

Ink & Toner USA expands without adding stores or franchising

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BY [Ed Duggan](#)

Friends predicted that when Bob and Jane Bloom made their ink and toner business a success, they'd be looking for a new world to conquer.

Rather than a new world, they chose the whole ink and toner universe. They developed a 21st century strategy to expand their business - but not by the traditional method of franchising.

Selling and refilling customers' ink and toner cartridges for copiers, printers and fax machines, the couple hit all their numbers, worked out in a detailed business plan.

For nine months in 2004, the start-up store did \$128,000, their figures show. In 2005, it was \$401,000, and last year, it was \$502,000. It was all done with a staff of three.

"We are on track to do \$650,000 in the store this year," Bob said. "If we don't get interrupted by hurricanes, we should hit it."



Susan and Stan Harris learn the ins and outs of operating an Ink & Toner USA from Bob Bloom, right. The Harrises, of Louisville, Ky., met the Blooms at a trade show in Las Vegas.

Photo: Mark Freerks

The Blooms wanted to expand, but not by additional stores - which would be capital-intensive and employee-dependent - nor by franchising, which they feel is expensive for the franchisee and seems to foster an adversarial relationship between the franchisor and franchisee.

"We thought a licensing approach would work," said Jane, who handles the accounting aspects of the business. "We sat down with our attorney, who knows franchises inside-out, and developed a licensing plan."

The Blooms wrote detailed manuals covering every stage of the ink and toner business - they stand more than a foot thick - covering all the business how-to's, as well as a list of reputable vendors and suppliers, even down to the QuickBooks business accounting program, which they have modified to work with point-of-sale hardware.

Two contracts were developed. One, an educational agreement, costs a one-time fee of \$20,000 for two weeks of on-the-job training for two to learn all facets of the ink and toner business at the West Palm Beach store.

The second optional agreement is a five-year renewable licensing/business consulting contract to use the name [Ink & Toner USA](#) within a defined area. It provides an ongoing help line, and sets out a few rules regarding colors and signage. It is \$2,500 annually, starting in the second year.

"Instead of \$160,000 to open a store under the usual franchise setup, our licensees can open for \$60,000 to \$70,000, including training and a fully stocked inventory," said Bob, who handles marketing. "And instead of paying an annual franchise royalty of 6 to 8 percent, our licensees pay just \$2,500 a year."

Susan and Stan Harris of Louisville, Ky., met the Blooms in Las Vegas at an annual trade show sponsored by [Recharger Magazine](#). They were one of three licensees who subsequently signed up, two of them from Louisville.

"The cost difference was a major attraction," said Susan Harris, who has owned a nail and hair salon for 18 years. Her husband, Stan, ran a 60-stall show horse-training farm, which the couple sold a year ago.

"The freedom to run the business as we best saw fit was important to us, like not having to be open certain hours that might not work in our area," she said.

Another licensee is Paul Saperstone, who worked on Wall Street and plans his first store at 751 Northlake Blvd., in North Palm Beach. He is considering another for Jupiter.

"Consumers are tired of what they are paying for new replacement ink and toner cartridges," he said. "I looked at a lot of different businesses before I settled on Ink & Toner USA."

He likes the major cost differential between licensing and a franchise, as well as not having to do the non-productive reports and audits that a franchisor requires to collect his royalty and co-marketing payments.

"We can save businesses and consumers from 25 percent to 70 percent on their ink and toner needs. That's a major advantage," Saperstone said. "I see this industry as ready to take off."

INK & TONER USA

Owners: Bob and Jane Bloom

Web site: www.inkandtonerusa.com

Address: 1355 N. Military Trail, West Palm Beach 33409

Phone: (561) 296-4465

E-mail: bob@inkandtonerusa.com

E-mail staff writer Ed Duggan at eduggan@bizjournals.com.