

Virtual board

Numinous

IoD member Jason Lowe, founder of luggage company Numinous, came up with his business idea of a secure backpack for travellers while globetrotting. Three years on, the business is set to turn over £2.5m and is growing steadily – but how can he best manage cashflow while expanding? He asks our panel of experienced executives

Words Behiye Hassan

While at university, Jason Lowe would save up his student loan and use it to spend the summer backpacking. Once in the world of work, he found he still couldn't shake the travel bug and in 2013 quit his job to globetrot once more. But he soon discovered most backpacks weren't built for six months of travelling, nor were they particularly secure. "Backpackers tend to stay in dorm rooms or hostels and share with eight or nine people they don't know," says Lowe. "Doors are left wide open so anybody can walk in and pick up your bag with all your belongings and travel documents in it and walk out."

Indeed, Lowe met several travellers who had fallen victim to thieves and found it heartbreaking to see young people with the courage to get out and experience the world having their journeys cut short. "I met one guy in Kuala Lumpur who had only been in Thailand 35 days when his passport, including visa stamps, was stolen. When he went to the police he was thrown in prison for 11 days because he couldn't prove how long he had been in the country," he says. "He ended up spending all the money he had saved up on getting out of prison because someone stole his passport out of his bag."

Rather than quit his passion ("I wanted to promote travel and exploration, as it was one of the biggest inspirations and driving factors in my life," he says) Lowe resolved to improve the experience for other backpackers. Back in the UK he wrote a business plan and uploaded it to



angel investor websites asking for seed funding. He got a strong response, met and pitched to a number of different investors, and within two weeks had enough to develop products for a first collection.

At the suggestion of one of his early advisers, who said manufacturers there could source everything in one place, Lowe visited China to look for factories to produce samples. Numinous was born. "We chose a name that embodied the message and the brand. We wanted to promote travel as one of life's great experiences," he says. "The Latin origin of 'numinous' means 'describing an experience that makes you fearful yet fascinated,

awed yet attracted – the powerful, personal feeling of being overwhelmed and inspired'. So that was perfect." The backpacks include anti-slash Aramid fibre in the fabric, anti-puncture zips, TSA zipper locks and a retractable wire lock. "The idea was that in a dorm room you could secure your backpack to the bed with the wire lock so no one could walk off with it," he explains. "No one could cut into it either so it provides full security so you can go off snorkelling without worrying that someone is going to take your belongings."

Once Lowe started travelling for business to sell the collection, he spotted an opportunity to expand the venture further. "I realised I couldn't be carrying around backpacks for meetings so that's when we developed Numinous London." This collection is aimed at executive business travellers, commuters and frequent flyers. As well as zip and fabric security, the luggage and handbags feature biometric fingerprint locks, an in-built device charger and built-in digital scales on some products.

Three years on, the firm has seven staff and a projected £2.5m turnover by summer 2017, and the collection is now stocked in several retailers including Go Outdoors. Lowe's sales method was to contact retailers and pitch over the phone before meeting them. "At the start when cash was tight it was best to go straight to them," he says. "Now we like to geo-target the buyers, targeting the area where they are based with lots of PR reviews and videos so they are warmed up before we pick up the phone." »

CV

Jason Lowe

Age 28

Education Birmingham City University degree in business and business law

Career Marketing and business development manager, Executive Cleaning and Maintenance Services; marketing and new business development manager, Spick & Span Cleaning Services

Hobbies Football, travel, gym, backpacking, skiing, scuba diving

His efforts have already brought acclaim. Numinous was highly commended for its smart carry-on product in the luggage and travel section of the British Travelgoods and Accessories Association's awards. Lowe also took first place at Virgin Disruptors – an event giving start-ups the opportunity to describe their brand in 50 words for the chance to pitch in front of Sir Richard Branson, a judging panel and over 650 entrepreneurs. "We were one of six chosen to go up on stage, and had to pitch Numinous in under a minute. We won, and received one-to-one mentoring with Josh Bayliss, chief executive of the Virgin Group. We were so pleased," says Lowe.

Lowe's dream is for Numinous to become the "number-one smart luggage brand in the next five years" – so he is firmly focused on utilising the different segments of the luggage industry. "We're currently looking at a smart ladies handbag collection and developing and building on what we've got," he says. "Our core value is staying innovative, so we want to be constantly looking to increase the technology that we put into our products but making sure that it's useful and benefits the consumer as opposed to throwing on every piece of gadget kit that we can.

"I really like seeing the final sample of the product before we take it out," he continues. "Starting with nothing and finishing with a fully finished product is really rewarding." He admits, though, that there are hurdles ahead as the business chases the desired growth. "Our biggest challenge is cashflow," he says. "The more we grow the more strain it has on cashflow, so learning to manage that would be great." Can this month's panel of experts help? **D**

 To join our virtual board or to seek its advice, contact us at director-ed@iod.com

 numinouslondon.com

 Jason Lowe is a member of **IoD London**

 What advice would you give Jason Lowe? Email director-ed@iod.com

EXPERT ANSWERS How can I manage cashflow as my business grows?

Josephine Swinhoe Managing director, The Tinnitus Clinic



Think of your cashflow as a sink that is full of water. You never want the sink to empty, nor do you want an unexpected overflow, so you must regulate the flow in and out. Too little cash and the sink empties. Too much cash is investment in the future.

Get daily text updates from your bank showing cash in and out of your current account to focus the mind. Create a monthly cashflow tool. Templates are available from your bank or you can create one in Excel, as I did for my company. At the top, you have cash in the bank, overdraft and income expected in the month.

In the same column, list every expenditure in the month that is due for payment, because that's when the cash flows out. Always prioritise paying salaries, HMRC, VAT and rent. List future expenditure with an estimate of the cost if necessary.

Update the cashflow regularly to see if there are pinch points when cash is tight. Ask suppliers if you can spread payments over two or three months or ask for payment terms on a major investment. Be bold but not reckless with your growth plans.

 thetinnitusclinic.co.uk

 **Josephine Swinhoe is a member of IoD City of London**

Erlend Bakke CEO, Mr Outsource.com



I have grown my business from 'solopreneur' to 50 employees in the past eight years and it can be very challenging to manage your cashflow. You need to focus on how you get paid by clients. I always try to get prepaid.

To do this we show clients proof that we deliver a great service and offer them a 100 per cent 30-day money-back guarantee if they are not satisfied.

You should notify the client early that you work on a prepaid basis so it does not come as a surprise to them when they get an invoice before the job is done. Make sure your client actually has money to spend by

checking their credit rating and asking for a reference from their other suppliers.

Think also about how you manage money once it's in your account. I use a mix of compound interest and a bucket system called profit first. This allocates a certain percentage of revenue to each of six different buckets: profit, VAT, taxes, salaries, fixed costs and variable costs. One of the most important buckets in the early days was the rainy-day fund. Over five years this has grown to a significant sum, and could cover all our fixed costs for six months. It helps me sleep well at night.

 mrousource.com

 **Erlend Bakke is a member of IoD Overseas – Europe**

Jo Haigh CEO, fds Director Services Limited



Repeat after me – I do not want to do business with people who will not pay me; followed by this – a sale is not a sale until the cash is in the bank. Businesses rarely fail through a lack of profit, but rather because they run out of cash to pay staff and bills. If sales are vanity and profit is sanity then cash is essential.

We all have untapped cash resources in our companies. Have you worked out what each debtor day is worth in terms of money to your company? The formula is: debtors / turnover x 365 = debtor days. If the

average days are above your normal terms, you should look at your debt collection procedure. A large debt and customers who take longer to pay leaves you at risk, and you should take action. Each additional day is cash that could be in your bank rather than the customer's.

This is only part of the story if you really need to accelerate your cashflow. For a growing business, you may want to try some form of invoice financing, such as invoice factoring, which is where a third party agrees to buy your unpaid invoices for a fee.

 wearefds.com

 **Jo Haigh is a member of IoD Yorkshire**

Lowe's response Thanks very much to the panel. It's always great to get advice from people who have been through the same issues and problems as you're going through. Certainly, managing the growth and cashflow of the business in harmony is something that takes up a lot of my time and energy. The bigger opportunities often tend to be just out of reach from a cashflow perspective – but that's the reason we wake up early and eager for the day.

With our goal of disrupting the market and becoming the number one global smart luggage brand, deciding what opportunities we can and can't maximise takes a lot of managing. We are always being approached with new opportunities to work with large corporations, providing staff incentives and rewards. So requesting they pay upfront for goods would be a good way to manage cashflow and utilise these great opportunities. I do love Erlend's idea of a rainy-day fund. That's something we will certainly put in place. It would be nice to go to sleep at night knowing you could cover six months of fixed costs!

Thanks again to all of the panel for sharing their experience and advice – and keep an eye out for us on your next trip.