

-- Speaker 0 00:04 Make it right. The manufacturing podcast,

Speaker 1 00:10 welcome to make it right. Did you get a chance to listen to last week's show? And my conversation with Mathias, halting Mathias and his company have been on an eight year journey to bring their smile maker line of female sexual wellness products to market. And the journey has not been without its roadblocks this week on the show. We continue that conversation and Matea shares how we overcame those roadblocks and he offers some valuable insights on how manufacturers can better support challenger brands and build their own businesses. Here's part two of our conversation. Many of the challenges that that you had required a significant amount of digging to get to actually the root of the issue. Now when we were having our initial chat to about this podcast, uh, you told me a very interesting story that centered around a roll of foil. Can you tell me that story? Yes,

Speaker 2 01:03 yes. And I, I, and I would say that, that the, the, the biggest barrier that we've come across on the manufacturing side, B is speaking with Asian or, um, European manufacturers is discussions around a minimum order quantities. I think there is a, a mindset with a lot of manufacturers that you look at scale from day one. Okay, what is a batch size? And that's a pretty big batch size and that's not the way that you really prefer to build up your business as an entrepreneur. You prefer to start out a little bit smaller. So you pick a couple of test markets, you try a product and you make a, you test the product and you make alterations as you go along and you gradually build up. The MOQ do is that they tie up an enormous amount of your cash, uh, inventory sitting in a warehouse, uh, rather than spending that on sales and marketing.

Speaker 2 02:01 Uh, and that's going to impact the long term, uh, or the, the, the, the growth of the, of the business. And that's especially a problem if you have a product with a, with an expiry date like we do on the lubricants. So you, if you have to award a 30,000 pieces at a time and they have an expired date, and on the other side of the equation you have retailers saying you need to have two thirds of your shelf life left by the time it's delivered to our warehouse. Whether you're going to get, again, a, a lot of scrap. So one of the examples and the one I think you're referring to is we wanted to create lubricant sachets for the lubricants to sample out. And, um, our manufacturer kept telling me that if you want a sachet, you're going to have to order half a million sachets at a time, which is a, uh, an astounding number.

Speaker 2 02:53 Uh, post Theresa thinking, where are we going to put those 500,000 sachets? You know, how are we going to be able to distribute them out before the expire and so on. Uh, and, and I kept coming back to that and saying, but I don't understand why we need to make 500,000. And I think the discussion went on for about two years, at least two years in terms of me trying to probe and dig. But what is it? Is it the raw ingredients that you're ordering? Is it that you have to, to make a batch size equivalent to 500,000 and in the, in the mixers and in the end, after years of probing, what I finally realized was that the sticking point was the roll of foil that you buy, that you fill the sachets into and then cut them. So that roll of foil was, um, is the equivalent of 500,000 sachets. And then I asked, well, why, what if, what if we pay for that foil? They say, well, do you need to use it within a year? Because after 12 months it's considered to be a be contaminated. So I said, okay, but how about we cash out if we don't use the foil within a year, we'll just cash out. And they said, that's fine.

Speaker 1 04:13 That's okay, we can do that too. And I asked, well, how much is it

Speaker 2 04:16 the foil? No, it's about \$2,000 okay. So if we had said two, three years ago, fine, if you put a deposit of \$2,000 for the foil in case you don't use it, and then we deduct up to the, you know, the equivalent amount, every time you order a proportionate amount, then you can have 5,000 sachets or you can have 10,000 sachets, uh, that would, uh, that would have impacted our, our launch quite a bit because of we would have been able to sample the product.

Speaker 1 04:48 So all of that \$2,000 and two years and you going back multiple times to find out what the real --

-- problem is. It's like, it's astounding. So I guess my question has to be from your perspective, it was obvious that it would have been great to know that, you know, you gave me \$2,000 for the rural of foil. We can make as many sachets as you need, as long as you're gonna pay for that. But going forward, when you run into challenges with manufacturers and you think about that story, I mean, what is it about those manufacturing challenges that you think from the side of the manufacturer, they could be a little bit more open and clear with some of these innovative product developers so that they can make this path a lot easier and frankly faster than two years?

Speaker 2 05:39 Well, I, I, so I think a lot of it starts with a mindset and I think that's going to have to come from management. I think management has to, uh, to uh, let their organizations know that, that that flexibility and adaptiveness, our, our good qualities and finding solutions is a good thing rather than sort of pushing, here it is, uh, this is the way it's done. Uh, so I, I th I think it has to come from them and also maybe helping them about how do you go about thinking outside the box and finding the solutions. So starting with the mindset that we want to make things, we want to make things happen. Whatever the client or the customer wants, we want to help them make that happen. Now how do we make that happen? But I think that that they don't feel at the moment, this sort of the mid manager, middle management that I speak with, I don't think and feel empowered to twist then Ben then and uh, um, adopt the processes accordingly.

Speaker 2 06:45 Um, and I think that sort of blocks them from even trying to think outside the box. So many times this happens a lot. Then you go to them and you say, Hey, here's something we want to do. And you get something, you get answers back, which would be based on sort of Johnson and Johnson scale. And then you'd have to take a deep breath and you go, okay, here we go. And then you help them guide through the process to find the, the, the solution. But, but where we moral act by coaches to get there and, and the burden on proposing alternatives and way around it sort of rests with us rather than the project leaders or account managers at the manufacturer's T feeling empowered and enabled to do so.

Speaker 1 07:31 <inaudible>. So I guess had you known that at the start it would have made your life a whole lot easier. But now people who are trying to do these innovative things need to know, you know, you have to go in and say, would this be a solution or would this be a solution in order to get your, your job completed the way you need it done.

Speaker 2 07:51 Yeah, exactly. And so, so now there are cases where I say, okay, how about you introduce me to all your supplier? I will buy all the components and raw materials and I will supply you every time I place a purchase order. And it's not a very practical approach, but it's sort of showing them the extreme side of the equation.

Speaker 1 08:12 Yeah. Like you want to just get it done and you'll go to any length to be able to get it done. Yeah, exactly. So have you had difficulty getting product approval in various countries for your lubricants?

Speaker 2 08:25 I would say it hasn't been difficult in the sense that there was anything odd about the products or where the category, but has it has been difficult in the sense that it's an absolutely harrowing process and the whole regulatory, uh, environment is, is, is very, very unique. Uh, because in, in, in most markets, uh, regulatory approvals are outsourced to, uh, private companies and very few of them. Uh, and, uh, so it's a de facto oligopoly, uh, and uh, they, they behave accordingly. Uh, so as a starting point process in itself is, is extremely time consuming and complex. Uh, and, but then you're also dealing with people who sit on all the power. Uh, and that's been very, very, very tough to deal with.

Speaker 2 09:27 But I'm lucky in the sense that some of the assignments that I had with P and G expose me to the regulatory environment. So in, in most cases, at least I knew what I didn't know, and I could try to find out what it is I needed to know. Um, but I think for many entrepreneurs, they don't know what they don't know, so they don't even know to look forward. So they're caught completely off guard by some of the regulatory requirements, which in many c

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-- ases manufacturers don't necessarily take into account because an entrepreneur might come to them and say, okay, here's, here's what I want is what I'm looking for. Uh, they may not necessarily have the integrated regulatory functions to say, well, if you do that, you might be able to sell it in Europe and you're not going to be able to sell in the U S as an example.

Speaker 1 10:20 So would you like to see manufacturers support product developers in that regulatory area? Like they come to you, they come in, they say to the manufacturer, this is the product I want to look at or want to make. The first step will be to go to the regulatory people and they'd say, Oh, have you got this, this, this and this and does it do whatever. And if you've got those boxes tick, then I think you're, you're really on the path towards manufacturing. Would you like to see that support within the manufacturer?

Speaker 2 10:49 I think if there's one additional capability that manufacturers could bring to their clients, especially if they want to work with a smaller brands or what you call this, the challenger brands, the ones who might tomorrow be the billion dollar brands. It's to provide a legal and regulatory services and for them to have experts on registrations, certifications, and be able to, to do that for on behalf of their, their clients. Uh, because that's something, again, it's something that many don't know how to do, uh, or even know that they're supposed to do. And even if they do know, it's so time consuming that it takes away a lot of time from the sales and marketing side. And, and to be clear, this is something that most people are very happy to pay for. So it, it would certainly be an additional source of revenue. They could just have a fake C, okay, for a registration, we charge this much for a C certification, here's how much we charge. And they can build up internal expertise. They know how to do it. And then in turn they can build up relationship with these, uh, uh, all the guards,

Speaker 1 12:02 uh,

Speaker 2 12:03 to w w which mine might mean that they have better support from them, uh, w with each individual brand that they work on.

Speaker 1 12:10 Yeah. Well, and as you say, um, you never know which one of these brands that's coming in. These challenger brands is going to be the next big thing. And you know, if you really want to be the company that's working with them, you have to help them get there.

Speaker 2 12:28 Right? Yes. And, and, and that would be exactly, and that would be, I think my, my, my biggest advice is to manufacture things because if you look at what's happening today, especially in M and a with, with, uh, with the big companies, it's really, it's really the small challenger brands that are completely changing the equations that are taking big FMCG companies by surprise, coming from nowhere. And I, I think that in the mix of clients that one is working with, you want to have some of those. And not every startup is going to be a tomorrow's billion dollar brands, but you know, maybe one in 10 will be successful in if they are, they will likely be wildly successful. So being more adaptive and flexible and helping them and working with them on the way from day one, I think number one is going to help, uh, help them succeed. So you build your own, uh, scale and business as, as a manufacturer. And number two, like I mentioned, it's going to be build tremendous loyalty on their side to stick with you once they reach this, their success. <inaudible>

Speaker 1 13:36 so speaking of success, you have a number of products that are out. You're, you're expanding, uh, your products into new markets, getting into new shops, et cetera. What other products do you hope to develop, your whatever? What other challenges are, are you still facing as you move this ball forward?

Speaker 3 13:54 <inaudible>

Speaker 2 13:56 so we're, we're definitely expanding and, and within the, the existing product ranges that we have. So, so far within, let's say, take it on the vibrator side. We've been quite focused on what we call vicarious, which is a women who had been curious to try a vibrator but haven't done so because they, um, they haven't been comfortable buying them where they're normally been sold. Um, and that's usually about two thirds of, of non-user. So taking the U S 50% of adult women have used a vibrator, two thirds of the rest have been cu --

-- rious to try one. So we've been very focused on them so far. Now we're releasing products that are, you know, slightly more technically events. They're using more advanced materials, um, more advanced functionalities. But then also we're looking at the sexual wellness category more broadly about how do we address all aspects of, um, of women's sexual wellbeing. Uh, and that includes a whole range of adjacencies, uh, that requires entirely new product types. And we've started looking into them. Um, and a lot of the history is repeating itself because you know, w we want to look at and do category and, and uh, the MOQ is are that are being quoted are just too high to get <inaudible>.

Speaker 2 15:17 Well we keep but we keep pushing on that. But it's essentially what we want to do is to create, uh, an entire category under the smile makeup brand of women's sexual wellness and product rather than be in stores next to a more male oriented brands. Uh, and um, like you know, in some stores there is a, the sexual wellness category of sort of uh, uh, condoms, lubricants, Viagra and then next to that you have Gillette deodorants. So it's a very male focused shelf. We'd rather be with things like and have things like a intimate wash for example. <inaudible>.

Speaker 1 16:03 So this has been an eight year journey and I know that, you know, we sort of addressed this a bit, um, but looking back in the perfect world, if you speak and you are looking to move into new products and you see you're going through that same cycle again, but in that perfect world, if you could walk in there with this new product and go to a manufacturer and get started, how long do you think that process would be and what do you think would need to happen in order for you to, to get across the finish line quicker?

Speaker 2 16:38 So from a, from idea to first batch.

Speaker 4 16:42 Yeah.

Speaker 2 16:45 Well I think it can, I think it can be done in a year. Yeah. I think it can be done in a year. Yeah, I think so. Um, we, we did our, we did our first, uh, our first batch of products in, in nine months. Uh, and uh, then we've done some upgrades. I think we've done three rounds of upgrades. So it w we should have probably taken a little more time on the, on the design phase. Um, but I believe if, if the, if the, if, if, if we as a company are clear on what we want and what we want the consumer benefits to be and the experience to be, um, I, I think the, the more sort of, uh, collaborative partnerships, flexible approach could create something that can be launched in, in about 12 months. Then the challenge is that you have to sell it in to the retailers and get them to list it.

Speaker 4 17:43 Yeah. And are they

Speaker 2 17:47 at this point they are, because, you know, we now we have distribution in 20 plus markets and they're all very happy with the way that our current products have been performing. So they're happy to, to list, uh, to list our new products. So we have, our example now is, is the per the SKU we're launching this month, that it's been picked up by every single retailer we work with, uh, around the world. But, but if you're starting from scratch and that is your new product, uh, you know, that's obviously more challenging because you may not have a track record of sort of bringing incremental sales and profits of the retailers. But in our position now, we're very fortunate because we have proven ourselves without, so that I think they trust our innovation.

Speaker 1 18:30 Yeah. And what about competition in this, in this market? I mean, you talked about the sex shop side of things, but I don't see that as being competition to tall. So do you have competition in, in this area?

Speaker 2 18:44 We do. I mean, there are, there are brands that are doing, uh, that are doing a great job. Um, but, um, I think first of all, we operate, uh, worldwide. So we're in the U S we're in Europe and we're in Asia and we don't see any other brands being in all those geographies. And also, like I mentioned, we are 100% focused on, uh, mainstream channels. So your health and beauty stores, your department stores, fashion stores and so on. So we don't see anybody being a hundred percent focused on that. Uh, so in that sense, we don't see any direct competitors, but we see, uh, we, we do see some overlaps with different brands depending on region, but I think more than anything at this point, --

-- we help each other because other brands that are doing a good job and also keeping a clean and approachable and aesthetic image. Um, they help us build a case that this is a, this is a category to be in, uh, for, for retailers.

Speaker 1 19:50 <inaudible> I think as, um, it is, you know, 2019. Right. And why isn't there a product in the, in the local drug store or wherever for you to use. So, uh, I congratulate you on this, uh, this journey that you've been on and um, I'm sure you'll be at it for a lot more years.

Speaker 2 20:11 Yeah. Thank you very well. We hope so too.

Speaker 1 20:13 Yeah. Yeah. So, um, I hope if you get a chance Mateus in the future and you want to share some more stories about how things are going and, and what you're up to with smile makers. I know that was my understanding when you launched Ramblin brands. So you were supposed to be launching a bunch of different brands, but it looks like smile makers is keeping you quite busy at this point in time. So, um, I'd love to know what you're up to next.

Speaker 2 20:38 Yeah, we've massively underestimated, uh, the, the challenge we were facing and not only the challenge of a products, but also you're to, to, to change a cultural stigma or sort of an archaic taboo on something and you're trying to change a consumer mindset. You're trying to change consumer shopping, um, uh, habits about where they buy things. Uh, so that's been a big challenge. But, uh, we hope, uh, at some point that this category is more normalized like other health and beauty categories. And then our intent is absolutely to move on to the, to the next idea. And we already have a very, very good idea bog where that would be. That's also a category that's a completely, um, we think ms matters in terms of how it's designed and where it's sold. Uh, but that's massive in use and popularity. And, uh, let me see if I can reveal that to you at a later date.

Speaker 0 21:36 Yeah. Well you've got me really thinking now, so I'm going to be up all night kind of figure trying to figure out that one. So, um, once, yes, I really appreciate you sharing your story. I'll make it right with us. Good luck on your journey and do stay in touch.

Speaker 2 21:53 Yeah. Thank you so much. It's been my pleasure.

Speaker 0 21:55 Martinez halting is the cofounder of Ramblin brands and uh, they have brought us smile makers. He is based in Singapore. That's our show this week. Please check out our Twitter and LinkedIn feeds that you can find on our podcast page and subscribe and share this podcast with your friends and colleagues through iTunes, Google play, Stitcher, Spotify, and too, and the maker right podcast is brought to you by Kevin Snoop and his leadership advisor and the author of the best selling book. Make it right, five steps to align your manufacturing business from the frontline to the bottom line. Until next time, I'm Jan at Eastman. Thanks for listening to the makeup right podcast.

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