# Case Study: eCommerce Start-up Fuels Gamers While Navigating Inventory Controls & Shipping Costs to Drive Profit Margins

*Interview with Zach Zitney, Co-Founder, JerkyXP*

## About JerkyXP:

Twin brothers Max & Zach Zitney founded JerkyXP in 2013 out of a passion for competitive online gaming and providing socially safe snacks. With just $1,200, the brothers launched a beef jerky business out of their college dorm. Today they are satisfying gamers all over the world with quality jerky from a distribution warehouse in Warren, Ohio. BudgetEase recently caught up with Zach to learn more about the intricacies of founding an eCommerce business.

### Q: What is your BHAG (Big Hairy Audacious Goal)?

A: We are aiming to provide the most socially known jerky brand in the world, with hopes to launch from online into retail stores. I'll know we made it when another larger company wants to buy us.

### Q: How did you get the funds to start your eCommerce business?

A: In college my brother and I pooled our $1,200 to purchase the initial inventory. The second source came two years later, when our mentor suggested we apply for a grant from Chase for $100,000. We were lucky enough to earn this grant which also ties to our commitment of employing people suffering from addiction to drugs and alcohol. We are proud to give our employees a second chance.

### Q: How much money would you recommend to start an eCommerce Business?

A: If you are resourceful, you could probably even build one with less than $1,200. If you use Shopify – find something you like and it is very easy entry, with little overhead. You could use a free website and in 2 days start selling!

### Q: What overall business challenges did you have when starting your eCommerce business?

A: For us, getting product was simple, but knowing how to set the price points and making sure we were profitable were the biggest challenges. We needed to better understand COGS and profit. Also, shipping online is the biggest challenge to make sure you aren't losing money. We did a lot of research and a lot of test shipments to find the provider with the best time for the right cost – learning by trial and error.

**Q: What are some of your current business challenges?**

A: Inventory management because there are multiple options to manage this. You have to find out what makes sense for your manufacturer as well as your own inventory controls in house. We quickly realized you can only predict so far into the future. Also, order fluctuation is a challenge. The manufacturer can maintain some inventory, which helps. We recently hired someone in-house to manage inventory levels using Excel.

**Q: What bookkeeping challenges did you experience when you started your eCommerce business?**

A: Originally we just tracked Shopify for sales. We didn't set up the books completely in the beginning. Then we tried QuickBooks. We needed to know all the costs including shipping to determine the right pricing. Now, we currently have someone in-house to manage inventory levels, when to order, etc. using Xero and Excel.

**Q: How did you go about finding someone to do your bookkeeping (i.e. referral, Internet, etc.)?**

A: We hired someone for operations then transitioned him to bookkeeping.

**Q: Was there something specific you wish you would have done differently?**

A: Knowing up front how to structure personal investments & figuring out how to use our assets, cash, credit cards, and credit extended to our advantage. Also, keeping it simple.

**Q: What would you have done the same?**

A: Actually being naïve was a benefit – we would have been too afraid to take risks otherwise.

**Q: What financial information do you look at on a regular basis?**

A: Daily we look at Shopify for sales/ income, number of orders; monthly we review P&L on Xero. Shopify also keeps track of customers. We wish we could see accurate COGS from the apps we use, but currently cannot.

# eCommerce businesses have many challenges. BudgetEase's experience with eCommerce companies and specifically, eCommerce bookkeeping, can help you get started the right way.

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