Stanford eCorner

Owning Your Product Formula

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Video URL: http://ecorner.stanford.edu/videos/1455/Owning-Your-Product-Formula

During product development, Rodan advices to own the formula of the product, which is an asset, and suggests not to lose ownership of it.

Transcript

We developed this but we started in 1989. We licensed it to Guthy-Renker in 1994 so between those five years, we spent a total of a little over $30,000. That's it, which to us was a lot of money, $50, remember. I mean they were expensive for us but looking back, obviously it was the best investment we ever made. The other thing I want to mention and I didn't mention in the talk is about the formulas. My husband told us, you need to own the formulas, because we were going to create something that we wanted to have as an asset. And most of the time when you are doing product development and creating skin care formulas, the lab wants to hold the rights to it and have the option to manufacture it and you don't have to really pay them for their development but as long as you manufacture it with them, you get to use it. We didn't want that so we found independent chemists where we paid them out of pocket as painful as it was to come up with that $30,000 over five years and they created it and we owned the formula and the they have no rights to the formula.