

The 5-Second Inventor



Make millions by turning your
brilliant idea into a hot product

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Introduction

Have you ever missed out on a great invention? A couple once told me that the Gummi Worm candy commonly found in grocery stores was their traditional family recipe long before it was introduced on the market. They felt slighted for not taking action when the opportunity for a new product was present. This type of story is not uncommon at all. You may have had a similar experience. You walk into a store, see a product, and think, “Hey! That was my idea!” This happened to me at least dozen times before I began pursuing potential ideas.

During my college days, I used to live in a single-story apartment without air conditioning. During the summer, the room easily turned into a hot oven. To cool down, I used a water bottle to spray the fan and let the mist blow over me. At a lethargic, dizzy moment, I had the flash idea of integrating a mini fan and spray device together. Sadly, I was overwhelmed with college work and when winter came, the idea was forgotten. Now, *cool mist* fans can be seen in many Wal-Mart stores during the summer.

It has always been a myth that there are not many real inventors around us. The word “inventor” seems distant or unreachable to many people. Some often link it with mad scientists or professionals who have a strong education and background knowledge in technology. Many are not aware that everyone has the inner capability to be innovative and creative.

An average person probably comes up with ten thousands ideas in his lifetime. Each time you discover a solution to a problem, think “hey, I can do it better!” or show off to your friends with a homemade project, you’re the inventor!

Back in college, I saw someone who broke his glasses at the hinges during class improvise by tying a rubber band on the frame. I’m not sure it was a novelty idea with potential marketability, but it solved the problem at the instant. Innovation is an inner capability, part of human survival skills. So, if everyone has built-in creativity, why aren’t there many successful inventors around?

It’s because not many people know what to do with their ideas. Many give up in the early stage when they discourage themselves with formidable questions:

I think my idea is great; will others think it's worthless? Has anyone thought of this already? Does it have market potential? Will people buy it? How do I protect my idea from copycats? How much time and money will I need to make my dream happen?

By the time most people are done pondering these questions, bedtime comes and the idea is tucked away in the brain's "to do" list. The supposedly brilliant idea slowly slides into a forgotten section of the mind's ocean. This is a common scenario. Many potential inventors let wonderful ideas sit on their desks until they become obsolete, forgotten, or picked up by others because they believe their dreams will never happen.

This book, *The 5-Second Inventor*, will guide anyone to who came up with a flash idea, yet has no idea what to do with it. It will direct you through the phases that follow the conception of your initial idea. Instead of waiting for the right opportunity to come, this book will give you a list of actions to find your own opportunities and to proceed until your product is out on the market. No more worries about what to do and no more hassle of dealing with corporation licensing deals.

Times Have Changed

Producing and selling your own invention is no longer a dream; it is reality. During the pre-Internet era, for an inventor to produce his own startup manufacturing and distribution business without the backing of investors or a huge savings account was almost impossible. Outsourcing services was uncommon. Even then, if an inventor was able to locate and assign a third-party manufacturing firm to produce a product, the process was slow and expensive. Communication dragged down the progress, as it was mostly conducted by postal mail, fax, and phone.

Putting a final product into retail stores posed another challenge. Most of the options were brick and mortar retail buyers who could be extremely selective. The average inventors were left with few choices. They either found licensing deals or placed their ideas on the shelf to collect dust. With advancements in Internet technology, software tools, low-cost communication infrastructure, and independent services, the cost of starting a business in terms of finances and time has drastically changed. By utilizing online resources, you can access bank transactions, book appointments, airline, car, and hotel reservations, communicate promptly by using e-mail or instant messenger, and place phone calls

using VOIP (Voice over Internet Protocol) with business prospects. Furthermore, Google calendars can schedule and give reminders of important meetings, and special software tools can be used to complete and file your taxes, and even maintain your books.



Buyers are no longer limited to products from brick and mortar stores. Online stores offer another outlet for selling your product, and online marketplaces reach millions of consumers. Almost every single part of consumer merchandise manufacturing and distribution can be outsourced: design, market research, patent protection, prototype, production, freight, distribution, and marketing. With the onset of the World Trade Organization (WTO), international regulations are more transparent and provide a more predictable commercial legal framework. WTO has created a safety net for small businesses to deal with international manufacturers and has opened a gate to an unlimited source of manufacturing solutions. For “inventpreneurs” who want to run their businesses by manufacturing their own innovative products, WTO has created a more global marketplace.

The Meaning of “Inventpreneur”

With the introduction of increasingly sophisticated technology, more and more inventors have decided to become the manufacturers of their own products instead of seeking traditional routes to success. This group of entrepreneurial inventors is called “inventpreneurs.” Like the term “infopreneur,” which is derived from “information” and “entrepreneur” and means a person whose primary business is gathering and selling electronic information, the term “inventpreneur” is derived from

“invention” and “entrepreneur.” Throughout this book, “inventpreneur” is the term that will be used to refer to inventors who both manufacture and distribute their products.



Successful inventpreneurs like Louise Stoll, the grandmother of nine who invented the CARES child aviation restraint and the founder of Kids Fly Safe, LLC (www.kidsflysafe.com); Sara Blakely, the founder and inventor of Spanx (www.spanx.com); and Missy Cohen Fyffe, the founder and inventor of Clean Shopper (www.cleanshopper.com) all had one thing in common: they took responsibility to produce and sell their own innovative products. Those products are the focal points of their startup businesses.

How I Started

I started my consumer product design and manufacturing company near the end of dot-com era. Shortly thereafter, the dot-com bubble burst and the economy crashed. The job market suffered along with the economy and, after several unfruitful attempts at securing investors, I decided to try my luck as a “bootstrap” inventor. “Bootstrap” means to rely entirely on one’s own efforts and resources. It implies multitasking and executing tasks under a shoestring budget. To successfully multitask meant I had to rely on technology to accomplish five or more jobs at once. To keep costs low, I had to rely mainly on myself to accomplish those tasks and, whenever absolutely necessary, to outsource those tasks I could not accomplish.

While starting my company, I kept my day job at a high-tech firm. Many people perceived this as bad timing to start a business. However, for an entrepreneur, nothing can deter us from moving forward. There is no such thing as perfect timing! Many successful entrepreneurs have faced seemingly insurmountable obstacles, but they realized, as I did, that the path is never smooth. The key is in how one faces those obstacles and minimizes the time it takes to overcome them.

Though I may not have had the most advantageous timing, starting my own business has always been my dream. Even as a child I was zealous to become an entrepreneur, but I was born in a family with no business experience. My father was a professional engineer for a broadcasting corporation. Our family culture prohibited children from entrepreneurial opportunities like selling lemonade to neighbors or mowing lawns during the summer. However, in my adolescence, I finally had the opportunity to work with my church as a literature salesman. That was my first experience dealing with people in the “real world.”

At age nineteen, I organized a local Christian youth club from scratch in my home town. At our peak, we had twenty-five to thirty teens participating. We assisted people in our neighborhood with charitable works such as painting, fundraising, and yard work. We also took the teens on camping trips and hiked together to build a sense of unity and teamwork. Not only is this one of the most precious memories of my youth, the experience also shaped my leadership skills and provided me with a stepping stone that sharpened my desire to become an entrepreneur.

As a child, I loved the act of creation, of designing something no one had thought of before. My brother and I used to make our own toys by using found objects. This natural inclination drove me to seek out new inventions in my adulthood, to indulge my innovative side, to nurture new ideas, and eventually, to become an inventor and entrepreneur. Every person’s mind has this creative element, but not all people choose to tap this natural resource. This creativity grew more powerful after I graduated from college.

I worked a white-collar job, but found the nine to six routine boring. Weekly meetings were torturous to me. The monotony of life became a painful burden that wore me down. During this time period, I came up with several business ideas in my mind. As time passed, the ideas were forgotten either because of the massive workload from the office, or because financial concerns and time commitments made me shut them

out completely. For all these reasons, I thought I could not quit my day job.

I decided to explore managing a business while working for others at least part time. Initially, I started a wholesale business that focused on selling gift merchandise provided by suppliers I met at gift and consumer merchandise trade shows. This method did not take me far, however. My business was aimless like a boat with no captain. There were too many competitors who carried the same products and sold them at prices several times lower than our “break even price” from our manufacturers. Therefore, my business was not able to stand out from the others and we could barely make a profit.

One day, I discovered an interesting trade show in downtown Austin. During my lunch break, I decided to take a look. I discovered that the trade show was for Historically Underutilized Business (HUB) vendors. Here I met Mrs. D, the owner of a small manufacturing firm which produced disposable headset covers for communication headsets. Mrs. D and I hit it off immediately. It turned out she was not only the owner of the company, but also the inventor of the product. She was the first “inventpreneur” I ever met. Her company was running on in-house manufacturing for the headset cover. The workforce was composed of her friends and family. Her business was beginning to pick up, but she lacked the resources to further expand it.

Mrs. D had a proposal for me. She told me that she was seeking someone to take charge of the production so her staff could focus their time on marketing and sales. I was interested, so I instantly accepted the proposal despite the fact that I had no experience. My first task was to find a manufacturing firm, but where on earth could I find a factory willing to accept a small initial order on a novelty product? I did not even know where to find factories! I decided to use the Internet to assist me by posting “Wanted” ads on Internet bulletin boards.

After two months of many fruitless inquires and meetings, I received an email from Qingdao, China. The sender was the owner of a lamp and lantern manufacturing firm. He told me that his sister owned a small textile factory and was interested in taking on this project. Feeling skeptical, but with Mrs. D’s permission, I sent out the specifications of the disposable headset covers to see what they could do with it. The owner, David Wong, began searching for material the next day. After weeks, however, he was not able to find the material to match the one from the United States. The type of material used by Mrs. D was difficult

to acquire in China. The only solution was to ship the cotton paper to China. Unfortunately, that drove up the total cost.

David quickly allocated a few men from his lamp factory to work on a material search. Several weeks later, on an early Saturday morning, my cell phone rang. His team had found material he believed would yield a better result. It was a non-woven material that cost much less than the cotton paper produced in the U.S. Since the material had changed in softness and thickness, the construction of the headset piece also had to change during mass production. After a six week trial-and-error period involving countless international calls and emails, the first batch of six prototypes rolled out. I immediately had them sent to Mrs. D. She and her team were astounded. The newer version of the disposable headset cover was better in quality and cost. In fact, Mrs. D's company still uses them today. She immediately sent us the first order for over \$5000 and continued to send subsequent orders our way.

This was my first experience that involved outsourcing manufacturing on a customized product. From then on, my company evolved into a product design and manufacturing business. This allowed me to work with many other manufacturers and customize their existing products to U.S. market specifications, from minor changes in logos to major changes in features. In 2004, my company won a contract from the Texas Lottery Commission to supply baseball hats for a year. It was a great stepping stone for us. Later, I started to develop my own patented products under my business's brand name. That phase taught me the strategies necessary for inventors to turn themselves into manufacturers by producing and marketing their own innovative products. At this point, I decide to link manufacturing a new idea with my business focal points. The result is this book. It's about my experience and developing strategies for people who wish to change their future by focusing on their 5-second ideas.

Who Should Read This Book

The book intends to assist average people with limited budgets in their inventpreneurial endeavors. It's not a guide to "get rich quick," but a how-to manual on the commercialization process: how to research the market for an invention, how to find overseas manufacturing companies, how to protect intellectual property, how to set up a distribution network,

and how to market a product and business with lowest possible investment required.

The title, *The 5-Second Inventor*, means anyone who has a flash idea related to a consumer product which can be manufactured based on current technology and, of course, can be patented. If your idea requires an extremely advanced technology or massive engineering and research hours, then probably this is not the right source for you. I have seen many people on internet forums discussing their “great new idea” such as an advanced feature lightsaber or futuristic hoverboard. For me, this is not an invention, but merely science fiction, Since these things cannot be built with current technology, you cannot patent them or make money on them.

Although the main focus of *The 5-Second Inventor* is growing your idea into a product, this book can still be a useful guide for people interested in getting involved in wholesale distribution, managing a retail store, or interacting with a foreign manufacturing firm. So, instead of shelving those bright ideas because you think you lack the resources to make them a reality, learn from my experience so you can start selling in a short time, and rest assured that you have taken every precaution to ensure your intellectual property is protected.

This book will not cover the analysis of fundamental business considerations, such as how to become incorporated, how to set up a web domain, or how to apply for a Small Business Administration (SBA) loan. An enormous volume of information already exists to teach you how to start up a company or form a basic operation. In addition, the local state office may assist you in getting your business registered.

To avoid any potential confusion in terminology, the term “factory” means a building or set of buildings with facilities for manufacturing. In this book, this term always refers to the manufacturing company that you contract to produce your product. While the words “manufacturer,” “manufacturing company,” and “manufacturing firm” are used throughout the book, it is important to clarify their meanings as we progress through each chapter, since the meaning evolves. From Chapters 1–7, these terms share the same meaning as “factory,” the company that you contact to produce your product. From Chapter 8 and on, after the product has launched to the market in the view of retail buyers, your company has become a manufacturer, hence these terms refer to the inventorpreneur, or you. Once your product has launched to the market, you may view the

manufacturing company, or “factory,” as part of your contract partners, just like your contract employees.

Finally, I fully support manufacturing products in the U.S. Although the higher cost of labor and materials can add up for many bootstrap entrepreneurs, if you can find a manufacturing company locally that meets your requirements with few or no tradeoffs, then you should not hesitate to use their services. There are many benefits of working with U.S. manufacturers, especially when it comes to communication, reliable, safer, and shorter delivery times, and branding status.

For certain products, especially high-end merchandise, “MADE IN USA” definitely creates a sense of status and may be well-received by your consumers. What’s more, it can help you stand out from others. In my opinion, U.S. manufacturers should always be the first consideration; however, your business health also depends on your ability to compare options and select the one that best fits your finances and profit margin. Although this book focuses on working with foreign manufacturing partners, it is meant to provide you with a wide variety of options and teach you how to approach manufacturers to make the best decision for the success of your business.

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Glossary

- Bootstrap - To rely entirely on one's own efforts and resources. Implies multitasking and working with a low budget.
- Custom product supplier - A company which purchases products directly from manufacturers, but unlike a wholesale distributor, offers various customization options on the products.
- Distribution channel - The chain of intermediaries that a product may pass through between the manufacturer and the end consumer.
- Drop shipping - A supply chain management technique in which the retailer does not keep goods in stock, but transfers customer orders and shipment details to wholesalers, who then ship the goods directly to the customer.
- E-commerce - "Electronic commerce," refers to the buying and selling of products and services via the Internet.
- E-tailer - An internet retailer.
- Electronic Data Interchange (EDI) - A system that conducts transactions by using computers to exchange business documents between companies, which allows orders to be processed in less than a day and reduces cost.
- Emotional intelligence - The ability to master one's emotions and be conscious of other people's emotions, especially during business transactions.
- Force majeure - The title of a standard clause found in marine contracts exempting the parties for non-fulfillment of their obligations by reasons of occurrences beyond their control, such as earthquakes, floods, or war.
- Gei mian zi - A Chinese term meaning "giving face" or "giving due respect."
- Guanxi - A Chinese term meaning "relationship."
- Harmonized Tariff Schedule (HTS) - An internationally accepted and uniform description system that classifies goods for customs, statistics, and other purposes.
- Independent sales representative - Manufacturers' agents, self-employed workers, or independent firms who contract their services to manufacturing companies in order to sell a product.
- Indirect competitor - A competitor whose products, while in competition with another, do not necessarily fall into the same category. Ex.:

- rain coats do not fall into the “umbrella” category, but they still compete with umbrellas for rain gear.
- Industry insiders - People directly involved in the market as purchasing managers.
- Intellectual property - Rights relating to an idea or invention in terms of property rights.
- Inventpreneur - An entrepreneurial inventor who becomes the manufacturer of his or her own product instead of seeking traditional routes to success
- Manufacturer’s Suggested Retail Price (MSRP) - The price at which a product is sold to retailers, also known as the wholesale price.
- Marketability - The level of interest in a product among potential customers.
- Market research - The method of forecasting sales of a product
- Mass-production - The production of large amounts of a specific product.
- Patent - The rights granted to the inventor of a certain product.
- Prior art - The state of knowledge existing or publicly available either before the date of your invention or more than one year prior to your earliest patent application date.
- Product evaluation review - The evaluation of industry insiders predicting how a product will likely fare in the market.
- Profit potential - The predicted ability of a product to generate a profit.
- Provisional Patent Application (PPA) - A patent application which expires after one year, is less expensive than a RPA, and grants the user the right to use the label “patent pending.” This allows the user the protection of a patent while continuing to make changes to the product before the final version. It is not examined by the USPTO.
- Regular Patent Application (RPA) - A patent which offers the protection of a normal patent, is valid for fourteen to twenty years, and is examined by the USPTO.
- Retailer hierarchy system - A structure which organizes products into several product categories (for example, high-end or low-end), and it is up to the manufacturers to decide which category their products belongs. This status affects the type of stores in which a product can be sold.
- Retail Perceived Value (RPV) - A measure of the value the general consumer places on a product.
- Royalty - A percentage of a product given, upon its sale, to the inventor.

GLOSSARY

- Shoestring budget - A low budget comprised of the inventpreneur's own resources.
- Start-up phase - The initial phase in starting a business. Also called the "beginning phase."
- Target market - The market segment to which a particular product is viable and/or needed.
- Trade journal - Published by U. S. trade societies or private companies to provide information about people, businesses and industries.
- Trademark - A unique identity comprised of a combination of a name, word, phrase, logo, symbol, design, or image or that serves to distinguish brand names, or the look and feel of products.
- Two percent barrier - The belief that only two percent of patents filed are ever commercialized.
- Vendor reduction program - A system by which retail buyers reduce the number of vendors they buy from, preferring to purchase more products from fewer major distributors.
- Voice over Internet Protocol (VOIP) - A protocol which allows for voice transmission via the Internet.
- Wholesale distributor - A company which purchases products directly from manufacturers and sells them in an "as-is" state.
- World Trade Organization (WTO) - An organization designed to oversee and set standards for international trade.

