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BUSINESS | WEALTH CREATION

EDITED BY S. TIA BROWN



Selling Your Big Idea

GOT A GREAT IDEA? DON'T SIT ON THAT MONEYMAKER! RIGHT NOW IS THE RIGHT TIME TO MAKE A MOVE. FIND OUT HOW TO TRANSITION YOUR PRODUCT FROM CONCEPT TO CONTRACT.

By **NATALIE P. MCNEAL**

Three years ago, Sophia Clarke-Welsh's life dismantled around her. She and her husband separated; her real estate clientele dwindled; and the bar and lounge she owned permanently closed its doors. "I was empty," the 48-year-old tells *EBONY*. Then she rediscovered her love of cooking. Friends urged her to revisit the skill she'd been honing since her tweens. One day, a gal pal asked her to make Caribbean-style patties after patronizing a bad vendor. She did. The Jamaican-born entrepreneur knew she was on to something, and Korture Patties (KorturePatties.com), an organic patty business, was born.

"Everyone is trying to eat healthy, and we have that niche," she says. Customers order a mix of patties ranging from sweet potato crusts and collard green fillings to pumpkin-crust delicacies with blue

cheese and vegetable centers. Business is good and, interestingly, Clarke-Welsh is not alone in opting to create a unique product. In fact, inventing and profiting from useful items is a move deeply entrenched in the Black experience. We made the traffic light, the circular layout of Washington, D.C., and changed the brain surgery game. Being innovative isn't just part of Black history; it's our future, too.

It also pays pretty well. In the U.S., intellectual property-focused industries (i.e., inventions) accounted for 34.8 percent of 2010's gross domestic product. More Blacks need to take advantage of this potential revenue stream. Successful, invention-centered businesses offer higher wages, paying 42 percent more than the average weekly salary issued at private industry businesses. It's clear that opportunity abounds, and navigating the terrain isn't as convoluted as it seems.

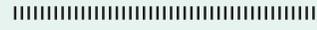
EBONY tells you how to turn your idea into your own inventive success story. →



Just Good or Gold

→ “A moneymaker is clear. You go out and sell it. It’s black or white,” says Daymond John, founder of the FUBU clothing line and popular investor on ABC’s hit inventor-financing series, *Shark Tank*. According to the business maven, one mistake many entrepreneurs make is financing a product that hasn’t proved to be a success. John discourages folks from going too big, too fast. Don’t take a big loan for a company, advertise in top magazines, get new product packaging and run a social media campaign before selling one unit. Instead, “take the product outside and ask people to buy it,” he advises. Hit up a local marketplace or fair. If it sells easily, it’s a winner. Once you’ve established that there is a demand, devise a plan to

bring it to the masses. Serial inventor Lisa “The Inventress” Ascolese, who has sold inventions on QVC and HSN for more than 13 years, addresses another hit factor: “You have to be able to make customers believe they need your product,” says the prolific creator, who also helps clients bring their brands to market. The item has to solve a problem people don’t even know they have. One of Ascolese’s latest devices is Lugeze (lugeze.com), a travel accessory line of stretch bands with storage pouches for suitcases. “I don’t know how I made it without my Lugeze,” she adds.



Where the Dollars At?

→ Although you hear stories about people draining their life savings for a startup, many ex-

perts discourage that strategy. About 50 percent of businesses survive five years, according to the Small Business Administration. Ascolese advises budding inventors to visit small business development centers for assistance; there, entrepreneurs can get advice and take classes on how to grow and finance a business, and they can get help with obtaining low-interest loans. “Take things step by step,” she also recommends, especially when looking at manufacturing. Assembling the product is more expensive than developing the prototypes, so focus on the latter first. Once it’s perfected, move to what’s next. To find the best deal and fit, check out product-sourcing and manufacturing sites such as ThomasNet.com and Alibaba.com, and create payment plans. Last, be sure to diligently research the company you select.

If you’re wary of going big

with financing or investors, wait. John (whose new book, *The Power of Broke: How Empty Pockets, a Tight Budget and a Hunger for Success Can Become Your Greatest Competitive Advantage*, releases in January) is a fan of bootstrapping. “If you believe you need money to go and sell your products, know that money is not going to help you,” he explains. “Money is a superficial high. One of the top reasons new businesses fail is overfunding.” John suggests growing the brand slowly until you get so many orders that executives are requesting a partnership. It creates a better position for a good deal on financing. If not, you may end up needing multiple investors who will demand a large percentage of your company in return. In that case, John says, “you’ll end up working for everyone else, just like the job you quit.”



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Putting On Your Entrepreneur’s Cap

→ When you’re ready to go to the next level, you’ll need a mentor to help you navigate the ins and outs of running an enterprise, from business structure and legalities to experts and vendors. Also, it’s important to have all parties sign a nondisclosure agreement to prevent idea theft. Another critical move is securing your domain name and trademark. Ascolese advises consulting a patent attorney to determine whether your inven-

tion is unique. Filing a patent is costly, from \$5,000 to \$20,000. But if you do plan to file for one, wait until the design of your product is absolutely perfect to avoid additional fees or a new patent application.

Get It to Market

→ There are many ways to get your products to customers. Licensing can be attractive because a parent company absorbs the manufacturing

and distribution costs. Royalties average 5 percent of gross wholesale. And licensing your product doesn’t mean you have to agree to turn over exclusive rights, which creates additional opportunities for revenue. If you plan to hold on to your invention, shopping networks such as QVC and HSN are great places to sell. Each channel has specific items it will work with. For example, QVC leans toward brands that solve a real problem, have mass appeal and are highly demonstrable. Connecting with a product broker, such as Ascolese, can help you get on the big shopping shows.

Still, getting on television isn’t the only way to reach the masses. John recommends using social media for sales. A less-than-1-to-2 percent conversion rate through social media is ideal.

Another way to generate funds is through the subscriber

model, through which people pay monthly for a product or service. This avenue works well for items that must be replenished, and the approach offers a more consistent revenue stream. Last, if getting your items on shelves is the goal, utilizing any of these models can lead to major distribution deals. It’s your responsibility as the business owner to pitch companies on why your product should be in their stores, and having a quantifiable customer base makes it an easier sell.

Every year, thousands of entrepreneurs attempt to bring an item to the marketplace. It’s up to each brand to create an individualized path to success. Clarke-Welsh utilized several of the aforementioned strategies and is excited about getting her items on store shelves and television. “Find something that you love and nurture it,” she says. “It will grow.”