

# Entrepreneur®

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STARTUPS | INSPIRATION

## Mother of INVENTION



**Adventures in inventing:** It's been a long journey, but transforming her initial concept into a licensed product is starting to pay off for Christy Deike (r.) and her business partner Stacy Dearing.

WHAT CAN GOING TO THE NATION'S BIGGEST INVENTION TRADE SHOW DO FOR YOUR PRODUCT? WE FOLLOWED ONE BUSINESS TO FIND OUT.

BY GEOFF WILLIAMS

**T**hey are all here, young and old, clutching their laptops, cell phones and dreams. It's a little like being at an airport—in fact, there are as many international visitors here as Americans. They have flown in from Croatia, Japan, Korea, Malaysia, Moldova and Serbia, just to name a few. Everyone is handing out business cards like mad.

The energy is undeniable at the Pittsburgh Expo-Mart in Monroeville, Pennsylvania, where the Invention/ New Product Exposition, or INPEX, is taking place. It is the largest invention trade show in the nation.

It's an exciting place, but does coming to a trade show like this actually generate results?

As a nonscientific experiment, we looked at a long list of inventors before the 2005 show opened and chose a name at random, just to see how that inventor would fare a year later. Would he or she have an invention or product in stores, or at least on the way, thanks to INPEX? Or would the poor, disgruntled entrepreneur be in a bar nursing a drink and wishing things had worked out differently?

### It's Showtime!

In the crowd of 300 exhibitors from 20 countries, featuring a total of 1,000 inventions, Christy Deike, 34, doesn't stand out from the crowd. This isn't an insult: She doesn't have a mohawk, as does one twentysomething European inventor, and Deike's invention isn't as eye-catching as, say, the maternity belly bed, a mattress that lets pregnant women sleep on their stomachs. It

doesn't have the demonstrability of the pet ramp, designed to help elderly and feeble dogs climb up on a couch or a bed. And people aren't murmuring about Deike's invention the way they are about the vibrating condom.

Nonetheless, her invention is interesting, and it has the potential to be extremely useful for moms and dads with little ones. She designed the Sippy Leash, a piece of stretchy fabric that parents can tie to a toddler's sippy cup. The other end attaches to the child's car seat or stroller. Parents who complain of toddlers throwing their sippy cups out of their strollers or onto the car floor would buy a Sippy Leash and complain no more.

That, anyway, was Deike's hope.

Deike—the mother of Jada, 4, and Steele, 2—took her idea to her best friend, Stacy Dearing, 34. Dearing was only too happy to help form Sippy Leash Inc. She was seeking a more promising future than her part-time careers—teasing hair at a salon, pouring drinks in a saloon and working at a cattle ranch—could provide.

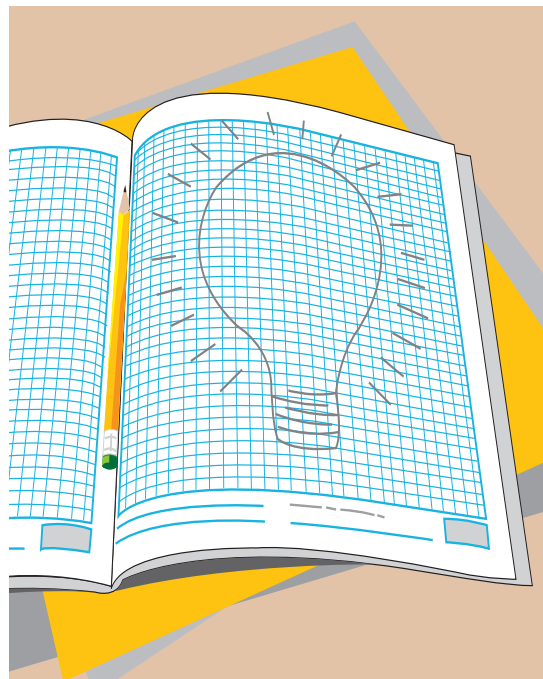
Deike took the title of president; her husband, Troy, became vice president; and Dearing became secretary. Christy could make Sippy Leashes in a matter of minutes, so the trio's main duties in the beginning were to patent the product, market it to stores and ship leashes off to whomever was willing to place an order.

Before Christy went to INPEX, Fredericksburg, Texas-based Sippy Leash was doing brisk business, selling to 14 stores throughout Texas and in surrounding states. Troy, 41, still works full-time at UPS. Meanwhile, Christy runs her own bed and breakfast, as well as a gravel pit—both full time.

But Sippy Leash has been the most time-consuming endeavor of all. "Every vacation day, every sick day, Troy's been watching the kids so I can pursue my passion," says Christy. "If it wasn't for him, I wouldn't be here."

Here is INPEX, a kettle of ideas. Every exhibitor, whether from Trinidad and Tobago or the American heartland, is eager to show off his or her product.

"Inventors are [also] consumers, obviously," says Nicole Hait, communications manager at INPEX. "It seems like inventors come up with ideas because they see a need



for a certain product, usually after going into stores and finding that [it isn't] available."

Just a day into her trade show experience, Christy displays plenty of self-assurance, saying, "This is definitely a fork in the road." She has collected numerous business cards, many from well-heeled notables in various industries, particularly from manufacturing and legal experts. She has presented her product to a panel from the Electronic Retail Association to see if she will be invited to its trade show in Las Vegas in a few months, which could lead to appearances on networks like the Home Shopping Network and QVC. That presentation, says Christy, "was a little like being on *American Idol*."

There is a Hollywood feel to the place, for sure. *The Tonight Show* is filming here, and the radio show *Startup Nation* is airing live.

Meanwhile, Christy is attending seminars, including one given by Lisa Lloyd, who developed a hair barrette in 1993. Lloyd says she needed a certain type of barrette that didn't exist at the time. Thirteen months later, she patented, manufactured and sold her product, the French Twister. She then licensed it to a hair accessories company. It has already generated \$20 million in sales, which has meant some pleasant royalties for Lloyd. Since then, she has invented seven patented products, hosted a radio talk show called *Invention Talk Radio* and launched [www.icaninvent.com](http://www.icaninvent.com), an online forum for inventors.

At the seminar, Lloyd talks about how she developed her first invention when she was a 23-year-old single mom headed toward welfare. She explains that a licensing royalty rate

is generally between 3 percent and 8 percent, and reveals that trade shows are her favorite places to find contacts. She is a gifted speaker—everyone is listening intently, and some are taking notes.

"The most valuable thing to being a good inventor is learning how to learn along the way," Lloyd says to the audience, explaining that if you can't adapt to changes in your invention, there's probably little hope for collaborating with a manufacturer or retailer. Being able to adapt also means being willing to shelve an invention. "I haven't brought every idea I've had to market," Lloyd points out.

Christy breathes a little sigh of relief, or perhaps one of faith. She is hoping Lloyd is onto something. For every Lisa Lloyd, there are those anonymous souls who have an invention but can't unlock that magical combination of customer need, financing, manufacturing and distribution. Because of the cost of patenting fees, which vary but can easily exceed \$1,000 per patent, inventing is a risk.

"You're gambling," says Dearing. "Think about it—that's what you're doing."

The day before Lloyd's talk, a man who had befriended Christy and Dearing came up to their booth, where they had dozens of Sippy Leashes displayed. Small talk ensued, and soon the women learned how this man spent thousands of dollars in patent costs over the years trying to get 20 products to fruition—and none of them ever took off. By the end of the conversation, he was in tears.

### Getting Down to Business

By the last day of the four-day event, Christy looks stunned. Her Electronic Retail Association presentation went well, and she's been invited to the group's trade show if she'd like to go, which seems a given—though she may have found something more promising. She has met a man named Al Kaplan, the owner of a quilting company in White Plains, New York. His business manufactures items such as baby receiving blankets. He's very interested in developing the Sippy Leash. Since it's made of fabric, it seems a natural way to continue his company's evolution.

Christy has also had a meeting with Richard Blank and Robert Greener, the CEO and president, respectively, of New York City-based R&R Licensing Ltd. Both men are also partners in New York City law firm Greener & Blank LLP. These amiable, confident men in suits seem impressed with Christy's invention.

"We've done bottles, rattles, spoons," says Blank when telling her about their licensing law firm.

Greener excitedly points out that they could sell Sippy Leashes at a premium if they license cartoon characters on them—say, Bob

### CALLING ALL INVENTORS

It isn't too late to attend the 2006 INPEX show as an inventor—booth space will be sold right up to the show date. If you're interested in going as a member of the public to get a sense of what it would be like to be an exhibitor in 2007, that's possible, too. The 2006 show is June 7-10 in Monroeville, Pennsylvania. For more information, go to [www.inventionshow.com](http://www.inventionshow.com), or call (888) 54-INPEX.

## THE LICENSING LEAP

Doug Hall is the founder and CEO of Eureka! Ranch, an invention and research think tank in Cincinnati that provides marketing advice and scientific data to companies such as Bank of America, Ford Motor Co., Nike, Procter & Gamble Co. and Walt Disney Co. You may recognize Hall as a judge on ABC's prime-time series *American Inventor*. "Be honest with yourself about what your skills are and what they aren't," says Hall. In other words, if what you've invented requires you to master something completely outside your universe—like owning a manufacturing plant or running a restaurant—consider licensing your invention rather than doing everything yourself. Here are Hall's tips for securing a licensing deal:

- ◆ Once you find a company interested in discussing licensing, show them your patent. "Nothing builds confidence like a patent," says Hall.
- ◆ Show them the money. "Show the licensing company how they can make more money from your invention than they can with what they're doing now," says Hall.
- ◆ Show them a prototype. They need to see at least a drawing or model so they can see what your invention looks like and how it works.
- ◆ "After you've made the licensing deal, don't look back. Let the legal deals run their terms," says Hall. "Don't whine about it, because the blessing is that you don't have to worry about it morning, noon and night."

What to do after the deal is done? "Move on, and invent something else," Hall suggests. "Generally, a person who can come up with one great idea can come up with many more."

the Builder or Dora the Explorer.

It's clear they're interested, because after several minutes, they politely ask me if there's something else I could be doing somewhere else. They want to talk to Christy about their fees.

Later, Christy returns to her booth. She looks sober. Attorneys don't come cheap. She's skeptical that she and Dearing will retain Blank and Greener.

Christy also misses her family. "I'm so ready to go home," she says. "I called my husband, and he was making breakfast for the kids." But there's another reason she wants to return home: She needs to process her experiences and her paperwork to sift through the good leads and the dead ends. She feels Sippy Leash is destined for success, and she must plan out her next steps toward taking her product in the right direction.

### Many Months Later . . .

At first, things move quickly. In July 2005, about two weeks after the show, Dearing, Christy and Troy fly to New York City for a meeting with—what do you know?—Blank and Greener, their new licensing attorneys, and Kaplan, their manufacturer, who will be producing Sippy Leash under his company's

**ONLINE EXCLUSIVE:** Not sure how to successfully bring your own invention to market? Our inventions expert, Tamara Monosoff, provides helpful, step-by-step tips at [www.entrepreneur.com/experts/monosoff](http://www.entrepreneur.com/experts/monosoff).



subsidiary, Cuddle Time.

By late July, a proposal is finalized, and in August, Dearing and the Deikes sign a contract. For the next several months, prototypes are developed and sent to Christy, who looks them over and offers her opinions. Her own business is now largely out of her hands. That's the nature of licensing.

Throughout 2005, Christy and Dearing continued to find out that over-night success rarely occurs overnight. Dearing's mother had a stroke and passed away around the time the contracts were signed, making it a difficult year, since her father had died of Alzheimer's disease a couple of months before INPEX. One month later, in September, Christy's parents divorced.

All the while, Christy continued parenting full time and running her bed and breakfast, her gravel pit and selling Sippy Leashes to 14 stores. Dearing continued tending bar, working at a ranch and teasing hair. Troy continued working at UPS.

Through it all, the three knew that the next year would be different. If all goes as planned, in the summer of 2006, the Sippy Leash will be in stores around the world.

It's set to eventually be sold at Babies"R"Us, J.C. Penney, Kmart, Kohl's, Target, Wal-Mart, and other, smaller chains. In the first year, Cuddle Time is projecting it will sell half a million Sippy Leashes; by the third year, three million. And those numbers, says Christy, are conservative.

Troy, not surprisingly, is ecstatic. "Everybody in town knows about Sippy Leash because of him," says Christy. "He's a very proud husband, but I keep telling him, if it weren't for him, it wouldn't be possible." That's partly because of Troy's supportive nature and his willingness to watch the children while Christy was building her business. But it's also because he played a critical role in the initial negotiations in New York City.

"I took him to New York with me for his first experience with Sippy Leash," says Christy, but the deal was that she, Dearing and Blank would do the talking with Kaplan. Feeling contract negotiations weren't his forte, Christy says, "We told him to sit there, shut up, don't answer any questions—*don't breathe.*"

But the negotiations for the royalties didn't go as well as Christy had hoped, and when she was left in a room with Dearing, Troy and Blank, she felt she just couldn't make a decision for all of them. She thought the royalty being offered was a little too low. "I felt this huge weight on my chest, like I was going to throw up," says Christy.

Troy said quietly, "Can I just say something?"

Christy and Dearing shot him disapproving looks.

"Just this *one* thing," said Troy.

Christy sighed. "OK."

"What if we do it on a tier level, where if you sell a certain volume, the royalty rate increases?"

Christy, Dearing and Blank stared at each other, marveling at the simple genius of the man, and perhaps a little stunned that they hadn't thought of the idea themselves. Christy hugged and kissed her husband, saying, "I am so glad we brought you." It was, she says, "his shining moment," and sure enough, moments later, Blank was presenting the offer, and Kaplan and his attorneys were in full approval.

"And so our royalty rate increases, all because of him," says Christy. "I'm so glad I can credit him for that, because he's done so much for me."

His work may not be done yet. Christy and Dearing are already thinking of what they can invent next. ■

GEOFF WILLIAMS is a writer in Loveland, Ohio.