



CASE STUDY

To ensure its cell phones meet customers' expectations, Just Cellular provides a 60 day warranty and special discounts on future purchases.

JUST CELLULAR'S INGREDIENTS FOR SUCCESS

Dialing up UPS Capital® to finance its logistics

ABOUT JUST CELLULAR

Take one savvy trial lawyer and entrepreneur and add a healthy inventory of refurbished cell phones and a custom-designed enterprise resource planning (ERP) system. Mix in a dose of online expertise and a passion for customer service. Wrap it with the right financial and logistics partner. Then, let it bake in the sunshine of Chatsworth, Calif., and the result is Just Cellular, Inc. a leading online source for affordable new, used, and refurbished cell phones (www.JustCellularStore.com & www.NuTwo.com).

Eric Kirkland, CEO and founder of Just Cellular, obtained an accounting degree before attending Pepperdine School of Law and becoming a member of the California Bar Association, and once practiced law with the attorney who won the "Erin Brockovich case." But his first love has always been entrepreneurship.

"My father was an entrepreneur and had the whole family involved in the business. It was then I began to dream of building a global organization that leveraged the benefits of the world market," Kirkland said. "All during the time I was practicing law, I felt it was a dress rehearsal for business ownership."



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After joining a law firm and working in both litigation and transactional law, Kirkland could no longer deny his passion for entrepreneurship. One of the companies that he represented was in the cellular business, where he identified the biggest obstacle of continued growth in that industry. Handset prices were too high for the lower-end market, which was largely untapped by major carriers. Kirkland saw a solution to this problem and began putting together a business plan.

While the cell phone accessories and activations business had many competitors, the cell phone refurbishing business was still burgeoning, and its legs seemed long enough to create and sustain a solid new business. As a result, Kirkland founded Just Cellular, and parlayed his contacts from the cell phone activations business into strong working relationships with suppliers in China. Kirkland's instincts proved correct as Just Cellular has grown rapidly since its early beginnings in 2006 and forecasts strong growth and diversification through its Just Cellular and NuTwo brands in the future.

UPS CAPITAL: THE RIGHT INGREDIENT

Another major component of Just Cellular's success is having the right financial and logistics ally at the right time. "Our regular bank was acquired by a mega-bank, which proved to be a tumultuous time for financing. Paperwork that began with one bank needed to be redone," Kirkland said. "More importantly, our business did not need a long-term loan. We needed something that was short-term, transactional and complemented our logistics."

This is when UPS Capital, the financial services arm of UPS, stepped in with UPS Capital Cargo Finance®. UPS Capital Cargo Finance enables Just Cellular to use its in-transit inventory as collateral for an additional line of credit. This increased cash flow enables the business to accelerate payment to its suppliers. Plus, the assurance of knowing that Just Cellular's inventory is being shipped, managed, tracked, delivered and partially financed by UPS instills confidence in Just Cellular's other business partners.

"Our traditional banking partners love this product. They felt it was complementary to our business because adding inventory is key to our growth," Kirkland said. "Plus, the banks are very comfortable knowing UPS Capital has the benefit of UPS's tracking tools which provide the visibility behind this transactional financing."

At the start of the relationship, UPS Capital sent representatives to meet with Just Cellular's suppliers in China. Once those suppliers understood that their payments would be accelerated, they were very pleased. Ultimately, this benefitted Just Cellular by enabling it to negotiate better terms with its suppliers in China.

ADD IN UPS WITH ERP

China is a hotspot for the aggregation of used cell phones from the United States. During a cell phone's short life, it enjoys multiple trips between the United States and Asia. Most are manufactured in China, sold in United States, and, when replaced, are returned to China for repair and refurbishment. They are then sold back to U.S. companies for resale. This type of inventory works perfectly for Just Cellular's customers.

"Our customers generally don't carry insurance on their phones. When lost, dropped or broken, they need an immediate replacement. They do not want the expense of a new phone. They do not want to renegotiate their contract, or to upgrade their plan," Kirkland said. "Instead, they just want a replacement phone. Or they are on a month-to-month plan. For these customers, Just Cellular offers the perfect solution."

Just Cellular thrives on repeat business, so it provides a 60-day warranty and special discounts on future purchases if its phones do not meet customers' expectations. Another key to retaining customers is the sophisticated ERP (Enterprise Resource Planning system) software that Just Cellular developed, which provides the sales analytics, forecasting, and customer data needed to ensure the ultimate customer service experience.

"More importantly, we've integrated our ERP system with UPS's shipping system. This enables us to be very high-touch with our customers, but not intrusive," Kirkland said.

The final ingredients to the company's success are its 40 passionate and dedicated employees and its strong network of business partners. Being offered the right mix of products, technology and customer service, Just Cellular's customers continue to come back again and again and are happy to recommend the company to their friends and acquaintances.