



What do founders have to offer in order to receive funding from an investor in „Die Höhle der Löwen“ – and to actually get the product sold?

In the Vox Show „Die Höhle der Löwen“, start-ups are trying to gain the attention of investors. Due to the success of the show, many news outlets are reporting on the upcoming episode and are, by doing so, drastically increasing the reach of the show.

Online shops and ordinary retailers alike are having fun with the pre-sold products straight from the Lion's den. Which founders will however gain access to the Lion's support in funding and the creation of a distribution network.

Much has been written on this subject. And according to my observations, there are central mechanisms of action that are being neglected in the process. The founder's desire of funding must definitely be realistic. Nothing will be gained if the founder's demand has lost touch with reality. And some deal did burst after the show as the presentation failed to withstand a fact check. The product idea shall naturally be something innovative. The founders should also be able to do the Elevator Pitch, i.e. concise Storytelling. One of the Lions, the distribution expert Ralf Dümmel, stated that he's only interested in genuine problem solutions. One aspect that I would like to further elaborate.

The TV broadcast bears one great advantage. One gets to see the reactions and the emotions of the Lions up close. And even though the Lions always stress, how important it is to keep his cool, one nevertheless will be able to discern a connection between the emotion and the subsequent action. A strong interest in their product has been gained, if the pitch will leave the Lions with a surprised gaze and get them to see the innovative nature of their business concept.

The Lion will surely make an offer, if the product can actually solve a problem on the relevant market. I would, however, like to replace the term problem solving with the following thought: Does the product increase the efficiency of its user compared to the previously applied solution? Efficiency may be found in many different aspects, which we will focus on shortly with some practical examples. To me it seems, that efficiency is more precise than „problem solving“, as theoretically, lots of things can „solve problems“, especially from a technological perspective. It is only when the user perceives his goals to be achieved more efficiently, that a strong action motivation arises. Let's look at this more closely.

The Pony Puffin



Even the selection of the name is ingenious. What's it about? Many women with longer hair would like to wear a practical ponytail. It would of course be neat, if the tail would have a strong, healthy volume. Evolution doesn't lose it's grip on us after all. The founder has developed a ‚plug‘ made of silicone, that bears similarity to an over-dimensional Nespresso capsule and completely vanishes in the hair knot to optically fluff up the tail („puffin‘). Achieving a higher volume with so-called extensions is expensive and complex. Gaining volume with hair care products is just unsatisfactory. The retail price of €10 is attractive. The commercial success is phenomenal. The gadget is currently sold out everywhere, with long waiting lists for interested buyers.



Parodont



Fighting periodontitis with black cumin gel. A lot of things came together in this presentation. A dentist with Turkish roots and his father have developed the, so they say, only effective remedy against periodontitis. Smarter than the pharmaceutical industry. Only with this product the gum is supposed to grow back to the tooth neck. Nature beating chemistry. Pure astonishment. Before the show, only a few hundred products have been sold per month, two days after the show, that number rose to 570,000 tubes of 10 ml for each approximately €5!

In order to hedge their bets, two Lions have tested the antibacterial effect at the Hannover Medical School. In Vitro! I.e. in a petri dish. The effect was highly probable – and the confirmation was swift. However, the test says nothing about whether it works the same way in vivo and whether the gum actually returns to the tooth neck. The major success of the product has naturally gained the attention of registered retailers of medicinal substances. In Germany, a product that asserts a definitive healing promise can only be sold in pharmacies. One pharmacist has already filed for an injunction. Smart doctors have already found a way to get you from simply buying a cheap black cumin oil alternative. Apparently there is only one effective kind – and he won't tell us which it is. User reviews will eventually determine if the success will prove permanent. Is the product efficient enough to tolerate the intensive taste?

Talentcube

This is an idea to create a platform that aims to bring companies and applicants together. The founders have identified a key problem of the application process, which I am also very much aware of. Despite all of the intensive vetting procedures, sometimes you'll have to face an applicant where you'll instantly know, that it's not going to work out. Certainly an uncomfortable situation for both parties. The founders have found a clever way to solve the problem. The company can pose three questions to the applicant, which he then has to instantly answer with each 30 seconds of time per video app, so to ensure spontaneity. Why did no one else come up with this until now? The two tech savvy Lions instantly jumped on the idea and competed for the founders. Eventually, the Lion with the best connection to DAX companies made it – and swiftly canceled the return flights of the founders in order to instantly coordinate further steps with one another. Astonishment through efficiency. It won't get better than that.



The Indicator Glove

A deal – but is it efficiency? A quite sympathetic older gentleman told us about a biking accident in the dark – that could have been prevented, if only his bike had direction indicators – just like cars do. He now integrated this indicator idea into gloves with LEDs. The tech savvy Lions have immediately criticized the product as too simplified. Still, two Lions liked the idea. The distribution expert got the deal. I am skeptical. This is a theoretical problem solution, does however not offer higher efficiency. I see a lot of bikers ride fully without lights in the dark, to imagine that they will now have to also think about gloves – which are probably too warm in the summer and too cold in the winter – lets me fail to see any potential.



Might the success only be explained due to its high profile? I remain curious. LED indicators, installed directly onto the bike would surely be more efficient. Bicycle manufacturers apparently do not see this as an advantage that can be monetized.

Squile

A clear case of no-deal: A French woman would like to develop a service for relationship seeking singles, combining various service offerings. For instance a concierge service with restaurant recommendations for the date, including the reservation of the best table and a lot more. The Lions are solely astonished, that a French lady wants to do it from Germany. The product's premise itself does, however, not trigger any astonishment, even with one of the lionesses, which has already tried out Parship. The theory, that older, experienced people would be interested in an all-around service does not convince. In this case there is a problem being solved, that is probably not a problem at all. The dating process itself will not be turned more efficient and in return the product is even harder to evaluate. Not a good business idea.

The egg white can be processed as usual, in shakes, when baking and for cooking. Pure efficiency. The company's name is „Pumperlgsund“ and the product „Good Eggwhites“ is thus instantly taking aim towards international marketplaces. The investors are astonished about this efficient solution. Two Lions want to be part of it despite high investments. The athletic, tech savvy Lion wins in the end. The product will be a surefire success if the price and the distribution structure are on point. I would personally rather throw the egg whites away and just eat the egg yolk, which boasts one of the best nutrition profiles of all foods – but that's a different story.

In summary: If founders can increase the efficiency of their costumers to a relevant extent while simultaneously triggering some astonishment, then the deal is safe and all that's left to do is enjoy the high sales figures.

Pumperlgsund



Finally, a very clear deal. The enthusiastic athlete Göktekin introduces his eggwhite product. Protein counts, among many diet plans, and especially among the ones being utilized by athletes, as especially healthy and low in calories. But what does one do with the egg yolk? The founders are solving this problem in a highly efficient manner. 16 egg yolks can be found in one package without preservatives which can still be stored for 4 months without refrigeration.



Book recommendations:

By Ralph Ohnemus:

Markenerleben. Die Strategie im Hyperwettbewerb und Informationstsunami > [order here](#)

Markenstaunen. Gewinnen im Informationstunami > [order here](#)



Feedback, comments, criticisms
about this article to:
<mailto:braincandy@ka-brandresearch.com>

The author

Ralph Ohnemus, CEO. Director and principle shareholder of K&A BrandResearch since 2001. Was previously a customer of K&A BrandResearch for 15 years. National and international marketing and sales experience in senior management positions including FMCG, fashion, media and telecommunications – most recently as SVP consumer sales responsible for marketing, sales and subsidiary chains at Viag Interkom O2.

Contact: <mailto:r.ohnemus@ka-brandresearch.com>

