

# Small-Biz GROWTH

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# S.B.G.

Volume 7 | Issue 9 | September 2005

\$2.50 (Free to SSA member companies)



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BACK TO SCHOOL

# MEMBER MATTERS

As a sophomore at Penn State University, Michael Vence recognized a need for fellow college students, and soon he and his father, John, started to fill this need. Father and son (pictured at right), both talented woodworkers, designed and built loft beds, creating extra space in crowded college dorm rooms and apartments.

Launching their business solely on-line, they've created a niche for themselves and **College Bed Lofts** ([www.CollegeBedLofts.com](http://www.CollegeBedLofts.com)) has now become a year-round manufacturing company filling over 30 orders per day. We recently sat down with John and Mike to learn more about their unique product and just how they've grown so much in such a short period of time.

## When did College Bed Lofts get started?

Basically, the idea of the company started in 2003. It really didn't take off until almost 2004 when we started getting out there on the Internet.

## What does your business specialize in?

We specialize in loft beds and bunk beds.

## How did you come up with this unique idea?

When Mike left for his sophomore year at Penn State we made two of these beds, one for him and one for his roommate. When he got it there, everyone started asking about them and Mike decided to put a Web site together. It was kind of an experiment to see if there was a market for this product.

John's background is as an independent IT consultant, so in the summer I always had some time off between projects. Making these beds was a fun thing to do and we never expected it to turn into a full time career. We decided to just see how it would turn out, and there was a much bigger demand than we ever thought.

## How do you as a small business compete against larger, similar companies?

We want to be the lowest-price producer. These are designed for college kids, so we know they don't have a whole lot of money. We want these to be affordable for them – it's basically the cost of two textbooks in today's terms.

We also customize each loft, and I think that's key. Everyone has different mattress thickness and so the goal is to maximize the amount of headroom underneath.

The third thing is one Mike came up with, and that's fast delivery. Students today want problems solved immediately, and when we were first doing this, we would get the beds out in two to three weeks. Mike pointed out that if a student has a problem today, they want to get on the Web site and receive the bed in two days. So we were able turn this around by moving to our current location and started adding employees and can now ship most orders in the same day. That's one of our key strategies; we want to make sure we can get it to them the fastest. Most of our competitors take three to four weeks.



I thought this would be more of a planned purchase; so most orders would come in July and August. But Mike said no – students aren't going to plan like that, they're going to wait until the last minute. The other big thing was that I thought we'd really get all of our shipments out in August and be done by early September. But again Mike pointed out that once other students see the bed, they're going to want one. It turned out that September and even October were very good months for us. So it's our fast delivery that's helped us.

## Who are your major customers?

College students and apartment dwellers are the two biggest. And also, surprisingly, parents with young children. One woman called and asked us that if we lowered it a little and added more safety rails, she'd buy it for her kids. So we did it, and she painted it white and sent us a picture, which we placed on the Web site. People called us saying, "I want that white one." That keeps us a year-round business. They're inexpensive enough that if their tastes change they can repaint the bed.

## Do most students buy the beds directly through you?

Most beds go directly to the students. We do have a few colleges we ship to and they resell them to students in the bookstore, through a student government association, or even fraternities. Some organizations use it as a fundraiser.

## Do you have a predominant geographical area?

No, we ship all over the continental US.

## How have you built and maintained your customer base?

We really built it by keeping the Web site current. We try to add new pictures and give new details to the site often to keep it fresh. We also add a lot of FAQs (frequently asked questions) – every time someone asks us a question, we add it to the site. We get 99% of our orders through the site, so we need to maintain it and keep it active.

We also have 100% satisfaction guaranteed. We know that the product is very heavy, so we do have a slightly higher

percentage of damage in shipping than other products. We recognize this as a cost of business, and when there is damage, we automatically replace it.

### How do you market your product to potential customers?

Primarily through our Web site, but we do occasional ads in student newspapers. There are a few college newspapers that have a large issue to all new and returning students that goes out over the summer.

But our primary marketing is on the site through Google, Yahoo, MSN, and other sites with our key word “loft beds.” When we first started, we were on page 20 of Google, and we know that no one goes that far. So Mike figured out a way where we could do a pay-per-click where we pay to get higher on the search. So, we varied our costs to figure out how many orders we received in comparison to the number of hits each day.

This gave us exposure to students and word out there on campuses that we were available and affordable, and we slowly started reducing our pay-per-click advertising as we grew higher on the free sites.

### Your Web site is obviously an effective tool for you; would you ever consider cutting back on the Internet?

No, not at all. We wouldn't be in business without our Web site. We're an Internet-based business that happens to sell woodworking products. There's much more involved on the Internet side than the woodworking side.

### How do you keep on top of changes and trends in the business?

Constant education on Web technologies; I do a lot of research on how to make effective Web sites, how to do effective Web marketing, and how to do keyword optimization. I'll read books and attend seminars. I also utilize the information provided by people like Trish Torrey (author of “http://411”), who writes a great article each month, to help us tweak the Web site.

### What has been the most challenging aspect of owning your own small business?

The main aspect has been keeping up with the growth. We were very conservative to begin; we started in our garage and slowly moved to other locations as we grew. We didn't want to go too far into overcapacity if the business wasn't there.

Another challenge is raw material. With new housing so strong, it's getting very difficult to get good quality lumber at a reasonable price right now.

### How many employees do you have?

There are a total of five of us, with one being part-time.

### Has it been difficult for you to find and retain qualified employees, especially those with the skills your business requires?

We worked with the BOCES carpentry program. They sent us a few people as interns, and the people who worked out very well were hired. Two of our employees are from this program, and our customer service employee is a graduate of Corning Community College, so we've worked with the local college as well.

We also work with the local ARC. They do a lot of the printing and filling of our parts bags. They're great to work with. It's a win-win for all of us.

### What kind of daily commitment do you need in order to make the business successful?

My daily commitment is watching the Web site and Web traffic. One thing that can happen when you enter a pay-per-click environment, other sites can take our ads and put them on their site, taking a percentage of the payments I make. They can be sitting there just clicking away and racking up charges so they can get more revenue. I have to constantly monitor the site and watch “click fraud.”

### How has SSA helped your business?

One is that it's given me affordable insurance. But it really gives me a lot more. The monthly magazine offers great advice, like “Ask the Lawyer” and the ones with computer tips. The feature article is also nice because it's helpful to see how other small businesses have started and to get ideas from them. The other thing I use SSA for is questions: payroll issues, health benefit questions, and just general questions. I can call and someone always sends me in the right direction.

### Would you recommend SSA to others who have or are starting their own business?

Oh yes, absolutely, especially for the health insurance. If someone tells me they want to start their own business but is afraid of going without health insurance, I tell them about SSA. □

