



WATCH COMPANY STARTUPS

Crowd-Funding and Kickstarter Revolutionize the Funding Game.

by Keith W. Strandberg

CASE STUDY 4: VORTIC (SUCCEEDED)

You can't get much more American than R.T. Custer, the co-founder/CEO of Vortic Watches. He is a seventh cousin of General George Custer, famous for his last stand at the Battle of Little Bighorn. General Custer's brother was R.T.'s great-great-great-great-grandfather.

While in the industrial-engineering program at Penn State University, Custer became interested in watches. After graduation, he and a friend decided to start the Vortic Watch Company, specializing in refurbishing vintage pocket-watch movements and putting them into 3D-printed metal cases.



"We thought the only way we could do actual American-made watches was to use these antique pocket-watch movements. We realized, through eBay, that there were tens of thousands of these movements out there for sale. As we found more and more, we experimented to make them run again, and it was fun to tinker with the movements. We realized that we could salvage and restore them and put them into these printed metal cases.

We put our first idea on Kickstarter in 2014. We did really well on Kickstarter; we made watches in my garage, and we networked with local watchmakers in Colorado to service the movements professionally, while we kept working on our cases to make them better.

On Kickstarter, you sell products before they exist, so then you have to figure out how to make them. Starting any business, there are bad times and good times. There were several points where we realized we couldn't

do specific things. We were 'yes' men... we just said yes to everything. We realized we say the phrase 'we'll figure it out' way too often. After we succeeded, we hired a watchmaker and more. We are six people total.

You give a significant discount to Kickstarter backers in exchange for several months of wait time. Our mistake is that we didn't charge enough for the product, so we didn't make any profit, but we wouldn't be here without Kickstarter. We got \$40,000 in cash on just an idea that we could take to a bank to get more to help us finish production, and then we were up and running.

We are going back to Kickstarter in June of this year to launch the new version, which is water-resistant. We like the atmosphere of Kickstarter and you have access to a greater realm of people. About 40% of sales when we started were international, while today 90% of our sales are domestic. On Kickstarter, it's all about the story, there are videos and the campaigns can be very captivating. Doing this on our website is very, very expensive. It's easier to make a connection with the customer, and also for international customers.



Various Vortic watches powered by vintage pocket-watch movements from America's golden age of watchmaking.

We were worried about getting lost in all the stuff that is on Kickstarter. Now that we have a following and a brand, our goal is to drive our own traffic to Kickstarter, and then people will share it. Kickstarter takes a cut of what you make, about 5%, so if your project is doing well, they will promote you to do even better, so you rank higher in the ratings.

For the second campaign, we need to raise somewhere between \$50,000 and

\$100,000. We are launching two projects — the relaunch of the American Artisan series with all the upgrades and the Journeyman series, which is old-fashioned-looking modern watches, with the hand-wound Eterna Caliber 39 movement. We need to buy the Swiss movements from Eterna.



The faster you hit your goal, the better it looks, and you can go way beyond your goal. The Pebble smartwatch made \$12 million on Kickstarter; they hit their goal in the first hour, so they got a lot of attention. There are ways to create this if you do it artfully. We are going to drive across America and go to all the great American watchmaking towns and put our watches in the hands of customers. One of the drawbacks of Kickstarter is that you can't touch and feel the product. We are going to host events and put our watches on people's wrists."

Vorticwatches.com

