

LESSONS IN ENTREPRENEURSHIP

Testing the waters

When should entrepreneurs make the tricky decision to throw their lot in with a larger company? Stuart Read and Nick Dew report on a fishy case in point

If you have ever owned an aquarium, you probably know the usual method for measuring water quality in the tank: if the fish are floating, the water is no good. No wonder avid keeper of tropical fish and PhD chemist Roni Kopelman felt there had to be a better way. There were scientific test kits, but they were expensive, complicated to use and did not provide continuous monitoring of water quality.

SWIMMING TO A SOLUTION
During his doctoral studies, Kopelman created a test strip that continuously changes colour at different levels of water pH. His patented invention turns yellow when the pH gets too low for aquarium fish, and turns blue when the pH gets too high. This might be a better way for people to keep their fish alive, but could it be a business?

To help answer that question, Kopelman decided to enrol in an entrepreneurship class with Stuart Jamieson (below) and they wrote a business plan for the venture.

SENSOR TECHNOLOGY
The market for a simple and cheap water quality tester looked promising. Pet retailers in the US alone sold millions of new fish tanks each year, and casualty rates for fish continued to be high. So Kopelman and Jamieson formed AquaStasis, and went to work with Slipstream Design,

turning Kopelman's invention into a product. They faced the usual challenges of making it function correctly, making it easy to use and making it inexpensive to produce. But the biggest difficulty lay beneath the surface.

JUMPING INTO THE BIG POND
PETCO and PetSmart provide the primary channel to market for most of the pet goods sold in the US. Naturally, Jamieson and Kopelman's first step with a prototype of their new LivepH product was to visit these huge retailers. Both loved LivepH. But neither was willing to work with a start up. There was too much uncertainty of supply and it was too expensive to do business with a company offering only one product. Disappointed, Jamieson and Kopelman sat down with their new head of business development, John Thuma, to make a new plan.

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BIG FISH SELL TO BIG FISH
The team decided to demonstrate their innovation at a pet products trade show, and there met a number of large pet products companies, including Virbac. Virbac already had relationships with PETCO, PetSmart and a host of smaller independent pet product retailers. They, too, loved LivepH, and wanted to sell it. But the offer came with a catch. Virbac wanted exclusive rights to Kopelman's invention for the pet products market.

CHOOSING YOUR POND
Deciding whether to go it on your own and have control over a smaller opportunity versus working with a partner to pursue a larger catch is a decision many start-ups face. Half the decision is made by who selects you. But the other, more important half

is made by you in deciding how you want to grow your venture. The AquaStasis team decided to work with Virbac. They reasoned that the speed to market, the legitimacy of working with a large firm and the potential future opportunities it might create outweighed the loss of control.

After selling several hundred thousand units and winning the Pet Product News Editors Choice award, it's hard to argue. As you troll the uncertain waters of creating a new product, remember that you always have the choice of the pond in which you decide to swim.

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