industry. The Wellington couple wanted to create a more affordable and less restrictive alternative to franchising.

"The cost of getting into business sometimes is too high," said Bob Bloom, 56. "You're not working to make money. You're working to pay off your loan."

The Blooms opened their printer ink store three years ago on North Military Trail, anticipating a swell in demand for less expensive, refilled cartridges.

"Our business is primarily saving people money through aftermarket products," Bob Bloom said. "Our customer base is everyone, every business, every consumer."

Sales took off, and the Blooms' shop quickly drew a following, bringing in about \$500,000 in sales in 2006.

Then last year, four more refilling stores popped up around Palm Beach County, all new locations for the world's largest refilling franchise, the Australia-based Cartridge World. The company is one of a handful of companies that have been throwing up storefronts in the United States in the past four years, including Rapid Refill Ink and Caboodle Cartridge.

Within the North American refilling retail industry, franchise locations outnumber independent stores by 2-1, according to Lyra Research, a market research firm in Newton, Mass.

Wanting to expand Ink & Toner, the Blooms, both former high school teachers, started their training program last fall. It's set up as a license agreement rather than a franchise.

The cost: \$20,000 for two weeks of hands-on training, which includes a four-volume manual with details on running the business, with everything from technical training on types of cartridges to general advice on good business practices.

If trainees want ongoing support and materials, they can sign a licensing agreement for \$2,500 a year. Beyond his fees, Bob Bloom estimates it will cost his licensees an average of \$45,000 to open an Ink & Toner USA.

That's compared to franchise start-up costs ranging from \$100,000 to \$300,000, plus annual royalty payments of 6 percent to 8 percent, he said. Plus, the Blooms allow their licensees a lot of freedom in how they run their stores.

"We offer a tremendous cost advantage, both in upfront fees and ongoing charges, equal or better support and less restrictive contracts," said Jane Bloom, 53.

Ink & Toner has signed four licensees, with five stores in the works: two in Palm Beach County, two in Louisville, Ky., and one in Atlanta.

The first was Paul Saperstone, who will open an Ink & Toner in North Palm Beach next week and another in Jupiter this summer.

Saperstone, 41, a former stock analyst, said he wanted the guidance of someone who had started an ink business before, but was turned off by franchise fees and limiting contracts.

"I wanted to make sure that I had control over my business," said Saperstone, of Palm Beach Gardens. "Under the franchising model, there's a lot of requirements that can take a significant amount of time that as an independent owner you wouldn't have."

Franchises can be costly and restrictive, but they offer advantages over independent businesses such as brand recognition, training and purchasing power, said Terry Hill, a spokesman for the International Franchise Association in Washington.

"Not everybody wants to start from scratch," he said. "The reason you pay more is that the company has done more to build that business into a national or international brand."

Susan and Stan Harris wanted to open an ink refill store and spent months investigating the available chains. Then they found the Blooms and now are opening an Ink & Toner in Louisville this spring.

Four other franchise refill stores have also opened recently in the Louisville area, but Susan Harris, 45, thinks she's got a financial advantage.

"We kept hearing consistently from franchisees that the training wasn't what it should be for what you pay. Our start-up costs are a lot less," she said. "I feel much more comfortable with what I'm spending getting into the business."

Emerging business

- Refilling pricey printer ink cartridges is one the country's fastest-growing businesses, with retail stores opening at a rapid pace across the nation over the past four years. But consumers have been slow to catch on.
- A September 2006 survey found that about 6 percent of respondents said they had tried a cartridge refill service, and 1 percent said they typically use a refill service.
- About 5 percent of respondents said they were aware of Cartridge World, the largest of a handful of refill franchise chains.

Source: Lyra Research