

EYEBOBS EYEWEAR, INC.

Eyebobs Eyewear, Inc. (Eyebobs), based in Minneapolis, Minnesota, was a private company specializing in optician-grade ready-to-wear reading glasses with an attitude, or the “eyewear for the irreverent and slightly jaded,” as the company’s tagline proclaimed. The artsy frames in striking colors, innovative shapes, and tongue-in-cheek names such as Board Stiff, Barely Lucid, and Hostile Makeover, had a cult-like following among people with a playful streak. Eyebobs were sold at optical centers, high-end department stores such as Nordstrom and Neiman Marcus, and upscale clothing boutiques from coast to coast.

Eyebobs president and CEO Julie Allinson was a 40-year-old former banker and president of a start-up for children’s clothing when she quit her job to launch an eyewear business in 2000. She used her life’s savings as seed capital and funded growth entirely out of cash flow. It took her six long years to earn \$1 million in sales. But in 2007, her company of 10 employees pulled in \$4.5 million in revenues. In 2008, in the midst of an economic downturn, Allinson proudly handed out year-end bonus checks to her staff and was looking to hire more people. Reflecting on her decision to bootstrap her company and eschew external funding sources, Allinson emphasized the long-term benefits of debt-free growth and the freedom it allowed her:

I didn’t borrow money; I didn’t take on investors, and that allowed me to make all the decisions on how to allocate that tiny pool of money I had myself. I didn’t want anybody beating on my back, “Grow faster, grow faster,” if I wasn’t comfortable with it. I’ve had many a sleepless night at Eyebobs, going over my decisions. But they are the decisions that I’ve made, not somebody else pushing me, wanting a certain return. We are trying to be realistic here, and we say that as we make decisions in the office every day: Do we want to take on more private label? Do we want to take on this customer? Do we want to create another brand that’s cheaper? And often, the answer is, No, we don’t have to have every single dollar in the marketplace. Just be true to ourselves, deliver a beautiful product that’s high-end—to stay in that niche. And that’s a discipline all by itself.

This case was prepared by Senior Researcher Gosia Glinska and Edward D. Hess, Professor and Batten Executive-in-Residence. It was written as a basis for class discussion rather than to illustrate effective or ineffective handling of an administrative situation. Copyright © 2009 by the University of Virginia Darden School Foundation, Charlottesville, VA. All rights reserved. To order copies, send an e-mail to sales@dardenbusinesspublishing.com. No part of this publication may be reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording, or otherwise—without the permission of the Darden School Foundation.

The Founder—A Country Girl Goes Corporate

Julie Allinson was born in 1958 and grew up on a small farm in Iowa. “We had no idea how poor we were,” Allinson said. Her upbringing provided many lessons, which she later applied to running her own business. “What’s driven home in a farm situation is common sense, and common sense really isn’t very common,” Allinson said. “You learn how to take care of yourself on a day-to-day basis, and you learn how to take care of your little business, because every farmer is an entrepreneur.”

As a child of parents who, no matter how hard they worked, lived lives of constant uncertainty, Allinson valued planning and predictability. “I hated that type of existence where you couldn’t have control,” she said. But, reflecting on the similarities between her and her parents’ lives, she admitted that maybe she “ended up just like them.” She explained:

I can remember my parents praying for rain and then praying for it to stop. I never wanted to live that way. But being an entrepreneur is very much the same: you pray for the business, and you pray that you can handle the business, that you can deliver a quality product. And a lot of that is out of your hands—by virtue of having employees, manufacturers, etc.—because it’s not just you who’s involved.

Following her parents’ advice, Allinson held various steady jobs during her teens. After graduating from high school, she attended the University of Iowa, where she majored in business. Even though she wanted to work in the area of marketing, for which she had a natural affinity, she gave up the idea. “I didn’t think it was practical,” she said. “I went into the numbers business, because I’m competitive. I wanted to challenge myself and become very good at it.”

After graduating in 1980, Allinson moved to Minneapolis, Minnesota, and became an operations manager for the brokerage firm Piper Jaffray & Co., followed by a short stint as a stock broker. “I didn’t like the telephone sales, which is what it really was,” she said. She spent the next 10 years managing loan portfolios for FirstBank. But she felt out of place in the corporate environment. “I was the square peg in a round hole,” she said.¹ She also chafed at the lack of independence she experienced in large organizations. A free spirit at heart, Allinson admitted that she “always wanted to live and die by [her] own sword.”

Mack & Moore—a crash course in running a start-up

An opportunity to work outside the United States occurred in 1995, when a friend introduced Allinson to the founders of a Minneapolis-based clothing start-up, Mack & Moore, Inc. Gerri Mack and Susan Moore persuaded Allinson to come onboard as president. Heading a \$1.5 million venture, which specialized in high-end children’s clothes sold at Nordstrom and

¹ Allie Shah, “Eye-Conoclast: Meet the Brains behind Some of the Wackiest Glasses You’ll Ever See,” *Star Tribune*, August 24, 2006.

Neiman Marcus, was all-consuming, but “it was an incredible learning experience,” Allinson said. “I got my PhD overnight, every day at work.”

When Allinson reviewed the company’s financial statements, she realized that the owners had run themselves into debt and needed to raise capital. “They were artists,” Allinson said, “and they had a great product, but I looked at their financials and said, ‘You’re going to be bankrupt in three or four weeks.’”

Reflecting on the lessons learned as president of a struggling start-up, Allinson stressed the importance of keeping a close eye on the numbers:

You can call it finance, or you can call it common sense, but you have to know where the money is coming from, where it went, and how much you can spend. So that’s what I learned at Mack & Moore—profitability is king. Just because you’ve got great ideas doesn’t mean you can do it quickly, without a great plan in place and without funding. You have to keep in mind that you need to spend the money to create money, and that it can be a very long path before you turn a profit.

A Business of Her Own

Five years into her tenure as president of Mack & Moore, Allinson grew increasingly frustrated with her job. “I had no real ownership of the company,” she admitted. Despite her title, “I really was the relationship manager getting investors,” she said, adding that she had “all the responsibility and none of the authority.” She also began to feel the entrepreneurial itch. She had wanted to run her own business but “wanting a business and starting a business are two different things,” she said. “You really have to find something you have a passion for in order to quit your job and stick your life savings into it.”²

Ironically, she found that “something” when she developed presbyopia, the farsightedness that accompanied aging and happened to most people entering their 40s and 50s. Allinson realized she needed a pair of reading glasses, so she went to see her friend Jason, who worked at an optical store. “[He] was happy to sell me hip reading glasses, but at a price that I couldn’t afford,” Allinson said. “So he showed me alternatives—at Walgreens.” But Allinson did not like the cheap off-the-rack drug-store readers. “Isn’t there anything in between?” she asked her optician friend. “Not really,” he said. “That was my *aha* moment,” Allinson remembered.³

Retail sales of nonprescription reading glasses in 1999 were about \$350 million, up 6.5% from the previous year, according to optical-industry research.⁴ With studies showing that 1.5

².Melissa Colgan, “People Who Do Cool Things: Julie Allinson,” mspmag.com (accessed January 2008).

³ Colgan.

⁴ Lauren Lipton, “Going Loopy Over an Eyeglass Holder,” *Wall Street Journal*, July 6, 2001.

million people turned 40 each year and someone turned 50 every few seconds, there was a large potential pool of people with blurred vision.

In 2002, sensing a business opportunity, Allinson quit her job at Mack & Moore and plunged into a life of risk and uncertainty—she was going to start her own company. She reflected on the inspiration behind her decision to make affordable but hip reading glasses:

I loved going to work every day—that really turned me on. I liked having people around me. I like solving problems, all that kind of thing. But what I envied about [my optician friend] was that he had a genuine love for the product. I was in banking and at brokerage firms, where you don't have a tangible product. And so that always kind of hung with me, something you could put in your hand, something you could sell, something you could look at and improve.

The first year after leaving Mack & Moore, Allinson lived off her savings. She was “a student of [her] own business,” as she put it, “trying to figure out how to get Eyebobs up and running.” She went to China, Italy, and Chicago to talk to plastic manufacturers. She developed a business plan, asking herself the following questions:

Where am I going to have it manufactured? What kind of hinges should I use?
How am I going to get this distributed? How am I going to get this packaged?
How am I going to present it at the stores?

Bootstrapping Like Crazy

Rounding up funds for her venture did not involve looking for investors or knocking on banks' doors: Allinson used her personal savings as seed capital and was determined to fund growth from the company's own cash flow, instead of borrowing large sums. “Because my parents grew up during the Depression,” Allinson said, “I pay for everything with cash. I've never had a bank loan for the business. Sometimes, I ask myself, am I being too conservative?”

Another reason behind eschewing debt was a family health scare. Soon after she started Eyebobs, Allinson's husband Paul had a heart attack. During his recovery, the couple talked about ways to minimize factors that increased his risk of heart disease. “We asked, ‘Okay, what's creating stress in Paul's life?’” Allinson recalled. “And the answer was, ‘Well, my starting a business.’ What the hell could be more stressful?” She elaborated:

We talked about the numbers—a business could take a lot of cash if you let it—and how do you keep it from just eating you alive kind of thing. And the other thing was owning a house, so we moved into a condo, and we just bootstrapped this thing like crazy, because I couldn't have Paul stress out about the business.

Supply Chain Management

When Allinson set out on her entrepreneurial journey, she wanted to produce optical-grade reading glasses with stylish frames equipped with lenses that were scratch and chip resistant. Because she valued quality, she traveled to China to visit manufacturers in order to see their operations. “I interviewed between 24 to 30 people in one week,” Allinson said. She learned the importance of staying well-connected with one’s partners and suppliers and checking on them in person:

Getting to know your supply side is crucial. If you’re going through a middleman, you don’t know stink. You don’t know what the hell’s going on at the factory. You don’t know who owns it, who’s getting priority, and what the product looks like. Going back to my upbringing—don’t be afraid to get your hands dirty. Don’t just make a phone call, get out there. I was gonna end up wiring my life’s savings to an optical manufacturer, and the only way I was comfortable doing this was to go there first to meet them eye to eye.

For Allinson, the sourcing trip to China provided many other insights. “I learned so much during that trip about hinges and materials and where the good stuff was coming from,” she said, adding that it soon became apparent that she should go talk to the Italian plastic manufacturers in person. “I wanted a higher-end product, and to this day, Italy is the place where they make the latest and the greatest,” she said. As it turned out, her Italian manufacturers also had plants in China, so that’s where her Eyebobs frames were made.

Allinson believed that the reason she was able to develop successful partnerships with Italian manufacturers was because she made the effort to visit them early on. She explained, “When you’re small and you say, ‘I’m going to do 1,000 pieces’ or some ridiculous amount like that, something I do in a day now, how do you get the attention of these people? Well, they know you’re serious because you were crazy enough to go over there to find out.” As a result of her efforts, Eyebobs reading glasses would be made with the same top-grade Italian plastic and hinges used by the more expensive frame companies. Having optical-quality frames also would allow Allinson’s customers to have prescription lenses cut for their Eyebobs frames.

Eyewear for the Discerning

For the next step, Allinson again turned to her friend Jason; this time it was to help her design the first line of Eyebobs. “I said, ‘I want to do some conservative things and some outrageous things,’” she recalled. “I came up with the frames, and Jason helped me with the bridge work—the most difficult part because everybody’s nose is different.” Next she contacted a team of designers at an optical manufacturer. With their help and feedback, Allinson’s dream of creating reading glasses became a reality. “They said, ‘Yes, we can do it, it will be more expensive if we do it this way, and less expensive if we do it that way,’” Allinson said.

Allinson aimed for a niche in the reading glasses market and she targeted customers who valued style as well as quality. The bulk of her clientele were baby boomers who needed nonprescription reading glasses but also wanted to look good. For them, glasses were a fashion accessory. An extrovert, Allinson favored eyewear that was “nonconforming, a little twisted, that [said] something about the nature of the person wearing it.” She liked to say that Eyebobs readers were not for most people and that she and her staff wanted to appeal to discerning people like herself.

From the beginning, Allinson was deeply involved in the design process. “I always have a final say on a design,” she said. “And you get a few of those who say, ‘Well Julie, nobody’s done that.’ And I say, ‘I think I’m going to.’ Don’t be afraid to do it differently.” For example, one year, when the big color for the fall was grey, one of Allinson’s customers pointed out that the Eyebobs’ line did not have a single gray frame. “You’re making a huge mistake,” she told Allinson. But Allinson knew better. “I had nothing grey, because if you’re wearing grey, then your eyewear should be red,” she said.

Allinson looked for colors and styles that would stand out on a person’s face and be memorable. “When working on a design, we think about the personality of the individual who might wear it, and what that person would want to communicate about themselves,” she said.⁵ Because she often drew inspiration from old Hollywood movies, many Eyebobs glasses had a retro feel, yet looked distinctly modern. She was not afraid to do frames with old-fashioned, round lenses, in purple or neon green. “The wackier I get,” she said, “the more people love them.”⁶ She continued:

That’s one of the blessings of not having been in the business previously. “We’ve always done it this way,” wouldn’t even occur to me. I don’t know how they did it—I don’t care. Again, that’s the advantage of going to your end users to find out what they want, because if I’d gone to the retailer, I would have had a nickel-and-dime product that was a pile of crap that looked like everything else on the shelf.

Meeting satisfied customers was part of the fun of running Eyebobs. During one of her trips to Italy, where she sourced plastic, Allinson and one of her staffers went to Venice for a couple of days. “We’re walking in Venice, and somebody’s wearing Eyebobs,” Allinson recalled. “I went and handed her my card, and she said, ‘Oh my God, I love these glasses, you wouldn’t believe how often I get stopped.’ She was thrilled, I was thrilled...it seemed so silly. It’s a kick, it really is.”

⁵ Colgan.

⁶ Colgan.

The Right Distribution Channels

The most obvious distribution channel Allinson tried first was the eyewear stores. In 2001, she attended an optical trade show, Vision Expo in New York City, hoping that eyewear retail stores would pick up her reading glasses. “I basically sold nothing,” she recalled and lamented that she opened only one new account. “The first two years I really struggled. I kept trying to sell in the optical market because you’re thinking where do people go with their eye troubles?” Her reasoning was correct, but she did not realize that optical stores resisted selling nonprescription readers for fear these glasses would detract from their high-margin prescription business. Allinson explained:

It was shocking to me how a lot of [eyewear stores] would keep Eyebobs under the counter because they didn’t want people to know they carried a reader line. I’d go to these places knowing they’d bought the product and ask, “Where is it?” And they’d be, like, “Oh, we don’t show that to anybody.” I sat there for two years scratching my head, going, “What am I doing wrong?” I was just dumb enough to stay at it. The first couple of years in the business world you sweat bullets. You have to believe in your vision for a long time.

Hubert White—Allinson’s lucky break

Allinson’s belief in her product kept her going forward. The feedback she was getting from her focus groups and her first customers, as well as from friends and family, confirmed that all of them wanted Eyebobs. “I had to find a different way to get them distributed,” she said.

One day, Allinson visited Hubert White, an upscale men’s clothing store in downtown Minneapolis, to make a pitch. Brad Sherman, the store’s general manager, agreed to display a few pairs of Eyebobs readers for eight weeks, but he was not optimistic. “He said to me very honestly,” recalled Allinson, “‘Julie, I’ll work with you because you’re local, but I’ve done it all. I’ve done belts, gloves, and scarves. None of this stuff sells.’” Two weeks later, Allinson received a phone call from Sherman. “I’m sold out to the piece,” he announced.

Sherman ordered more Eyebobs, and he even helped Allinson design an elegant display case for the store. “I still use it today,” Allinson said, adding that “everybody in the market had knocked it off.” Over time, Hubert White sold “at least one or two pairs a day every single day of the year” and Eyebobs became one of the store’s “most successful items,” according to Sherman.⁷ “And from there—it just went like wildfire,” Allinson said.

Hitting the trade-show circuit

Sherman told Allinson that she should start attending fashion-industry trade shows to generate new sales leads. At the time, renting a 10×10-foot exhibit booth for each show for

⁷ Shah.

roughly \$10,000 was an expensive proposition for Allinson. “Well, that scared the bejesus out of me,” she said. “You know, money’s tight in small companies.” So, Allinson decided to dip her toes into the world of trade shows, and in 2002, she signed up for the ENK Men’s Show in New York City.⁸

Forming relationships with retailers, however, took time and persistence. At the first ENK Men’s Show she attended, everyone who stopped by her booth loved the stylish Eyebobs readers. “I sold to every sales rep in the place,” Allinson said. “But a lot of them would buy for themselves and wouldn’t buy for their store.” The following year, at the same show, “it went gangbusters,” Allinson said and explained:

[The sales reps] realized that everything I had told them was true: the product was not disposable—it hung together. They realized I was a woman of my word, it built up that trust, and the orders started coming in. But it’s not all a bed of roses. My product was too high-priced for some of the stores that bought it. Others were pushing me to go to an even higher-priced product. But I got that swath in the middle, that 60% to 80% that understood it and wanted it.

After her first ENK success, Allinson attended the men’s fashion show in New York City, followed by one in Las Vegas and another Chicago, eventually adding the women’s accessory show to her roster. “After Brad Sherman introduced me to men’s shows, that’s when the sales really started to happen,” she said and added:

And that’s how the company has grown; and I just keep adding these shows. But it’s not, like, “I’m going to do all these shows,” throwing stuff at the wall and hoping that it sticks. It was very methodical, very bootstrapped. If the show pays for itself, then I can do the next show.

In 2008, Allinson and 12 of her staff members attended 22 national trade shows; however, Allinson believed that her presence alone was not generated new sales leads. “Most of it comes from word of mouth,” she said. “It’s because somebody else bought my product, and they’re a believer. Three retailers are being dragged by one of their friends who sells it already.”

Building the Eyebobs’ Team

Like many entrepreneurs who bootstrap their start-ups, in the beginning Allinson did everything herself. “I created the designs, got the inventory stocked, took orders,” she said. “I was the only salesperson, packer, shipper, and bookkeeper.” An extrovert, Allinson went to lunch with the mailman twice a week, “just to have human interaction,” she said.

⁸ ENK was the leading fashion-industry tradeshow organization, conducting 25 events per year. Upscale fashion retailers representing specialty and department stores from around the world attended ENK events.

One day, Allinson realized that her company demanded more than she could handle alone. “That’s when you start to get really excited about your business,” she said. “That’s what you dream of—not being able to do it all yourself.” In 2002 she hired her first part-time employee. “The first person you hire is a minimum-wage kind of person, just to pickup the phone,” Allinson said. “Really, you take all the phone calls, but they’ll get the one line that rolls over.” After her first employee moved out of state, Allinson hired a professional customer service rep/bookkeeper, who was excellent at the job, and who hired two of her relatives as packers and shippers.

Unfortunately, the new hire started charging personal items to Allinson’s business credit card. “She thought that because she paid the credit-card bill, I would not catch on,” Allinson said. But Allinson, who monitored her credit-card statement online every day, caught the embezzler in her tracks. “And so I fired all of them,” she said. Losing all employees, including an entire shipping department, during one of the busiest times of the year was tough on the fledgling company. “It was one of my big surges when I was catching on right before Christmas when the retailers count on you,” she said.

Getting it right

In 2004, through personal referrals from friends, Allinson hired a part-time operations manager named Saul and a full-time customer-service rep named Kim, who had 20 years of experience in the optical business. By now, Allinson was self-aware enough to know her own strengths and weaknesses and admitted that while she “was not a great customer-service person,” Kim was an excellent one. As Allinson recalled, she often asked Kim to handle the problem phone calls:

[Kim] just knew how to do that. And I thought, “Wow, that’s really good!” That illustrates how you’ve got to pull that talent around you. Kim would say, “Yeah Julie, I can do that all day long, but I couldn’t have started this business. So, I guess, we’re made for each other.”

Allinson understood the importance of having someone to take care of the nuts and bolts of the business, and she particularly valued Saul, who came to Eyebobs from an upscale department-store chain. “He set a really high bar for us,” Allinson said. “He never gets sick of checks and balances—‘What do we have in today? How do I get these people organized? How can I get them to be more effective in their jobs?’”

Having two knowledgeable and experienced employees freed Allinson up and allowed her to focus more on growing the business. “I was able to go on the road more to talk to customers,” she said, and added that she was “completely blessed with [Saul and Kim]...it was beyond my dreams.” But the transition from working solo for two years to delegating was not without wrinkles. Allinson explained:

Now I can't even go out to the shipping desk and put together a package I'm so proud of, but I'm so glad they have figured out 10 different ways to automate it and do it better than I did. Frankly, my biggest adjustment was handing over my customers to somebody else. Having them take ownership of my customers and letting them talk to my customers. There's a certain tone that I like to have at Eyebobs—it's well-informed smart ass, somebody who can give them the answer but have fun talking to them and kind of pull their chain. Make it a memorable part of their day.

Building the IT function

When Allinson started building the IT function of her fledgling company, her husband Paul proved to be an invaluable resource. Although working full time for a major bank, he came to Allinson's office after hours to set up servers and computer networks or create Web interfaces. "He saved us money from day one," Allinson said, adding that "when you have a company that's growing like Eyebobs, the technical piece can make you buckle at the knees. When your system goes down—those charges can be enormous." Describing her husband's contributions to Eyebobs, Allinson emphasized the importance of the "technical piece" he provided:

We have a direct interface from our Web site to our accounting software that eliminates rekeying, which eliminates most errors. That's huge for us. Everything we do, he creates an interface for us. We have direct interface with UPS. We never rekey any of that information, either. That's hours of manpower that we don't have to worry about.

Allinson's husband joined Eyebobs full-time in 2007. In addition to being responsible for the IT function, he oversaw the accounting function of the business. Allinson's only regret about hiring her husband was not having done it sooner. "But he was my bread-and-butter-man," she said. "He was the guy who allowed me to be an entrepreneur."

A team of hardworking "nut" cases

In 2009, Eyebobs had 12 full-time employees. "The people who work at Eyebobs today are the best thing to happen to this company," Allinson said. "Each one is a hardworking nut case, and I derive so much positive energy from them." Allinson was proud of her diverse group, which included one national-sales manager, responsible for the independent-sales reps; two people responsible for bookkeeping, accounting, and data entry; one person who managed the company's Web site, blog, and all of the social networks. "Everybody else is the packer, shipper, and phone person," Allinson said, and added that all her packers and shippers also served as customer-service reps. "They are all too smart for packing jobs, and I needed to engage them in other ways. By answering the phone, they know that their mistakes are immediately felt by the customers."

Allinson's optician friend Jason, who had been assisting with the designs since the Eyebobs' launch, joined the company full time in early 2009 as a customer-service rep and designer. In spite of a grim economic environment, Eyebobs was growing, and Allinson wanted to expand her staff. "I'm now interviewing marketing companies," she said. "I want one cohesive message going out to my end users and my wholesalers. I want to either bring somebody in-house or hire a marketing company."

Allinson liked to say that one of the most enjoyable aspect of running Eyebobs was handing out bonus checks to her employees. She was proud that she had not had to face any layoffs and that her employees were not "sitting with an axe over their neck every day." She continued:

I'm happy to know them each very well and not treat them like a number, like they are disposable. That's one of the big joys I get out of running Eyebobs. I surround myself with people I genuinely like. We have a 401(k)-type situation, and I'm just starting to look at ESOPs and things like that. It's important to me to take care of these people.

Allinson's Evolving Role—Growing Sales

As her company grew and she expanded her staff, in addition to her focus on design, Allinson's priority became growing sales. "Marketing comes very naturally to me," Allinson said, "but not the sales part; I had to figure out how to do it inexpensively and effectively. So my attention went to how to get that done."

Over the years, Allinson developed a sales strategy to help her grow Eyebobs. As she saw it, one of its main components was a well-stocked inventory, which carried a risk, but which helped her differentiate her business and engender customer loyalty:

Reading glasses are not a seasonal product. You're trying to create an annuity for the retailer and for yourself...So the whole sales strategy is trying to keep that inventory full so that people always have something to go back to. You're trying to educate the retailer that once a month or once a week they need to be reordering Eyebobs. If a customer loses a frame, if they like that frame, they can continue to reorder it from you. And that's really not what customers are used to. They are used to calling for a special order and being told, no we don't have it. And I want to say, Yes, we have it, we'll ship it for you today. Most companies do not carry inventory—we do. I've changed that paradigm, and that's my real risk in my business.

Managing Growth

For many entrepreneurs, the business catchphrase: “grow or die” meant “grow at breakneck speed or die.” Allinson did not see it that way. Unmanaged, “growth could easily swallow you up,” she cautioned. She knew that unmanaged growth was a sure sign of growing too fast. Unlike the cocky upstarts who took on debt swiftly to fund expansions only to crash and burn, Allinson grew her company slowly, out of her own cash flow, and was careful not to overstretch her resources. It took her six years to hit the \$1 million in revenue mark. “I spent my money sourcing the product and trying to get the very best product,” she said, “and I didn’t have money to blow on marketing. I had to be happy to grow a little bit at a time, to get the word out.”

Once the word got out about her product, Allinson started getting offers from retailers across the country, but she was very selective about her clients. “It’s important who you say no to,” she said. “Why would I take on customers who can’t pay me? We are very careful about who we extend credit to.” She explained how her financial background was a huge asset in dealing with clients and managing risk:

Cash flow is king, no doubt about it. Now, I’m in a situation where I’m always looking at the balance sheet, I’m looking at inventory, looking at where the money is. Because I extend terms to my customers, I don’t have factors in the middle of this. I take all the risk of all these small customers I do business with. Because I understand the collections process and cash flow, we’ve stayed on top of that. You can’t let that become the last thing—it has to be the first thing.

Allinson also tried to broaden her customer base to prevent a crisis that inevitably happened when a company’s chief customers suddenly pulled orders. She was not afraid to say “no, thank you” to prospective buyers who posed too much risk to her company’s financial health. She explained why she turned away a lot of business:

I didn’t want them to be 80% of my business. What if they go away? I do have two or three big customers—they all have a big slice, but it’s still a small part of my business. I feel I’m a boutique business. Not everybody wants an expensive reader or is comfortable wearing fashion. So, I’m better off selling to boutiques.

Allinson thought that “it’s easy to get into business, but it’s hard to stay in business.” She understood the perils of undisciplined growth and the importance of the continuous monitoring of inventory levels:

You think, oh yeah, I want to sell to everybody, bring on the business. Bullshit. You’ve got to manage that, pay for that inventory. And you better know who you’re going to sell it to, and how long it’s going to take you to see it out. I feel I have a significant amount of inventory. When I was running Mack & Moore, one of our investors, who used to be the president of Target, would say over and over

again, “Julie, inventory is not like fine wine, it does not get better with age.” So even if it’s \$25,000 worth of inventory that’s just sitting there, get rid of it.

Allinson considered 2005 a breakthrough year for the fledgling company because Eyebobs pulled in \$840,000 in revenues. “When I hit that number, I can remember I thought we’ve made it,” she said. In 2006, her start-up generated \$1 million in revenue, followed by \$4.5 million in 2007. In 2008, Allinson expanded her Minneapolis office and pumped money into a new phone system better equipped to handle the increasing number of calls. She said:

Because we’re growing by leaps and bounds right now, we are expanding our area. One of the ideas for the new phone system is that when you’re on hold, we want people telling their Eyebobs story. Some funny story and we want it to be a customer, preferably an end user, who’s talking about how they found Eyebobs.

Beating the Copycats

Growing a company from zero to \$4.5 million in sales in seven years, with no outside investors or credit lines would make many entrepreneurs complacent, but Allinson did not dwell on her extraordinary achievement. “I never focus on my success,” she said. “I always focus on the things I’m going to fix and do next. You just put something else on your worry plate.”

In 2009, her “worry plate” was full of copycats who were knocking off her reading glasses and funky designs, using inferior materials and selling them for less. Imitation may be the sincerest form of flattery but, for an entrepreneur like Allinson, whose success was born of creativity and innovation, it was a big problem.

To beat the competition whose only game was imitation, she was forced to be more innovative and take charge of the market, which was not an easy feat in a time of economic downturn. In lieu of offering a lower-priced product, which was what many in the fashion-accessories business were doing, Allinson decided to “add some other value,” and make her product “even more interesting.” Instead of the usual protective case for her Eyebobs readers, she created an innovative leather case with room for car keys and credit cards. She explained:

I want to add value to the product rather than increase or decrease the price. My costs have gone up, but I’m not passing that on to the customer. Other reading-glasses companies are knocking us off—that’s why I’m changing my cases; I want to do more for my customer for \$65. I want to add value so the customer sees us as the leader. Eventually, instead of saying, “Where are my reading glasses?” I want people to say, “Where are my Eyebobs?”

And, when asked about keeping her Eyebobs business ahead of the copycat pack in the future, Allinson said:

I have to stay at the front; I have to be more creative. I really work hard not to look at people who are knocking me off. What am I going to do? Stand there with my head looking over my shoulder? No, I want to look straight ahead, doing all the things that they are not thinking of doing. They are busy trying to be me, but they are not me.