



Stanford eCorner

Raising Money and Importance of Licensing Your Product

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Rodan gives an insight into the obstacles faced while raising money for Proactiv. She discusses the importance of licensing a product as a way of raising money for the company.



Transcript

So then the next step is money. Again, remember, we're poor, we have no money so how are we going to get money to get our whole product off the ground? Now we know how to speak women and it's a skin care system. We got the name, we got the formulas. All of it seems to be going in the right direction but we need money because we got to get it out on the shelves. So we approached a lot of business people, maybe some of them have come here and spoken to you and they all looked at us and said no and they all had the same three reasons. Reason number one, the acne market is 250 million. That's really small. They said to us, make a wrinkle cream girls and maybe we'll think about investing. Number two, we were women, they didn't say that but we knew that's how they were looking at us, and we're doctors and we have no business experience. If you know anything about most doctors, we're lousy business people so that was a big risk for them.

Then the third which was the most overwhelming of all, they said to us okay, so you're telling me that all the treatments for acne don't work that the way we've been treating acne for decades, centuries probably, spot treating is the wrong way to do it. And that your way is the right way that people are going to put medicine over their face. Well, let me ask you this. All these companies, Proctor & Gamble for instance, they have dermatologists on their advisory boards so wouldn't their dermatologists be telling them this? Why aren't they doing this if this is so obvious to you to dermatologists? We just went, I don't know. We have no idea. That was it so turned down. Okay, so now what? Another roadblock, another sip of water. We go back to my husband, the big adviser. What are we going to do? He says license your product that's what you should do. Find a company you can license your product to because then they'll pay for the advertising and the development and put it on the shelves, get the distribution, all that stuff that was beyond your capabilities and we can't afford.

So we thought about who are the companies that we know the best, and the top of the list was Neutrogena because we knew Neutrogena because they came to all of our derm meetings. We figured we could kind of work our way up to the top so we were able to do that. We got a meeting with Allan Kurtzman who was then the CEO and Lloyd Cotsen who was the owner of Neutrogena. Cathy and I went out and we bought our first suit because Tina said it's the little things that matter most. We had to look like professionals. We bought our suits. We were armed, I had fun going through all my memorabilia, with our business plan. This is our business plan. We walked in and we had our products and we made a presentation and they listened and they said you have a point.