



Eye Slices – a story of determination and innovation

Prepared by the Western Cape Economic Development Partnership (EDP)

Introduction

This case study sets out the phases that entrepreneur Kerryne Krause-Neufeldt undertook in her journey to take a cosmetic product called Eye Slices from an idea to a marketable product. Here she shares the lessons she learned along the way.

Kerryne Krause-Neufeldt was the keynote speaker at the Economic Development Partnership's Innovation Lab of 2014. In front of a range of innovators and entrepreneurs, she shared her story of taking her project, Eye Slices, from concept to a return on investment. Her story spanned 14 years, and it involved 'risk and guts and perseverance and determination'.

Kerryne began her career by completing a B.Comm (Hons) at the University of Pretoria. Her first business (at the age of 23) was importing and distributing a technology-based cosmetic product range through the professional industry in South Africa. This experience led Kerryne to stumble upon a gap in the global market and to develop and create her own product range of soothing eye gels for export. With a global license for a unique polymer technology from the CSIR, Kerryne began the Research and Development for her new product idea, a cosmetic product made from a stable water hydrogel, in 2000. After seven years, the product, Eye Slices, was launched into the South African market at the Professional Beauty Exhibition in September 2006.



During her keynote speech, Kerryne explained that the technology innovation space is a 'journey of a thousand miles with many pitfalls and obstacles'. As she said, 'It is just the nature of the game. Ideas are not worth the paper they are written on. I have never heard of a person who sold their idea for billions. It is all in the execution, and that is what most people miss.'



The journey from idea to market 2000-2014
(Source: Kerryne Krause-Neufeldt)

At a 2004 EgoliBio incubator workshop Kerryne heard a presenter say that in the pharmaceutical industry you have a one in 10 000 chance of successfully taking a project from concept to a return on investment. She decided to be the one, not the 9 999. Today, Eye Slices is an award-winning South African company that has been recognised as a Top Technology 100 company in South Africa. The company exports to Dubai, Canada, Mexico, the UK, Norway, Holland, Cyprus, Germany

and the USA, and has developed a specialised manufacturing plant for this technology in order to meet demand. Kerryne’s goal is to put South Africa on the international map by positioning Eye Slices as a successful global brand. So how did she do it? Kerryne’s secret was **resilience**. She never gave up, and became a scientist herself when she couldn’t find the help she needed.



Here’s her advice to entrepreneurs:

The Concept:

- Find a gap. Look for the market first and then look for the technology you need. Fill the gap and add value. Kerryne saw a gap in the market for a quick-fix eye product and understood the value of technology in adding value to the product and differentiating it from its competitors. Her initial aim was to outsource the manufacturing and focus on marketing and sales in order to build a global brand.
- Have a vision. Part of Kerryne’s vision was to fill the gap in the salon/spa space with an all-in-one solution targeting puffiness, dark circles, tiredness, redness and wrinkles within five minutes.

Licensing CSIR Technology:

- A chance meeting and a conversation in a shopping mall led Kerryne to the CSIR. The technology that Kerryne was looking for had been developed to laboratory scale but had been shelved. Kerryne’s technology transfer package was a one-page experiment that barely worked and she had no idea of what the CSIR was or even how to look for a technology. Her big vision of outsourcing the manufacturing so that she could focus on the marketing had to be put on hold for seven years while she worked on developing the technology.

- Collaborate with academia and science councils. Kerryne had found a technology that involved the only stable water hydrogel in the world and she developed a globally unique manufacturing process.
- Face the licensing and technology challenges. Kerryne was faced with a number of tough challenges, including a complex negotiation process; a one-page technology transfer package; basic research only; a dearth of scientists in South Africa; a lack of advanced manufacturing skills in SA, and no standard methods of manufacture.
- Persevere. No-one could answer Kerryne's questions about the technology but she persevered.
- Be resourceful. There were lots of gaps in her journey and she didn't know who to go to, but she became a scientist in order to fill the gaps herself.

Applied Research:

- The applied research challenges included: technology gaps; having to become a scientist as well as an engineer; automating manufacturing; and market research and testing costs.
- Kerryne converted a room in her home into a laboratory and experimented for two years. There was no-one to help her with this so she collaborated with international incubators such as the Welsh Assembly.
- The original recipe from the CSIR made the packaging impossible.
- So she scaled up.
- Very few people want to help during this phase as the obstacles are too big and

there is too much work with no end in sight.

- Incubators are catalysts.
- Networking is essential and lateral thinking is key.

Funding:

- Kerryne bootstrapped the business from 1999 to 2008. She put in R400 000 of her own funds and took government loans and grants of R3 million.
- Kerryne wrote about 50 business plans as nothing was integrated and she had to deal with all of the institutions (and their different mandates) separately.
- Mandates would change in the middle of a process, but it was soft money that allowed Kerryne to prove the concept.
- Going to a Venture Capital funder too early means diluting too much too soon and when big capital needs to be raised there is no more equity to dilute. VCs don't want an entrepreneur with too low a stake.
- You need at least ten times the money you think you will need and it takes ten times longer than you expect.

Process Development:

- There is a massive chasm from prototype to production.
- Kerryne looked to the food industry for solutions to cosmetic manufacture, and customised a R750 000 machine for her application.
- She built her own factory as she was not able to outsource the manufacturing.

- It was a long, expensive and lonely journey. She worked late nights and sacrificed weekends, with blood, sweat and tears.
- Kerryne filed patents in the USA, SA, Europe, Australia and Japan.
- She had to register trademarks, design, and copyright and keep her Know-How secret. She used IdeaNav (www.ideanav.co.za).

Product Development:

- Involve customers, retailers and distributors in the development of the product.
- Innovate throughout the product development stage from logo to packaging.
- Recognise that packaging is key.
- There is very little choice in South Africa. Packaging for a private label had to be outsourced to Poland. Consistent quality in South Africa was a serious challenge.
- Market research is essential so collaborate with your customer. Informal focus groups, market testing and feedback from customers are critical.
- Exporting to different countries means that you need to innovate creatively. Each journey will be different.
- Creative branding is crucial.

Commercialisation:

- Learn from your first business failure. Don't be afraid to try things and fail.
- Collaborate with government, banks, incubators and VCs. Share the risk between a number of stakeholders. Funding is

critical and if entrepreneurs are mentored and accountable, then the investment is safer.

- Kerryne looked for foreign funding. She even went on to the Dragons' Den television show in Canada to raise capital.
- Don't sign a bad agreement. But if you do, then renegotiate it.
- Keep your overheads lean and put aside your ego. Pay SARS and keep it clean.
- Get support from others. Kerryne was in a business incubator that was a catalyst in her journey as she drew support from the people around her.
- PR is Kerryne's secret weapon. Eye Slices has had over R6 million worth of free publicity since 2007. Tell your stories and be innovative in PR and marketing. Your message must reach its target audience with clarity and simplicity.
- Network. Collaborate to achieve sustainability.
- Work on building the SA brand internationally. We are far from our markets and Africa as a continent is very hard to penetrate.

Return on Investment:

- At each step of the process new skills, new thinking, and new approaches need to be adopted. When you reach the 'Return on Investment' phase, some entrepreneurs need to exit and sell out, while others are able to grow with the business.

- Recognise that the stakeholders are not just the investors, but are the staff, the supply chain, and the distributors. Look at everything systemically, as one thing affects the next.

Continually Innovate:

- Most importantly, enter the innovation arena and keep striving and working towards your goals.
- Keep re-inventing yourself. Innovation can be incremental and can be adapted in all areas of the business.



Conclusion

In conclusion, Kerryne Krause-Neufeldt started Eye Slices with a vision, one that she had to adapt when the journey turned out to be longer and more challenging than she had imagined. Her success lies in the fact that she persevered, and was unafraid to reinvent herself and adapt to changing circumstances along the way. An entrepreneur and an innovator, Kerryne believes that South Africa is alive with possibilities, and encourages other entrepreneurs to step into the innovation space. Kerryne ended her keynote address

with the following quote:

“ Innovation is not the result of chance it is the result of action. It is not a thing to wait for but a thing to do. ”

Phil McKinney

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