



At Stampin' Up!, sisters turn rubber stamps into a profitable enterprise built on relationships, as Gary Toushek discovers

Here's a challenge for you corporate executives out there with an entre-preneurial bent: choose a simple hobby that you could get interested in enough to pour your heart and soul into, and without seeking venture capital or a sizeable bank loan, get a bare-bones business up and running to sell product and begin to make a decent profit within, let's say, three years. That sounds like a long time, but allow for mistakes and be prepared to ride out the rough spots, and remember, it's like an inspired vocation, something you're determined and driven to do because it's fun, and deep down you know you'll succeed; you just have to believe in it enough to stick with it no matter what, to see actual results. Could you do it?

When sisters Shelli Gardner and LaVonne Crosby were young, their family moved from California to Kanab, UT, on the Arizona border. Both sisters eventually married, and their husbands, who knew each other, decided they should all move to Las Vegas and operate a custom home building business in the booming real estate market. Both sisters had children and led busy lives as homemakers, while earning a little extra cash as independent contractors for Tupperware and other multi-level marketing companies. When they were introduced to rubber stamping, they immediately became intrigued with the craft, since neither of them felt artistic enough to draw freehand, and using stamps with ink was creative and fun.

They discovered stamping was popular with women, mainly housewives, who like to design their own greeting cards, tags and gift wrap, decorate walls and lampshades, and keep family scrapbooks. In fact, scrapbooking is a growing art itself, called 'cropping'; women get together at crops (scrapbooking events) that can continue until the wee hours of the morning, and crop retreats often go all weekend. Today scrapbooking is approaching a \$3 billion industry.

In 1988, with no experience in operating a company, the sisters invested their family's nest egg to launch Stampin' Up! Their business plan was fairly simple: They studied the business models of Tupperware, Discovery Toys, and Mary Kay, and developed their own approach for a direct sales company that reflected their own methods and techniques. They wanted to offer a wide variety of stamp styles, high-quality accessories, and an ongoing commitment to customer service and sharing the art of rubber stamping through home workshops with family and friends. They also wanted the company to operate like a family, so each demonstrator could participate at whatever level worked best for her personal circumstance (including themselves). Their father encouraged his girls to "have fun with this little fad."

The sisters approached rubber stamp companies about direct-selling their products, got permission to license and sell those, printed a 64-page catalog, and recruited other women to work as product demonstrators. The sisters worked out of their homes, and tried to keep their family lives separate from the business, which was a struggle on both counts. Two years later they were close to bankruptcy, but determination kept them going. Eventually more orders came in, and when the demonstrators and their customers were requesting stamp images that they didn't have, and couldn't find from other companies, the sisters decided to hire an illustrator and in 1992 started making their own rubber stamps.

Business gradually improved, and the following year the sisters decided to move back to Kanab, where they were more comfortable, and began manufacturing in a small facility. A few years later the company grew to 40 employees, and in 1997 their own product lines were selling so well, they stopped carrying other companies' stamps and accessories. The following year Crosby decided to leave the company and return to being a full-time mother; Gardner became CEO and in 1999 was named Entrepreneur of the Year by Ernst & Young.

Today Stampin' Up! has revenues exceeding \$220 million, a 25,000 square-foot manufacturing facility in Kanab, where it's the town's largest private employer, and a 180,000-square-foot distribution center and corporate office on 56 acres in Riverton, just south of Salt Lake City. An additional 85,000 square-foot manufacturing plant is being constructed in Kanab on 58-acres, as a back-up facility and co-production site for some of the more difficult-to-procure specialty equipment. There are 500 employees as well as nearly 50,000 home demonstrators (the vast majority are female) in all 50 states (especially California, Minnesota, Washington, Wisconsin, Michigan, Utah) plus Canada (Quebec is a large market, and being mainly French, is the company's first foray into a foreign language). A new international division will expand first into Australia this spring, with leased facilities and a recruitment of local demonstrators.

The company has zero debt; everything is purchased with cash (apparently credit is continually being offered to it, to no avail). The product catalog has grown to more than 250 pages, with more than 100 exclusive new designs each year.

The CEO is known as “a people person” who hugs: She personally makes rubber stamp birthday cards for every employee and knows most of them by name when she sees them. Rich Jutkins, vice president of the US division, came to the company five years ago with a background in manufacturing and operations in corporate America, and a knowledge of traditional systems, processes, and techniques, prepared to make stamps. He says he began to realize that the company actually sells relationships: “It’s all about creating, nurturing, strengthening, and supporting those customer relationships with product; keeping those relationships at top of mind makes producing the products easy, and the money follows just as easily. We also build relationships internally with our employees and externally with our demonstrators.”

He’s in charge of growing the US market with its various geographic and demographic elements. The company’s current core market is defined as 99 percent female, largely Caucasian, mid-30s and older, mainly married, mostly with children. He has a core team that examines various opportunities, in order to determine the best ways to not only better develop and service the existing customer base, but to expand it in other directions. How can they get their products into more homes? Is there a way to appeal to men? How do they appeal to other demographic groups in the US? Is it possible to use technology to expand the market? How would that be accomplished? Are there new applications for the products, new ways of using rubber stamps, other crafts to possibly combine with? They’ve run certain promotions for different regions, for the various levels of demonstrators; they’ve targeted different strategies and tried to get some feedback.

When Jutkins first arrived, a prime concern was lowering costs while increasing efficiencies. Manufacturers Extension Partnership (MEP is a not-for-profit consultancy network that offers advice to small and medium business) of Utah was invited in to see how they thought manufacturing could be improved, daily production was 15,000 to 20,000 units. “After we listened to MEP’s presentation we did some simple redesign of our space and the workflow through it, and managed to increase efficiency to 33,000 to 35,000 units with the same number of workers, with even more capacity if necessary,” he says. Most suppliers have been with them for several years, and they also have back-ups if necessary. He describes their relationship with suppliers as very good: “I think they’d say we’re easy to work with, we try to partner and cooperate with our vendors, rather than dictate to them, so we can all still be in business tomorrow.”

Their MRP system is intuitive and they’re currently looking at ERP systems with Oliver White, first identifying their processes, correcting any faulty flows, and getting their teams working in that direction, then finding the best ERP for that solution. “Some forecasting is predictable and seasonal,” he says, “but we still get surprised with unpredictable orders on some lines. And if there are runs on certain supplies that are sourced overseas (Southeast Asia), it throws a curve into our system when lead times increase to 90 or 120 days.”

The company’s new distribution center features an automated pick to light system which simplifies picking and processing orders. A central line diverts an empty box into a zone. A barcode on the box contains the order and its history (in English or Spanish), and scanning it triggers lights on the racks where you need to pick, and it tells you what to pick. A packing ticket at the end tells you what’s in the box. The system includes a tracking process that enables each picker to scan into their zone, and it stores the picks in terms of rate and accuracy. The training time is minutes, compared to weeks on the previous system, which required memorizing everything in your zone. The previous capacity was 3,000 orders daily, the current one is 6,500, the goal is 10,000. Order fulfillment time is two to four hours, even at busiest times. Stampin’ Up! ships via UPS: “they love us as a client because our boxes are a standard size, our volumes are consistent, and at Christmas we don’t have a great surge.”

The topic of a recent company conference in Memphis with its top 1,500 demonstrators was The Look of Leadership—how to identify individuals to build relationships with, and how to actually build the relationships. “It’s a successful, simple formula,” he says, “but how many companies tap into it? Customer service is our priority. We always need to know what we’re doing wrong, so we can correct it, as well as what we’re doing right. How can you make a difference in someone’s life, whether an employee or a customer? That’s the point of the creativity in the company. For example, how can we make a difference in the time it takes a demonstrator to prepare for a workshop? We look at areas and aspects that we’ve been successful with and try to apply it to other situations, catch that lightning in a bottle as many times as we can.”