

Web Case 02

Biolife LLC

Clearing Hurdles

Source: Michelle Leder, “The Problem,” *Inc.*, June 2004, pp. 44–66, www.biolife.com and www.woundseal.com

When it comes to the hurdles that every start-up faces, Biolife has already cleared a few. Its first product, Quick Relief (QR)—a patented powder that stops bleeding within seconds—was unlike anything in the marketplace when it was first introduced, impressing retail giant Walmart and the CVS drugstore chain. Both companies gave QR valuable shelf space in several thousand stores. Plus, the head athletic trainer of the Los Angeles Lakers had been seen using QR on national TV. But the hard part of CEO Doug Goodman’s job was really just beginning: he needed to figure out the best way to convince the world to give QR a try.

It was back in 1999 that Jim Patterson and John Alf Thompson first developed QR. The two men were long-time research scientists who formed Biolife with the goal of discovering a new way to purify water. They never solved that puzzle, but one day, while working in the lab, Patterson either pricked his finger accidentally, or sliced it on purpose (the story has changed several times, Goodman concedes), leading to the discovery of QR, a patented combination of resin and salt, the two components Patterson had been experimenting with at the time.

In 2002, the company sent some samples of QR to Gary Vitti, the head trainer for the Lakers. After testing it for several weeks during the off-season, Vitti used QR one day during a regular-season game, prompting the on-air announcers to wonder why Vitti was sprinkling pepper on one of his players. QR was never mentioned by name, but it was the product’s first appearance on TV and it started to create some buzz for the company, at least among sports fans. Wooing Vitti made sense, Goodman says, because the product is especially useful to the NBA, which allows only 30-second timeouts to stop a player from bleeding.

According to Vitti, there was something about QR that managed to catch his attention. At the time, he was using another product that neither he nor the players were particularly crazy about because it stung and left dark stains on the skin. “I gave this a try, and I was really surprised,” says Vitti. “This one popped out because it was so different.”

Goodman estimates that as many as 75 percent of the teams in the National Hockey League and NBA use QR regularly.

Without “real missionaries” like Vitti, as well as several prominent doctors on the west coast of Florida, Biolife might not have had any sales at all. In 2002, the year QR was launched; Biolife had revenue of \$1,500,000. In 2003, after convincing more health care providers to try QR, Biolife’s sales increased tenfold. The company began by training 16 pharmacists at CVS stores in the Tampa Bay area, figuring that people often ask pharmacists for medical advice. But after an initial bump in sales, interest in the product, which costs between \$5 and \$10 a box and

comes in four different packages designed for different uses, such as Nosebleed QR, quickly died down.

Along the way, the company has experimented with packaging and image. The company created unique packaging in an attempt to not look like a typical medical product. On the Kids package, for example, Goodman's eight-year-old, Bakie, is seen riding his bike and kicking a soccer ball. Actually, all of QR's boxes feature employees or investors. On a new package of Urgent QR, an extra-strength version of the product, Charlie Entenmann (Biolife's main financial backer), 74, is shown rappelling down a mountain. Most recently, the company changed the name from QR to Wound Seal.

Eventually Goodman hopes that ordinary consumers will be as enthusiastic about Wound Seal as Vitti has been. If that ever does happen, Wound Seal just might replace the box of Band-Aids that most people have in their medicine cabinets.

Questions

1. Chapter 2 discusses three types of start-up ideas: Type A, Type B, Type C. Which of these is illustrated by Biolife's start-up based on its QR product?
2. Most new business ideas come from personal experience, hobbies, accidental discoveries, or a deliberate search. From which of these sources did the idea for Biolife's launch come?
3. Considering what you have learned about this start-up and its development, would you say that the founders followed more of an outside-in or inside-out approach to identify this business opportunity and launch the company? Explain your answer.
4. Conduct a SWOT analysis of the company. What do you think are Biolife's most significant strengths, weaknesses, opportunities, and threats?
5. How would you characterize the strategy that Biolife is following? Is it a cost-based or differentiation-based strategy? Or is it a focus strategy centred on one of these two fundamental strategies? Be sure to identify the facts or assumptions on which you based your conclusion.