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BUSINESS**SMALL BUSINESS****Solon company builds off audiobook's good reviews**

Findaway focuses on institutional clients, such as libraries and the military, that are attracted to device's convenience

By **AMY ANN STOESSEL**

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It's all about listening for Solon-based Findaway World.

Not only does the company's flagship product — a preloaded, compact audiobook device — depend on people wanting to hear a good book, it was the company's ability to recognize the sound of a changing market that helped shape the next chapter in the firm's story.

In 2004, Findaway World was founded by five entrepreneurs in search of a new venture. While the group — consisting of Northeast Ohio natives Mitch Kroll, Blake Squires, Christopher Celeste, Lauren Spilman and Steve Spilman — had decided to explore the digital audio space, they had not yet decided how to do so.

For about a month, they held brainstorming sessions, and “the idea for Playaway was hatched,” said CEO Mr. Kroll, who runs the company's operations with Mr. Squires, the chief strategy officer.

The Playaway is a 2-ounce, self-contained audiobook that's similar in size to an iPod. Each comes packaged with earbuds and a standard AAA battery, and holds an entire audiobook, regardless of length.

“Music ... was going to be next to impossible to launch into the market,” said Mr. Squires, who has experience in media and entertainment management, marketing and technology.

Audiobooks, however, were seen as ripe for innovation.

“It was a market in need of a digital solution,” Mr. Kroll said. “We were in the right place at the right time.”

Timing is everything

While the product and its simplicity has remained much the same since it originally was launched, the company itself has changed locations, customer focus and its way of doing business.

“Very quickly ... the immediate response was a lot of 'wow' for the product idea,” said Mr. Kroll, who previously was director of operations at salon products company Matrix Essentials. “Wherever we went, the product idea resonated.”

For its debut, 75,000 units were shipped to stores for the 2005 holiday season.

Soon, however, it was librarians — and the U.S. military — who began showing the most interest. “We were hearing the market calling,” Mr. Squires said.

So in 2007, Mr. Kroll said the decision was made to focus on institutional markets, such as schools and libraries.

Patrick Steele, collection development coordinator for the Cuyahoga County Public Library, said the best part about the Playaways, in comparison to the traditional multi-disk audiobook, is convenience.

Playaways have been available through the Cuyahoga County Public Library for the past three years. There currently are about 1,000 in circulation, and the devices — along with one-time-use earbuds — can be found at every branch.

"They're all in one," Mr. Steele said. "It's one convenient little product."

As of May, more than 20,000 library and schools offered Playaways. The company also recently began a partnership with Simply Audiobooks, a service similar to Netflix that allows members to rent audiobooks for a flat monthly fee.

Mr. Kroll said about 25% of Findaway's business is with the military.

Each month, about 20,000 Playaways are shipped from Solon to troops abroad. This year, the U.S. Army Family and Morale, Welfare and Recreation Command extended a contract valued up to \$10 million with Findaway World to provide Playaways to the troops.

The devices are ideal for the front line since they are self-contained and do not require multiple disks or a power source. "The Playaway is de facto entertainment for the military," Mr. Squires said.

New way of doing business

With more than 110 employees as of August, Mr. Kroll said the company is anticipating "significant growth" in 2009, although he did not disclose specific projections. He said the company has been profitable since 2008.

Findaway also recently was ranked No. 319 on *Inc.* magazine's 2009 list of the 500 fastest-growing private companies: In 2008, the company had revenues of \$17.2 million, compared with \$2 million in 2005.

Phil Bessler, associate professor at Baldwin-Wallace College and director of the school's Business Clinic, said there are a number of issues that accompany a switch in business models.

"It requires a reinvention of all your operating processes," he said. Pricing, cash flow, marketing and product support are just a few of the aspects that need to be considered.

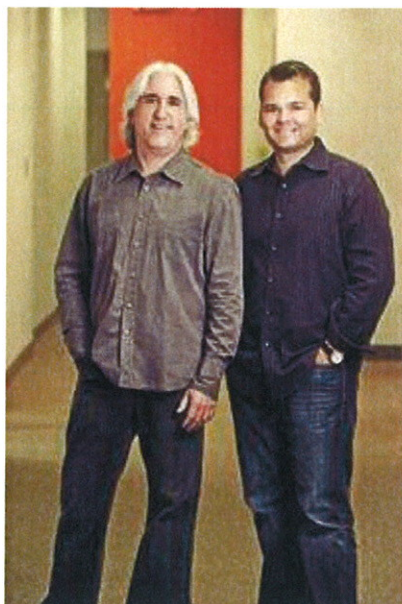
"They're very different business models," Mr. Bessler said. "It affects every element of the business."

For Findaway, changing customer focus meant manufacturing of the device shifted from Mexico to China. Fulfillment of orders — from audio transfer to labeling — is now completed in Solon, where the firm moved in 2007 and now occupies 30,000 square feet.

On average, 60,000 to 70,000 units are loaded with content each month. The key is that the end user can't put content on or take it off; the software for converting and loading the audio is proprietary to Findaway World.

According to Messrs. Kroll and Squires, the firm is looking at ways to capitalize on its core markets and develop the next meaningful channel. For example, the health care and corporate-training arenas both hold potential, and new products may be considered.

"We truly believe we're just getting started," Mr. Kroll said. "We've just started to hit our stride."



Findaway World co-founders Mitch
Kroll and Blake Squires
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