



Nuttall has heard from Flip-Pal fans who use the device to scan quilting patterns.

◀ **Gordon Nuttall, 56, Fort Collins, Colo.**

THEN: Software manager

NOW: Developer of a mobile scanner

AFTER 31 YEARS with Hewlett-Packard, Gordon Nuttall was just one year shy of earning full retirement benefits when he was laid off in October 2008. "It was a bit of a surprise," says Nuttall, who'd worked as a software program manager. "And management wasn't willing to make an exception for me."

Not ready to retreat from the workforce anyway, Nuttall began searching for a position like the one he'd had. What he found was a saturated job market. "Because I was networking so much, I could see there was a wealth of talent available—people who were downsized or had decided against retirement because their 401(k) had shrunk to a 201(k)," he says. After discovering kinship with a group of five other tech castoffs, however, he became convinced that together they could form a blockbuster startup team.

Nuttall, who'd been part of a group that launched several lines of business within HP, began tossing around product ideas. The six settled on one they found particularly promising: a portable, battery-operated scanner that could store images on a flash memory card. The technology for such a device already existed. So did the audience, they figured: Scrapbooking hobbyists—a universe of at least 17 million—would be likely to want such a scanner, since it would allow them to digitize photos and heirlooms when away from a home computer.

Turning a Layoff Into a Payoff

After being let go from tech giant HP, he used his skills to develop a competing product.

Nuttall and one of his partners worked up a business plan. Another member of the team, an expert in supply chains, arranged for them to visit manufacturers in Asia. In January 2010, Couragent—a name reflecting the founders' shared spunk—officially launched. By October, they introduced the Flip-Pal scanner, at a retail price of \$150.

At first, Flip-Pal was sold only over its own website, but after Nuttall sent a sample to Amazon.com, the online giant agreed to carry it. In November a segment on the Home Shopping Network resulted in sales of about 700 devices. "The network's fulfillment partner ran out of product!" says Nuttall, who is CEO. Fortunately, Couragent's staff—one other full-timer and 24 independent contractors—had prepared for the possibility, making sure the company had extra inventory ready to go.

This year Nuttall expects revenue to hit \$2.5 million. He'll take home



One of Flip-Pal's selling points is its size: 10 by 12 inches by 1 inch.

about \$16,000, a fraction of his previous \$170,000 salary. But in five years, he envisions matching his prior pay, while running a \$16 million company with five products. (Couragent just announced a commercial version of Flip-Pal designed to scan full-page documents.) "We're doing interesting work in a creative environment," says Nuttall, who owns 26% of the company. "This is exactly what I was looking for." —JOSH HYATT

HOW HE DID IT: BY THE NUMBERS

\$80,000

Amount of his family's money that Nuttall put into Couragent. He and his wife, Karen—who have three grown kids—raised that cash by selling their second home, a small mountaintop cabin in Colorado that they'd planned to use as a retirement retreat. "That's what we needed to do, but it was a hard decision for us," he says.

53 investors

Total number who've put money into Couragent. Nuttall's co-founders brought in \$40,000. After one attempt to raise more didn't work—"high-net-worth individuals were nursing losses in real estate and the stock market," he says—he ginned up \$257,000 from friends and neighbors willing to invest at least \$5,000.

↓36%

How much the Nuttalls have slashed personal spending since 2008, reducing their monthly costs from \$7,000 to \$4,500. Besides selling the cabin, they used Gordon's severance to clear their debts. Karen, a teacher who sidelines as a choir director and piano instructor, earns about \$70,000, enough to cover their living expenses.

Start Up

**LITMUS-
TEST YOUR
BIZ IDEA**

Think you have a money-making concept? Well, so does every other entrepreneur, yet small business failures increased 40% between 2007 and 2010, says Dun & Bradstreet. In this dicey climate, how can you tell if an idea you're toying with could take off? Eventually you'll have to funnel hard numbers through a business plan, but before you get there, use these online tools to test the waters.



Check demand. Plug a few relevant terms (say, "pet boutique" and "Fairfax") into Google's keyword tool, via adwords.google.com, to see how many people are searching the topic. "Google Search is a definite barometer for what people want," says Howie Jacobson, author of *Google AdWords for Dummies*. Another way to gauge interest: Create a single web page to announce your business and invite people to sign up to be contacted when you launch, says Rich Sloan of StartupNation.com.



Ask your audience. Reach out to a handful of people in your target market to get their opinions. Zoomerang.com allows you to poll as many as 100 people on up to 12 questions free; for a fee Zoomerang will create a panel of respondents. You can also use a crowd-sourcing site like ideascale.com to solicit open-ended feedback, says Sloan.



Run the numbers. The startup calculator at homebiztools.com/startup.htm helps you do back-of-envelope math for one, three, and six months of operation. It includes 25 cost categories, divided into one-time and recurring expenses. Even if you can't fill in all the blanks, you'll get a general idea of the overhead hurdle you'll face. —ETELKA LEHOCZKY AND DANIEL BORTZ