

An Entrepreneurial Journey Of Being First To Market: A Case Study

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Oct 9, 2014, 11:33am EDT

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Recently I chatted with Cricket Lee, the Founder of [Fitlogic](#), who created “an algorithm to help women find apparel that fits their specific shape.” We discussed her interactions with intellectual property (IP) as she started her own business, the challenges she faced, and how she overcame those obstacles.

Whether to ask for [Non-Disclosure Agreements \(NDAs\)](#) before talking publicly has been written about extensively but what about when you get to pitch and you hear the question that you do not know how to answer: *Are there any barriers to entry in your market?*



Cricket Lee, Founder and CEO of Fitlogic



It's a common question on incubator applications, at investor group presentations or pitch events, or in business plan competitions. Most entrepreneurs only think of patents as an answer. While this is not the only barrier to entry, that answer is better than not identifying your intellectual property at all (or worse, not including your IP in your pitch deck). Cricket bravely confessed during our interview that she had not

included her registered and protected IP a pitch deck once sent to a potential investor.

I have written before about an entrepreneur who scrambled at the last minute to [secure her patent before a public pitch](#). She understood the staggering cost of a patent lawsuit so ensured that her IP was protected before she pitched the next morning. A patent, trademark, copyright, trade secret, or other confidential information can be difficult for a startup or a small company to defend if someone infringes or discloses.

Another question always asked by potential investors, trial judges, and incubator and accelerator managers is: *Do you have any competitors?* Intuitively, you would think it's best to be able to answer "no" but you would be wrong. First, everyone has competition, even if it's indirect. And having competition is market validation. In Cricket's case, she had created her own market and that opened her up to copycats.

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Mary Juetten: Where are you based?

Cricket Lee: Los Angeles, [CA](#)

Juetten: What problem are you solving?

Lee: We have created a Patented Fit Standard for Apparel, beginning with women's pants as a licensable inside brand to any manufacturer. We effectively solve the "fit" problem in the fashion industry. By correctly fitting 90%–95% of women, fit-related returns drop to less than 7%; and at a minimum, sales double for the licensee

Juetten: When did you start?

Lee: Our research and development (R&D) began within the fashion industry in August 2002. We spent three years doing the fit and program refinement research

with retailers followed by five years retail research in both major brick and mortar and ecommerce channels. The last four years have included all of the data and test analysis as well as the design and execution of consumer direct programs to enable consumer demand; in the two final years we performed consumer direct testing and refinement for final applications to launch through direct response television. Few fashion technology innovators are able to make any traction. Market validation is crucial when you are in R&D since it shows the company what needs follow-on market research, sample production for pilot sales, etc. Many entrepreneurs in this space are unaware of the cost and time commitment needed to pivot multiple times as you gain momentum towards market validation.

Juetten: What's the vision for your company?

Lee: We threw out the current book of fit and totally recreated the application throughout the supply chain and it is a true science. My vision is to lay a well-proven, global brand technology inside any fashion brand by offering a certified fit operating system so accurate that it is capable of being the fit operating system of every label.

Juetten: [Startups](#) are an adventure. What's your favorite startup story?

Lee: When I first began my fit Research & Development and was in early consumer trial mode, I compiled a video called “[See What Women Say About Fitlogic](#)” of women talking about their experiences with fit and Fitlogic. I discovered that women thought there was something wrong with their bodies when they couldn't find clothes that fit and in no way saw the fault being in the way clothing was made. At the time consumer frustration was reflected in the fact that 86% of women were not able to find clothing that fit (source: NPD Group).

Juetten: And of course, any IP horror stories to share?

Lee: I have several and hope they help others:

In the beginning there was only one shape per brand and they were all driven from the fit standards of the 1940s. The manufacturers misunderstood my presentation and thought that I was asking them to increase the number of SKUs (SKU refers to a [stock keeping unit](#), a unique identifier for each distinct product and service that can be purchased in business) and not further segment the category (like they have done in shoes and bras). Every major retailer and brand that saw my presentation felt like they didn't need our technology to offer shapes and then tried to emulate the concept. The same with our online Fitfinder—many algorithms are trying to filter the fit of brands through to women in hopes they might fit them. They were unable to do so exactly but it did two positive things for me: educated consumers and media that

women had different shapes and reconfigured the pipeline to enable the Fitlogic system to be implemented in the future. It was a bit less scary for me because I had a patent from the start, but it's all good now because as I gain momentum it will support the loyalty brand development and positioning.

My second IP horror story: I had been pitching the concept now that I had fully completed all of the R&D and, although I mentioned the IP, I didn't focus on it in my materials. This was one of the [mistakes](#) identified by another Forbes contributor. I realized recently that a company with strong IP commands five to seven times the exit price of retail or "me-too" kinds of companies. And what are investors really looking for? A return on their investment in a predictable time period. In other words, they want a very strong exit strategy. Oops!

Bonus story – Competition is a good thing

When Cricket and I chatted, we talked about the pros and cons of being an innovator within a market (one of the challenges Traklight has faced is steep teaching associated with being first in a market).

Early on, Cricket shared her plans with a trusted person under NDA and that person took her whole plan and copied it at a very large company. Cricket consulted a law firm who offered to help on contingency. The attorneys discovered this multi-billion dollar company would fight and advised her to just keep moving.

The good news is they are only one brand and couldn't duplicate the fit because they don't know how Fitlogic's technology works. The true silver lining is that copycats prove Cricket's concept at mass scale and also educate the industry that it is important to add shape and shape psychology standards to fitting clothing. To date, many major retailers and brands have attempted to solve the fit problem by either (1) adding body shapes to antiquated fit methodologies, or (2) using new technologies to filter thousands of brands and fit through to people. Using a real science—Fitlogic—to solve the problem has been hard for the industry to grasp. But true ongoing innovation keeps an inventor ahead of the game.

Cricket's journey is not uncommon and as entrepreneurs we just need to keep moving, as litigation is not only very expensive but is a complete distraction to running and growing your business.

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