

The Business of Custom Bullet Swaging

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I'm going to assume that you are already somewhat knowledgeable about bullet casting -- making simple lead bullets by pouring molten lead alloy into split moulds and then letting it cool and solidify, then putting the bullets through a lubricator and sizer machine to apply a thick bullet lubricant and adjust the diameter. *Everything about the custom bullet business is exactly opposite of the casting business.*

First, cast bullets are popular because they are low cost. They must be made in vast quantities, therefore, to produce a reasonable profit, meaning that you must invest in large volumes of material and process it in a very short period of time. High speed and high volume requires a large market. Therefore, a successful bullet casting business always tries for the police department bids, sales to volume ammunition loaders, and shooters whose primary concern is getting a lot of ammo at the cheapest price. Performance is not as important as low cost. The average cast bullet sells for less than five cents and is packaged in lots of 1000.

To set up for this volume production generally will cost about \$15,000, and at a profit of one and a half cents per bullet, will require one million bullets sold in order to amortize the cost of equipment. A typical set-up might produce 1,000 bullets per hour, which would mean sales from 1,000 hours would cover the cost of machinery if there were no other expenses (of course, labor and overhead will extend this pay-back time). This would consume the profits from selling the bullets produced in 25 weeks of operation (a little over half a year).

In contrast, custom swaged bullets are in demand because they offer something that can't be purchased for any price from the factories. The buyers are scattered over the world, not concentrated in one small local area, and they develop intense loyalty to the brand rather than being overly concerned about price. The successful custom bullet maker always tries for a special market niche, where word-of-mouth reputation will bring sales by mail from all corners of the Earth. Innovation is prized in direct regard to how it promises to solve a particular problem. Exceptional performance, unusual calibers and weights, and

special designs are the keys to this market, rather than high volume and low price. The average custom bullet sells for over one dollar per bullet, and is packaged in lots of 20 to 50.

The average investment in a custom bullet business is \$7,500. The average gross profit on a custom bullet that sells for one dollar is 80%. Therefore, it would take the profit from the sale of 9,375 bullets to pay for the machinery. Custom bullets are made precisely, and carefully, at a rate of about 100 per hour (average, between 30 and 400 per hour depending on the complexity -- the range of possible bullet designs is nearly infinite compared to casting). This would mean that the equipment would be paid completely from the profits produced over a period of 93.75 hours, or 2.3 weeks.

If you could be assured of enough market to consume your production of 100 per hour per person, then you would always have a gross income of \$80 per hour per machine. Subtract the wages (say, \$10 per hour) and you have \$70 left. Subtract the shop overhead (phone, lights, advertising costs) and you have probably got at least \$50, since most swaging operations don't cost you more than \$20 per hour overhead.

Typical custom bullet operations are run from the home, because they are relatively quiet and "invisible" to the outside world -- no fire hazzard, no fumes or smoke, low enough volume so that trucks don't pull in at all hours of the day and the daily production can be placed on the car seat and taken to the post office or to UPS. Only a FFL class 6 license is actually required to sell bullets. This eliminates almost all the regulatory problems from OSHA, city, county and state governments. There is no fire hazzard, no smoke and fumes. The neighbors have no idea anything is even being done next door.

Now, figure your net profit per machine on cast bullets. It is highly unlikely that it will be anywhere close to \$50 per hour. Very few cast bullet company owners are driving cars that look like they belong to a person who earns \$100,000 a year (which is what working at \$50/hr. in a normal 40-hour week would produce). The few who do generally have more than one machine making bullets and are on a very fast production treadmill, extremely competitive, and vulnerable to lower cost competitors who might not even survive before causing a fatal loss of sales with their lower bids.

The bullet caster focuses on high volume. The bullet swager focuses on high profit. The bullet caster is highly visible, is subject to fire and health regulations because of the hot lead and fumes, must do a huge volume to make a living, and faces constant competition from hundreds of other would-be bullet casters because the simple technology is well understood by virtually every handloader. Almost anyone who wants to start a home business and likes guns probably tries to sell cast bullets at some time. Doing it right may not be as easy as they think, but that doesn't stop them from trying. Meanwhile, since volume is king, and bullets per hour is the driving force behind the business, anyone who manages to take away a big client takes a sizable chunk of the operating income. The business is vulnerable to this sort of competition precisely because it does large volume sales at low price.

The bullet swager is virtually invisible, has little or no concern about regulatory agencies, and needs only to reach out to the specialized market in order to make a living. This means reaching people who are not clustered locally, but who are scattered everywhere. To do this requires either national and international distributors, magazine advertising and promotion, or word-of-mouth reputation. All three can be used effectively. The best way to reach specialized clients is to use press releases and publicity contacts (new product news, gun writers, builders of related firearms who need supplier sources for their clients, well-known shooters or those about to become well known, and similar promotional efforts).

The major stumbling block for the would-be custom bullet maker is understanding how to reach potential clients. Most people think more along the lines of the person who casts bullets for a living: they are shooters and want to pay as little as possible for the bullet, so they naturally assume everyone does. That leads to a serious error in thinking which blocks most people off from the serious money: a person who tries to organize his business as though he were the consumer will focus on making as little profit as possible, inadvertently!

After all, if you want to make a large volume of bullets and sell them at very competitive prices, when there are other options open, you are really saying you want to put in a large investment, work very hard, and see as little return on it as possible! Think about it: the main thing you

want is to make as many bullets an hour as you can, and then to sell them for only pennies. The cheaper you sell them, the more competitive you'll be, and the more you'll need to make in order to show a reasonable profit. The ultimate end of this thinking is giving away the bullets free to anyone who wants them!

By contrast, if you consider how the swaging business works, it is geared to making unique, special products that a smaller number of shooters will pay a large amount to obtain. You will have virtually no competition based on price, since the people who don't want exotic bullets are certainly not part of your market base, and those who do already understand they will have to pay a fair price for your work. After all, there are over 200 other custom bullet makers, stretching back at least 20 years with excellent reputations and advertised prices that have made it quite clear what custom bullets cost. No one who is seriously considering buying custom bullets has a problem with the price.

The main thing you want to do is to make the best possible bullet for a given purpose, so that you'll "own" that particular piece of the market and new-comers will find it almost impossible to get your clients to switch their loyalty. This is in fact what happens: thousands of shooters today won't consider anything but their favorite specialty bullet, be it a Trophy Bonded, Swift A-Frame, Glaser Safety Slug, or any of our other commercial clients' products.

The number of bullets you make per hour is far down the list of importance, compared to the profit you get per bullet and the intense loyalty you manage to develop from your clients. The ultimate extreme of this path would be making one bullet a year for \$100,000, which of course is just as silly as giving them away... except it would be a whole lot more profitable! But you can get close to this kind of money in this way: hone in on specialty markets which cater to wealthy shooters.

One Corbin client found a market in England when he approached several of the famous old-time British gun-makers with the suggestion that he might make some of the obsolete caliber bullets for them. They told him they didn't even make ammunition for the same guns they produced today, but depended on custom loading firms and the clients to provide their own!

"Even for guns like these \$150,000 gold and silver inlaid .600 Nitro and nearly one-of-a-kind .700 Nitro", he asked?

"Yes", they said. "Even for those. They are for collectors."

The idea struck him that maybe people who paid large sums for fancy guns might want to shoot them, and perhaps they'd pay a large price for bullets, to impress other wealthy friends by letting them shoot a few very costly rounds. He made some .700 Nitro bullets, some .600 Nitros, and a few other odd rounds that a handful of people have guns to shoot. He managed to get a list of clients who had purchased these guns, and sent them a fancy flyer, for which he spared little expense. The flyer advertised the finest bullets in the world for these calibers, at prices from \$50 to \$100 PER BULLET! Outrageous, you say?

Today, he makes a good living catering to people who own these guns. Even at two bullets per hour, he can make more money than most cast bullet firms see in a lifetime. The .700 Nitro bullet probably has about twenty-five cents worth of material in it. *You* figure the percentage of profit: it's "world-class", as Ross Perot would say. How important, then, is the number of bullets per hour?

It only proves once again that the direction you are headed with custom swaged bullets is far more desirable than with casting, and that it is attainable, even at the levels that approach the extreme. I would certainly not suggest there is room for another person to make .700 Nitro bullets. But it would be just as foolish to suggest that there is nothing between that, and the self-imposed treadmill of high volume, low profit production. There are all possible levels in between.

Bullets that sell for \$25, \$10, \$5, \$2.50, and \$1.00 each are being made as you read this. The more they cost, the smaller and more select is the market. But the curve of profit versus volume still produces roughly the same net income at all these levels. Which is better, making a million bullets for a penny profit each, or making ten thousand bullets for a dollar each? If you make the same total income, the method that gives it to you with smaller volume is the best one. You probably don't disagree with that, but are only having trouble imagining how to sell bullets for a dollar each, right?

OK, take it a little slower. How about selling bullets for twenty cents each? Almost any of the jacketed premium line of factory bullets such as the Nosler, Grand Slam, Barnes, and a dozen others you could think of sell for that much (boxes of 100 are about \$20). Why do they get .20 and a cast bullet is only worth .03 to .06 each?

For one thing, these bullets are jacketed, and they are made with certain design differences from other jacketed bullets. The differences are explained in advertising, and claims are made for superior performance over other kinds of cheaper bullets. Writers and game hunters are given a few boxes a year and asked for their opinions, and of course they are flattered and write glowingly about how well the bullets work, provided they work reasonably well. The packaging and print ads are colorful, descriptive, and focus on performance rather than price. And people buy them.

Is it that hard to take it one small step further, and consider the many custom bullet makers we've helped develop products and promotional platforms, who have one or more bullet lines that they sell in the range of .30 to 1.50 per bullet? (That's between \$30 and \$150 per box of 100, but following my advice most of them package in lots of 25, 20, or even 10 bullets to make the total outlay seem trivial).

How can people sell these bullets? Primarily because they spend up to a year and a half, on the average, building their promotional engine and getting it up to full steam. Most of them couldn't afford the cash equivalent in a media blitz, so they did the next best thing and put effort and time, instead of cash, into developing their market. They did it by bombarding gun writers, editors of popular magazines, and anyone else who was in a position to reach the ultimate buyers, with press releases and publicity material, teaser samples, articles, invitations for suggestions and free bullets for a hunting trip.

Every month, they would send at least 70 and probably closer to 100 press release copies to that many writers and editors on my contact list. Then, they would zero in on one every month and try to "bring him on board" as an enthusiastic supporter, over a period of time, by carefully studying his writing and then catering to his weaknesses for certain calibers, weights, or kinds of shooting. If a writer said he was sad to see the old Silvertip Winchester bullet go in .303 Savage, they'd

make sure that their line included at least one bullet that looked like and performed like that old Silvertip, and he'd get the first box for comments and suggestions (maybe, the only box... after all, it's easy to put together all sorts of designs with the same tooling, with swaging).

Little by little, the new product news and magazine articles would start mentioning these somewhat more expensive bullets with glowing reports. Handloaders would start to send orders. Then, advertising would be purchased, better brochures made, and the business would be off and running.

It should be easy to see how bullets in the range of thirty cents to seventy cents could be made and sold to a specific market group scattered about the world and reached by free magazine articles and product releases, none of which cost more than the time and effort to write and mail something to the opinion makers.

The range of products is so vast that anything I mention will leave out far too much. Obsolete calibers, foreign calibers to fit newly imported guns, standard calibers in special extra heavy or light weights, standard calibers in highly specialized shapes or internal constructions... anything from airgun pellets to shotgun slugs, from the .14 sub-caliber to the 50 caliber Browning (or, really, the .700 Nitro): all of these and more can be your ticket to a pleasant, relaxed business with a high return on investment (and a modest upper income limit).

There is NO magic caliber: anything that (1) can't be bought from the big boys, and (2) fills a niche either in fact or in imagination, is workable. You need a finger on the pulse of the market, in one sense. You need to know what has already worked so you don't do it again (even though it was a great idea, someone already built Disneyland). And you need to have access to good promotional skills, your own or ours or some third party, just so long as whoever helps set up your product line and promotional angle knows this market, and how to promote the products to it at least as well as we do.

Building a successful bullet swaging business: it's more than just possible. It's a proven fact, 450 times over. And by now, with an average of two new businesses per month, the proof is considerably stronger that these ideas work in practice. The key is uniqueness: none of these people make exactly the same bullets.

There are over 537 gun calibers, and only 90 calibers of custom bullets! Each caliber can have unlimited design and weight variations. It will be decades before everything that works is being done. But the best ideas probably will go first! Every month that goes by represents two more ideas taken by someone else. There is very little risk involved, since the equipment value has historically outpaced inflation.

Don't wait too long!

The next step could be obtaining Corbin's market study and guide to the custom bullet business, *"The World Directory of Custom Bullet Makers"*. It will provide you with the names of bullet makers and what they make, hundreds of sources of lead and copper, and a good study of how to build, test, and market custom bullets from your customer's viewpoint.

After you have studied this information, you may decide to test the market. A good way to get started is to choose a caliber for which you already have a gun and loading tools, so you can get started with your design tests and gather photos for promotions and ads. Corbin can help you put together a press release and brochure, and provide contacts in the firearms industry for your first mailing.

The best way to start on a budget and still be able to expand easily, later, is to get the CSP-2 Mega Mite press and a set of type -H dies for it. Then you can add hydraulic power by purchasing the CSP-2H or the CHP-1 Hydro Press, and all your dies and punches will interchange with it. It is always handy to have more than one press, so you can finish more than one operation before changing dies; the first press won't be idle! In fact, more than likely you'll want more presses as the business increases, so you can pass the bullet down the line without changing any dies.

But first, let's get those sales coming in!

It's your move...



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