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Be well: Missouri startups focus on wellness

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Cover photo of Sunstation USA dispenser by Dana Rieck

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Ask SCORE: Innovate and adapt

Mark Klipsch of the St. Louis Bi-State region of SCORE offers advice to help small businesses meet and overcome the challenges they face.

As Missouri businesses begin the long, slow process of recovering from the effects of COVID-19, the uphill climb will be steeper for some industries than others. Tourism and hospitality, for example, are expected to see staggering losses.

The pandemic has affected nearly every business around the globe, causing everything from company shut-downs to overwhelming product demand and a shift to remote working.

To ensure your business can succeed long-term, you must be prepared to manage the inevitable changes that will come your way. Your ability to innovate and adapt are key.

Here are some of the lessons in adaptability from SCORE clients in businesses that are forging ahead in the face of COVID-19.

Recognize and respond to customers' changing needs

In times of significant transition, it's critical that you look at what's changing for your customers and rethink how you can best serve them. Loyal customers give you more sales opportunities. Be sure to communicate business changes, including hours of operations, virtual offerings and managerial decisions to keep customers in the loop during shifting times.

Find ways to help your community

Genuinely connecting with your community is a powerful way to build trust, loyalty and name recognition. When it's no longer possible

to do business as usual, find a way to operate that serves those in need.

Never stop marketing

No matter how many things may change, one thing never will — marketing is always necessary, especially during a crisis. Your marketing platforms allow you to connect with customers while better understanding what they need.

Use marketing to communicate, build trust and show how much you value your customers no matter what the circumstances. Communicating is more important than ever right now.

Take advantage of technology

During the COVID crisis, small businesses are relying more on digital tools than before. In a recent Fox News survey, nearly one-third of businesses said that without digital technology, they would have had to close all or part of their businesses during the COVID crisis. Companies are using Zoom, Skype or FaceTime to communicate with customers, demonstrate services, provide quotes and communicate information while on job sites.

This allows them to still service their clients' needs while respecting social distancing and stay-at-home orders. You can bring your current skills and offerings to your customers via the digital world and serve them in a simple yet impactful way.

Adapt to your employees' needs

No matter how responsive you are to the market, you can't get the job done if your employees aren't supported. Review your physical workplace for potential points of

transmission of infection, such as shared desks and telephones, conference rooms and common areas. Increase the frequency of office cleanings, provide more personal hygiene products such as hand gel and/or masks for your employees, review your work-from-home policy and post educational signs on how employees can protect themselves around the office.

Small businesses offer valuable lessons in adaptability

Even in times of relative calm, businesses need to be ready to adapt at a moment's notice. The way many small businesses are handling the unprecedented amount of rapid change during COVID-19 makes them stellar examples of adaptability.

Ultimately, to the degree that companies can adapt and innovate quickly, the results will be incredibly profound. The nimble nature of small businesses allows them to keep their doors open, retain employees and provide customers with necessary services and offerings.

Since 1964, SCORE "Mentors to America's Small Business" have helped more than 10 million aspiring entrepreneurs and small business owners through mentoring and business workshops. More than 11,000 volunteer business mentors in more than 320 chapters serve their communities through entrepreneur education dedicated to the formation, growth and success of small businesses. For more information about starting or operating a small business, call 1-800-634-0245 for the SCORE chapter nearest you or visit SCORE at www.score.org.

Industry

\$4.5 trillion

Total global wellness economy in 2018

(Global Wellness Institute)

6.4%

Amount of growth in the wellness industry between 2015-2017

(Global Wellness Institute)

5.3%

Global economic output represented by the wellness industry

(Global Wellness Institute)

9.8%

Spas accounted for 9.8 percent of revenue growth leaders from 2015-2017

(Global Wellness Institute)

6.5%

Wellness-related tourism accounted for 6.5 percent of revenue growth leaders from 2015-2017

(Global Wellness Institute)

6.4%

Wellness-related real estate accounted for 6.4 percent of revenue growth leaders from 2015-2017

(Global Wellness Institute)

16,004

Number of U.S. spas created between 2013 and 2015

(marketplace.org)

Workers

\$48,242

Average salary of a wellness coach in Missouri

(Zip Recruiter)

76%

Number of workers worldwide who report they are "struggling" or "suffering" in regard to their physical wellbeing

(Global Wellness Institute)

1

Ranking of mental wellness and mindfulness apps among app trends

(Apple)

Five anticipated 2020 wellness trends, post-COVID-19:

1. Surge in online wellness services
 2. Major emphasis on sleep technologies
 3. Optimizing circadian rhythms
 4. Digital detoxing
 5. Advancing DNA testing that informs lifestyle choices
- (Global Wellness Institute)

* All statistics are most recent available.

Life Equals: Nutrients by the shot

By Dana Rieck

Life Equals co-founders Kyle Fitzgerald and Chris Thowe started their venture as a vitamin company. But after participating in Spark!Lab — a hands-on invention program in Kansas City developed by the Smithsonian's Lemelson Center for the Study of Invention and Innovation — they switched gears.

"We wouldn't be here without them," Fitzgerald said of the Spark!Lab. "We worked on creating a pitch deck, scalable idea and how to talk to investors."

Both men were graphic designers before forming their company. When they each had families, they both realized that maintaining healthy eating habits had become their biggest challenge.

"It was a health awakening for us two

personally, and as well as for our families. It has been really cool tying our passion to our business," Thowe said.

"With graphic design backgrounds, we had an understanding of packaging and branding and stuff like that, which has been a really nice way to get into business," he added. "Since we didn't have a health background, we came about this idea organically, and that's paid off in the long run."

A mentor gave them advice that would lead to their most successful product: the Balance the Superfood Shot.

"He said, 'It's not the vitamins. You have to find a really big problem and solve it with a medical solution,'" Fitzgerald said.

When the entrepreneurial pair began speaking with doctors, a theme emerged: averting preventable diseases. Doctors told them prevention was a food problem, first and foremost, and asked them to figure out how to make fruits and veggies easy for patients to consume. Three years later, Balance the Superfood Shot was born. Now a nationally known brand, the two-ounce shots contain the equivalent of half of a person's daily recommended servings of fruits and vegetables. The shots are available in three blends available: the foundation (the company's most popular product), the

immunity and the turmeric blend. They retail for about \$3.75 for a two-ounce bottle.

immunity and the turmeric blend. They retail for about \$3.75 for a two-ounce bottle.

Fitzgerald and Thowe have raised around \$4 million in investments to date, including a seed round that pulled in \$2.2 million. They currently see about 70 percent of their sales online and 30 percent in stores. They've established a partnership with Whole Foods, and their two-year goal is to expand into other parts of the Midwest, the Rocky Mountain region and the Pacific Northwest.

"You have to be extremely tenacious because no one cares about your business but you," Fitzgerald said. "For a product company, it's even more specific because no one is going to sell the product for you."

Added Thowe: "Rather than chasing the good feedback, chase down the 'No' and understand why they aren't buying. [It's] just as important."

Life Equals has seen a surge in sales since the COVID-19 pandemic hit the country. Fitzgerald and Thowe said they believe that's because the shots offer a safe way to obtain nutrients that support a healthy lifestyle.

Thowe said he welcomes entrepreneurs looking for advice to reach out to him at chris@superfoodshot.com.

— Kyle Fitzgerald

PHOTO COURTESY
OF CHRIS THOWE,
LEFT, AND KYLE
FITZGERALD, RIGHT.



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HEALTHIER HUES

St. Louis entrepreneur's 'seven-free' nail products eliminate use of toxic chemicals

By David Baugher

In the internet age, the products of health and wellness startups are increasingly at everyone's fingertips.

Missouri entrepreneur Michelle Robinson is hoping that they can be *on* those fingertips as well.

"We offer a complete line of nail treatments, not just nail polishes but topcoats [and] base coats," said the native St. Louisan and founder of DEMIblue Natural Nails. "We even have a soy-based nail polish remover that doesn't have acetone."

In fact, what Robinson's nail products don't contain is just as important as what they do. She advertises her creations as "seven-free" — a term indicating they lack seven key toxins she said are typically found in conventional polishes. They also don't contain animal-derived ingredients, so DEMIblue's 22 different shades are vegan-friendly.

"I want to impact women everywhere, not just locally," said Robinson. "The problem isn't just in St. Louis."

The problem to which Robinson referred came to her attention while her mother was recovering from breast cancer. Her mother was advised to steer clear of certain products containing harsh chemicals. Nail polish turned out to be on that list.

As a result, Robinson began to do a little research and started to wonder if there wasn't a better option. Given her past experience as a clinical administrator for the Washington University in St. Louis School of Medicine, she was not a complete stranger to the health care industry. She'd even taught LPN and medical-assisting classes.

Equally important, she had a business background as well, with an MBA from Fontbonne University.



MICHELLE ROBINSON, ABOVE, LAUNCHED HER DEMIblue LINE OF POLISHES IN 2018. PHOTOS COURTESY OF DEMIblue NATURAL NAILS

Soon, she found herself talking to physicians and partnering with an environmental chemist before finding a manufacturing facility with which she could work.

"You want to make sure there is no cross-contamination and that their processes are in line with what your vision is," she said of locating the right company.

That vision finally came to life in October 2018 with a full line of brightly hued polishes with festive names such as Sundress Season, 80's Lipstick and Silver Stiletto, all of them "seven-free." Particularly important, Robinson said, was staying away from what the company's website calls the "Toxic Trio" of toluene, formaldehyde and dibutyl phthalate.

Still, creating the product wasn't the hard



part, Robinson said.

"The education piece was difficult because you are changing people's minds," she noted. "You are changing their routines, their buying habits. That was the most challenging thing about it."

Robinson tried to navigate that challenge by organizing focus groups of women in the community. In fact, only two of the polish colors were named by their creator. The rest of the

monikers came from the focus group.

"That's the most important part because I get to have a conversation with women about something that is not discussed every day," she said. "That's nail polish. We talk about our environment every day. We talk about the foods we eat, but no one is talking about nail polish."

More women are talking about it now. Mehlville resident Valeria Rodriguez said she was a particular fan of the "Disco Glitter Glam" shade.

"I like how they are easy to layer and dry quickly," she said. "Especially because of the glitter — it doesn't clump, and it is easy to apply and looks good."

As a vegan, she appreciates the concept behind the polish, but she also likes its practicality. She finds that it helps prevent chipping and breaking.

"My nails are actually strengthened in the process, which is something I struggle with as an artist," she said.

Another fan of Robinson's creations, Susan Jones, said she appreciates the wide range of colors and the high-quality nature of the applications.

"It is really long-lasting," she noted. "I found her product at the Golden Grocer and ended up loving it."

Jones is president of The Belle Effect, a St. Louis-area nonprofit organization that, among other services, helps to provide cosmetics, toiletries, resume-writing workshops and necessary items to assist people who are dealing with poverty, homelessness or illness. The organization uses Robinson's products when working with clients, she said.

"At the Belle Effect, we are well aware that the things we put on our skin and the food that we put in our body has a lot to do with our health," she said.

Jones, a fan of DEMIblue's "Pearls and Lace" shade, also noted that she appreciated the

vegan aspect of the polishes.

"It is important that we are preserving not only the life on this planet but also just being mindful so we can continue the lifecycle on this earth," she said.

Robinson said her early talks with the community were vital — and spurred her to alter the final version of her idea.

"They did change my product because originally I was looking at offering a full line of gel nail polishes, which are very popular," she said. "Those nail polishes contain some of those chemicals that we were trying to avoid. Individuals who participated in the focus group really helped me to stay true to the overall purpose of the product."

She advises any health and wellness entrepreneur that conversations are a key part of the process: Will people buy what you want to sell?

"Talk to people [who] it is going to impact," she said. "Your market is your validation."

After those conversations, Robinson lined up funding, including winning money in a pitch competition. After a database bootcamp at the local library where she learned how to build a useful list of consumers, she was ready to take on the marketplace.

Robinson said due diligence is a key to success. It is important to understand your customers and what they might be willing to pay for in the real world. That's why her focus group effort included both women who were thinking about health-conscious choices and those who weren't. She even put children in the group because little girls wear nail polish, too.

"First of all, what's the problem? What impact can they make?" she said. "And what tools are they willing to gain in order to resolve that issue?"

Robinson said it also is important to know your own product and care about the details.

"The last thing you want is for somebody

to ask you a question about your product and your business and you don't have a clear understanding," she said. "Then you lose customers. You lose opportunities in that way."

It is all part of maintaining authenticity with the consumer, she said.

"We don't claim that it is all-natural. We don't claim that it is organic. We know that it takes certain chemicals to make nail polishes do what they need to do," she said. "We don't hide anything. We don't claim it to be something that it is not."

Today, she offers her products — and her personal manicuring services — online and sells her polishes at three St. Louis-area retail spaces. She often finds herself making housecalls, visiting nursing homes or hosting potluck events.

"It has been very lucrative in the fact that I am able to provide services to women in the comfort of their own home," she said. "I can bring my services to where they are. I think that's been a really profitable aspect of it because they don't have to sit in the nail salon. They don't have to wait."

She estimates that she grosses about \$4,300 a month, and she wants her business to grow. Robinson said she's already working to bring big retailers such as Walmart and Target into the mix.

"We're continuously seeking healthier products so that women have alternatives," she said. "We're always looking for opportunities to place our products into other retail markets."

Robinson said she believes that products aimed at healthier lifestyles have strong growth potential to move beyond their market niche.

"We live in an era of health-conscious consumers," she said. "They are looking for those specialty-type items, those things that speak to overall health and wellness."



ROBINSON'S POLISHES ARE FREE OF WHAT SHE CALLS "THE TOXIC TRIO" OF TOLUENE, FORMALDEHYDE AND DIBUTYL PHTHALATE, AS WELL AS OTHER CHEMICALS FOUND IN OTHER COMMERCIAL POLISHES. PHOTO COURTESY OF DEMIBLUE NATURAL NAILS.

SUNSATIONAL PROTECTION

St. Louis startup finds new use for sanitizer dispensers

ROSS CHRISTOPHER DONALDSON DISPLAYS HIS SUNSTATION SUNSCREEN DISPENSER IN LAFAYETTE PARK IN ST. LOUIS. HIS STARTUP, SUNSTATION USA, HAS SOLD THOUSANDS OF SUNSCREEN DISPENSERS TO CUSTOMERS IN ALL 50 U.S. STATES, CANADA AND MEXICO. PHOTO BY DANA RIECK

By Eric Berger

About four years ago, Ross Christopher Donaldson, his wife, Kate, and their two daughters spent a perfect spring day walking around Forest Park in St. Louis.

It was great, he said — until they got home and realized they all had sunburns.

Kate, who works in public health, asked Donaldson the sort of question that often sparks an idea for a new product: Hand sanitizer dispensers are all over the place, so why aren't there also dispensers with sunscreen?

That question led to Sunstation USA, a startup based in St. Louis that has since sold thousands of touch-free sunscreen dispensers in all 50 states, as well as Canada and Mexico. The company also sells SPF 30 broad-spectrum, eco-friendly sunscreen for use in the dispensers.

Donaldson hopes to soon make sunscreen dispensers as ubiquitous as the kind filled with Purell.

"You will find these at parks and playgrounds, schools, pools, beaches, ski resorts, golf courses — we like to say, 'Everywhere under the sun,'" said Donaldson, who also runs a creative consulting firm and is a professional musician who has released 13 albums under the name Ross Christopher.

While he previously had consulted with other startup founders on their storytelling, marketing, branding and web design, he was now the one with the product.

While Donaldson's business grew 416 percent between 2017 and 2018, it also has faced challenges — even prior to the COVID-19 pandemic and its calamitous impact on so many startups and small businesses.

After developing a prototype in 2016, Donaldson reached out to Blackout Melanoma, a nonprofit organization that aims

to eliminate skin cancer. The group invited him to set up the dispenser at a 5K race in St. Louis.

Hundreds of people used it, and many of them asked why the Sunstations weren't everywhere.

"That was really the confirmation that I was looking for to take it to the next level," he said.

Donaldson developed a business plan and applied to participate in Capital Innovators, an accelerator program based in St. Louis.

Capital Innovators invested \$50,000 — as well as an additional \$50,000 in services, including office space at T-REX, a nonprofit incubator in downtown St. Louis — plus "all of the networking and the on-the-ground business opportunities to really launch a company successfully," said Donaldson.

In 2017, he also received \$50,000 from Arch Grants, which awards equity-free cash grants and support services to startups located in St. Louis for at least one year. The funding from those programs meant Donaldson did not have to take out loans to launch the company.

"I think Ross is very humble and receptive to feedback, and that's something that I look for in founders," said Brian Dixon, chief operating officer of Capital Innovators. Other founders "can have big egos or be abrasive or not very receptive to feedback, and when you are building an early stage company, you have to take feedback [with] every single thing you do, from product development to sales."

A Sunstation dispenser costs \$75, and a pouch of sunscreen for 2,000 applications costs \$50.

"If you were purchasing that [amount of] sunscreen over the counter, it would cost you about \$100 [to] \$125 on average," Donaldson said.

But for businesses and institutions that aren't otherwise providing free sunscreen for individuals, what's the incentive to carry his product?

Donaldson said the largest segment of his business has come from public health officials and directors of parks and recreation departments and aquatic centers.

They are interested in bringing "sun safety and sun safety awareness into their communities by providing them safe and easy access to sunscreen," he said.

Donaldson also has connected with advertising and marketing firms that represent such clients as the St. Louis Dermatology Center or golf courses and are interested in new ways to market their businesses. Those firms can purchase Sunstation dispensers marked with





DONALDSON'S 10-YEAR-OLD DAUGHTER, OLIVE, USES A SUNSTATION USA DISPENSER WHILE PLAYING AT SHAW PARK IN CLAYTON.
PHOTO COURTESY OF SUNSTATION USA

their branding and install them in locations around the community.

"The product kind of markets itself in a very viral way," Donaldson said. "Somebody from a community goes and visits the next-door aquatic center, and they see sunscreen dispensers, and then they go back home and say, 'Hey, we're taxpayers too. We would love to have dispensers at our aquatics center.'"

Sunstation customer Melissa Swank learned about the company and its products through Kate Donaldson. Swank was leading a community health initiative at the Magic House, a children's museum in the St. Louis suburb of Kirkwood, which in recent years has added more outdoor activities including a sandcastle beach and a garden classroom on the roof deck. Swank helped to disseminate information about the importance of physical activity, reducing screen time and spending time outside.

But with the outdoors comes, of course, the sun.

"At the time, we really had no way for people to protect themselves from harmful sun rays — a little bit is good, a lot is not good — and it was really important to me to help promote the idea of being mindful and aware of skin safety," said Swank, who bought three Sunstations for the museum.

Swank was concerned about harmful sun rays because skin cancer is the most common form of cancer in the United States, according to the Centers for Disease Control and Prevention. Nearly 20 Americans die from melanoma each day, the American Academy of Dermatology Association reports.

That organization gave Sunstation a \$30,000 grant to provide free dispensers.

"Increasing the public's access to sunscreen in community parks and pools increases their ability to protect themselves and reduce their risk of skin cancer while on the go," the association said in an emailed statement.

Even though Donaldson was already a

small business owner, he said he encountered a learning curve with Sunstation. He did not have experience with managing a warehouse, shipping or a manufacturing schedule. He contracted with a St. Louis company, Simon Enterprises, for warehousing, logistics and fulfillment.

As Donaldson focused on increasing his business, he ran into a couple of unexpected obstacles. In December 2018, the federal government shut down for a month due to a budget impasse regarding funding for President Donald Trump's proposed border wall along the U.S.-Mexico border. Sunscreen requires U.S. Food and Drug Administration approval, but Donaldson wasn't able to get the substance tested. His company typically ships out the product the same day it's ordered, but instead, customers had to wait two weeks.

"We really take pride in the fact that we

SUNSATIONAL continued on 12

can fulfill orders the day they are made and get product [to people] really quickly, and so we just had to keep track of things and make adjustments, and as soon as the [FDA] was back up and running, we were back to shipping things the same day," he said.

In July 2018, Trump moved to address what he described as China's unfair trade practices by placing tariffs on goods imported from China. For Donaldson, that meant a 40 to 50 percent increase in customs fees for the cost of portable stands imported from China.

Donaldson did not want to pass those increased costs on to local municipalities interested in purchasing his product, "so we ended up feeling the burden of those increases," he said.

Although the U.S. and China reached a "phase one" trade agreement in January, Donaldson said in a February interview that he was unsure whether the fees would decrease.

Still, at that time, Donaldson said he was far ahead in sales compared with 2019 and that he expected to experience 300 to 400 percent growth in 2020. He predicted that would be

due in part to sun safety awareness education. A 2017 study from the American Academy of Dermatology found that only about 2,000 of the 1.7 million people at an outdoor event in Minnesota with complimentary sunscreen actually used the substance — and only 33 percent of those users applied it to all sun-exposed parts of their body.

"A decade ago, no one knew what a hand sanitizer dispenser was, and now they are everywhere — oftentimes right next to soap and water. And I think sunscreen dispensers can be the same thing. When we go outside to a park, a swimming pool or a golf course, we can in the future hopefully expect for there to be sunscreen available to all of us," Donaldson said in February.

But then the coronavirus pandemic erupted, followed by weeks of economic downturn.

Donaldson responded by selling his dispensers for use with hand sanitizer gel, as the market faced a higher-than-usual demand for them. He said the fact that the gel works with his dispensers provided a stopgap for his company at a time when many of his other contracts were put on hold.

"I felt like we had a response to something that is real across the company," he said. "Because of the dramatic influx of COVID-19 and what it did to the global supply chain, we were able to fill that void and still are able to fill that void, but I would anticipate over the coming months, things will somewhat normalize."

And despite COVID-19's disruptive effects on many businesses, the pandemic has made preventive health measures front-of-mind for many people, Donaldson said.

"I really think, moving forward, we are going to see . . . a much more proactive approach rather than a reactive approach that I think a lot of governments have had in the past," he said. "We are seeing the importance of preventative measures across the board now. That's really going to benefit Sunstation."

Donaldson said he does intend to focus exclusively on sunscreen again, particularly as people spend more time outside due to social distancing orders and advisories.

"I expect smooth sailing," he said. "We're in a great spot in inventory and personnel-wise. We just anticipate more and more people being more proactive when it comes to public health."

Looking ahead, Donaldson said he and his company plan to remain in St. Louis, noting that he's not alone in that intention.

"[Other entrepreneurs] are staying here because the startup culture is so strong, and they just love the community, the people, the food scene, the sports," he said. "Everything the city has to offer just makes St. Louis a great place to launch a startup."

Dana Rieck contributed to this story.



DONALDSON HOPES TO SOON MAKE HIS SUNSCREEN DISPENSERS AS UBIQUITOUS AS THOSE FILLED WITH HAND SANITIZER. PHOTO BY DANA RIECK

'A new kind of feel-good'

Missouri kombucha companies tap into growing global market

By Jessica Shumaker

As the owners of Springfield's first locally based kombucha company, Spring Branch Kombucha, Jessica and Chris Ollis are frequently asked a key question: What exactly is kombucha?

"It happens any time we are out sampling in public or any time our retail booth at the farmer's market is open," Jessica Ollis said. "... At least once every hour, someone would ask me, 'What is kombucha?' Or even people who like it would bring a friend and say, 'Can you tell them what kombucha is?'"

The Ollises enthusiastically embrace that question and the opportunity it gives them to market their product — a fermented drink that falls under the umbrella of so-called functional beverages. Functional beverages are marketed to deliver certain health benefits.

Kombucha is a brewed beverage derived from a living organism called the SCOBY, also known as the mother. SCOBY is an acronym for symbiotic culture of bacteria and yeast. Most commonly, the SCOBY is fermented in tea.

The result is a fizzy, tart beverage touted for both its antioxidants and probiotic properties, including supporting gut health.

The Ollises, as well as other kombucha companies in Missouri, have tapped into a fast-growing market in the state and around the world.

According to a Grand View Research report released in February, the global kombucha market was worth \$1.67 billion in 2019 and expected to reach a market size of \$7.05 billion by 2027.

The research firm said explosive growth in the industry is attributed to consumers' increasing consciousness around healthy food and beverages, as well as their interest in maintaining healthy lifestyles.

That rings true for the Ollises.

"For us, it's a healthy choice that is easy to make," Jessica said. "It's delicious, and I think people are looking for grab-and-go items that they can pull off the shelf and know that they're putting something nutritious into their bodies."

The right idea at the right time

The Ollises are relatively new to kombucha-making. About four years ago, Chris Ollis said he was brewing beer when he came across a book on how to brew kombucha. He made the switch, believing kombucha would be a healthier alternative to beer.

The couple came to selling kombucha from the banking industry — Chris remains a

portfolio manager in addition to his work with Spring Branch Kombucha — and they said they had long been interested in the idea of owning their own small business.

"We never had the right idea at the right time," Jessica Ollis said.

They decided to take the first step toward starting a kombucha business after Chris received Jessica's full blessing.

"I wasn't a huge fan of kombucha," she said. "I drank it every once in a while for the health benefits, if I wanted something sort of fizzy and fruity that I knew would be good for me."

At that time, however, she liked only one flavor from one brand.

quickly found a distributor to sell its products in area health stores. Its kombucha also can be found in a variety of local businesses around Springfield, including coffee shops, bars and restaurants.

"We kind of put the ball in motion," Chris said. "We've been reacting a lot since then in terms of the directions we've taken."

The company sold its first product made in its new facility in March 2018.

'An alternative' to alcohol, soda

Across the state in the St. Louis metro is Companion Kombucha, owned by Tom Nieder and his wife, Tricia, of Maplewood.



JESSICA AND CHRIS OLLIS OF SPRING BRANCH KOMBUCHA OPENED THE FIRST BUSINESS OF ITS KIND IN SPRINGFIELD. PHOTO COURTESY OF JEREMY WELLS/LONGITUDE BRANDING.

"Just watching Chris going through the brewing process, I was like, 'That's great you're doing that. I'm glad you're enjoying it. Please keep it away from me,'" she said.

Then Chris asked her to sample one of his brews: a blueberry-thyme flavor. To her surprise, she liked it, and she said she supported the endeavor.

After researching state regulations for manufacturing, they realized they needed to build a commercial production facility. They picked a location on the city's west side.

Chris said building their own facility was a leap of faith akin to making a baseball field in a cornfield, as in the film "Field of Dreams."

Once the building was finished, he said, calls started rolling in from people who were interested in buying kombucha. The company

The Nieders make their kombucha at a facility in Overland. They offer a roster of seven flavors, some of which are available on a seasonal basis.

Their kombucha can be found in 55 Whole Foods stores in Detroit, Minneapolis, Chicago and across the Midwest.

Prior to starting the company, Tom Nieder was a nursing home administrator. His background runs the gamut from being an entrepreneur to running an orthotics and prosthetics company and handling public relations for a hospital. His wife still works in health care — in addition to her work with Companion Kombucha, she also is a medical oncology nurse educator.

Nieder said he's always been interested in

KOMBUCHA continued on 14



AMY GOLDMAN AND SEAN GALLOWAY OWN THE BREWKERY, AN ARTISANAL KOMBUCHA BREWERY IN NORTH KANSAS CITY. PHOTOS BY SCOTT LAUCK

KOMBUCHA continued from 13

food: When he was younger, he worked and cooked in restaurants, and in his personal life, he's been the main cook in his relationships. But he'd never been exposed to kombucha before meeting his wife in 2009.

"She was already making kombucha, and I had never heard of it prior to her," he said.

The two made it at home together, and Nieder said he enjoyed the endeavor. Then one day in 2014, he woke up with an epiphany: They should start a kombucha business.

The leap wasn't too far, he said: The couple always had been drawn to healthy eating and living, whether through practicing yoga or becoming vegetarians.

"We looked into it and said, 'Well, let's do that,'" he said.

The couple took part in the St. Louis Economic Development Partnership's food incubator program, found a commercial space in June 2014 and started working on their recipes. The company formally launched on April 1, 2015.

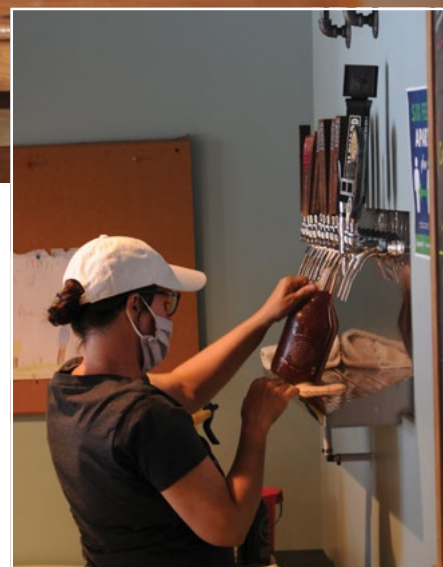
"I like to tell people, 'No foolin,'" Nieder said.

In those early days, he spread word of the company by knocking on doors of local businesses with a Playmate cooler filled with the product, his sell sheets in tow.

By the end of August 2017, the space in which they were working closed, nearly putting the fledgling company out of business. They found their current location in March 2018, and Tom Nieder spent the next eight months building out their production facility.

Nieder said he saw the kombucha trend brewing long before it arrived. He's noticed that young adults are drinking less alcohol and soda, and they are seeking an alternative when they go out to bars or restaurants. He said kombucha fits the bill for many in that space: there is less sugar in kombucha than many other drinks, and it also comes in a variety of interesting flavors.

"It's an alternative, and they can drink it and go be active and leave and do something else," he said. "It really does make you feel good. I tell people it's a new kind of feel-good. You're not going to do backflips, but a lot of people will notice it. You have a general sense of wellbeing."



AMY GOLDMAN FILLS A GROWLER OF ARTISANAL KOMBUCHA FOR A CUSTOMER AT THE BREWKERY.

'I hadn't been sick in an entire year'

That sense of wellbeing also drew Amy Goldman and her husband Sean Galloway to sell kombucha through their company, The Brewkery in North Kansas City.

The two have a passion for fermented foods, and they had been exploring the idea of selling sourdough bread and beer for a business, she

said. They tried selling sourdough bread at the farmer's market for a summer and created their limited-liability corporation in 2015.

Then, a friend who made kombucha at home introduced Goldman to it. Her friend also shared some SCOBY and taught Goldman how to make it.

Goldman said their equipment for beer translated well to making kombucha. She started making it at home, and in time, she was making bigger batches and kegging it to sell at a farmer's market.

By then, the couple was drinking kombucha daily, enjoying it and seeing its health benefits firsthand, she said.

"We went through that winter the next year, and I realized I hadn't been sick in an entire year," she said. "I attributed that to the kombucha, for sure, and just an overall feeling of health and detoxification."

It took about six months to figure out how to establish a commercial kitchen to make the product, she said. They found a space in a shared commercial kitchen, and in April 2016, they distributed their first bottles of kombucha to area grocery stores.

Goldman and Galloway were able to keep costs low by self-distributing and operating in a low-cost space until they learned their commercial kitchen was being sold and they'd need to find a new home.

They found their current location in North Kansas City in an up-and-coming, industrial area with affordable rent. The new location gave them the opportunity to build out a fermenting room, brewery and kitchen on site.

After saving enough money from sales, they opened a taproom out front in February 2018. They sell kombucha on tap, as well as in cans under the label of Lucky Elixir Kombucha, and by the growler.

Today, they have a distributor, and their kombucha can also be found in Kansas City-area locations of Whole Foods, Price Chopper and Hen House, as well as all locations of the Roasterie Café and other locally owned businesses.

COVID-19's impact

Each of the three businesses have seen sales drop from the COVID-19 pandemic, especially sales from local businesses that suddenly were unable to operate fully under stay-at-home orders.

Nieder said his company hasn't yet switched to a direct-delivery model because it remains a small operation, but he's keeping tabs on that prospect. He's also considering the possibility of seeking outside investment in the company.

During a two-week time frame in March, the Ollises said, they had to quickly pivot from a draft-only business to a business selling product in cans.

"We had the equipment available to self-can and realized that, with the draft business taking a real hit, we were either going to have to do this or potentially be in some real trouble," Jessica Ollis said.

Chris Ollis said self-canning has limited their output, however, and they're quickly selling their entire product on a weekly basis. They've invested in new equipment to automate the canning process and sell more product, which they hope to have online in July.

They also implemented a home-delivery service within Springfield city limits, and they continue to sell at their local farmer's market.

At The Brewery, Goldman said overall sales are down about 60 to 70 percent.

"It was a huge hit for us," she said.

The company was able to continue to sell cans and growlers from its location throughout the first months of the pandemic, and it set up an online store for curbside pickup. In May, it was able to reopen its taproom and eventually resume selling food on-site.

Before the pandemic, Goldman said the company was considering selling 12-packs of kombucha online to ship directly to customers. They've accelerated putting that process into place but have not yet rolled it out.

"I know that consumers are just buying so much more online right now, and so hopefully that will go well," she said.



SEAN GALLOWAY AND AMY GOLDMAN, OWNERS OF THE BREWERY, RESTOCK A COOLER WITH CANS OF ARTISANAL KOMBUCHA. PHOTO BY SCOTT LAUCK

'Taking the mystery out of legal services'

KC law firm's Startup Lab offers a boost for new companies

By Jessica Shumaker

Seeking out legal services can be a fraught endeavor for the leaders of startup companies.

Whether founders have concerns about the cost of counsel or uncertainty about the value of having a lawyer on their side in the early stages of their businesses, they often lack confidence when they're obtaining legal services.

One Kansas City-based law firm is hoping to change that by giving startups in the region a hand — offering free legal counsel and access to a deep well of mentors.

Spencer Fane launched its Startup Lab in 2018. The lab is co-chaired by Carly Duvall, who is of-counsel at the firm, and Patrick McAndrews, a partner.

McAndrews said the idea for the lab grew out

uses technology to improve outcomes for individuals suffering from chronic diseases such as diabetes.

Each quarter, the lab will select a new company with which it will work for a three-month period, McAndrews and Duvall said. The firm accepts applications on a rolling basis, and participants are selected following interviews with an internal firm committee. The application can be found on the firm's website.

McAndrews and Duvall said the lab is seeking startups located in the Kansas City area. In terms of development, the firm is looking for companies that are past the idea stage.

"We want companies that will actually use as much as they can of legal services in their three-month period," McAndrews said. "If they're too new, they're probably not going to use our services as much."

The two said the effort aligns with clients the firm already serves: small and mid-sized companies within their geographical footprint.

"It's mostly local companies," McAndrews said. "This kind of worked really well with our brand. We would like to see these companies become these mid-sized companies and stay in the area and generate jobs here."

How it works

With each new startup, Duvall and McAndrews start the first month by meeting with the company's leaders to learn more about their needs and concerns.

In terms of legal work, Duvall said the firm typically starts with formation documents and spends time with companies to learn their business structures.

The second month is focused on connecting startups with mentors.

"We try to connect with three to five mentors in the community, and we use our network — both our client network and our network as attorneys in the community — to connect them with the right individuals," she said.

In the third month, Duvall said, they want to ensure their participants leave the lab with a strong foundation. At the end of the program, she and McAndrews meet with participants to talk about their 12-month business plan.

"We marry that with a legal services plan," she said, explaining that the team talks with the business about next steps and pairs it with legal services they anticipate it will need.

They give the startups an anticipated budget for those services, too. Breaking down legal costs is an especially helpful service they can

provide startups, McAndrews said.

"They're not scared of lawyers, but they're apprehensive to get lawyers at the beginning stages of their companies because there's a mystery [around fees and costs]," he said. "... We kind of take the mystery out of legal services."

'Flip of a switch'

Anurag Patel, the co-founder and CEO of Helix Health, said the experience transformed his perspective on lawyers. In his team's first meeting with Duvall and McAndrews, he had a light bulb moment, he said.

The co-chairs explained to his team that they frequently work with clients when things go wrong, but they were excited to work with the startup because it allowed them to lay the groundwork for warding off trouble later, he said.

"That was incredibly helpful, and it changed our entire thought process on what we wanted to do with this experience," he said. "It really was a flip of a switch."

Receiving coaching and counseling from Duvall and McAndrews was especially valuable for the company's leaders, Patel said.

The firm helped the company to draw up high-level agreements and an electronic data policy. Patel said the connections the company formed with mentors also were helpful, and he encouraged other startups to apply to Startup Lab.

"At a bare minimum, they would have a great relationship with a new set of lawyers, and a great set of assets they'd build up in their legal portfolio," he said.

Duvall and McAndrews are currently working with TravelHive, a web platform that allows travelers to collaborate in trip-planning. Company co-founders Jillian Carlile and Kim Naramore said they jumped at the opportunity to apply when they heard about the lab through Kansas City's startup community.

Carlile said legal services are difficult and complicated to navigate, so they wanted to take advantage of the resource available to them. Naramore agreed.

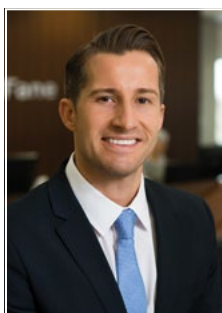
"We knew we had a blind spot in that area and how important it was," she said, adding that as a startup, funding for legal work is scarce.

Carlile said they are "over the moon" to take part in the lab.

"Almost every stage this early is so critical, and having this has helped us immensely being able to take this next step," Naramore said.



CARLY DUVAL



PATRICK McANDREWS

of the firm's participation in efforts to connect established companies in Kansas City with startups. He approached Duvall and posed the question: How could the firm contribute to that effort?

The two put their heads together and hatched the idea of creating a lab in which participants could get access to three months of the firm's legal services — at no cost.

When they started meeting with startup organizations, they learned that startups often struggle with obtaining legal services. They also found that the firm could help companies by providing access to mentorship.

"We started approaching some of our clients who were startups 20 to 25 years ago [as potential mentors], and they were like, 'We love this idea,'" McAndrews said.

They also won over the firm's leadership. The firm workshopped the idea during a nine-month period and selected its first participant, Helix Health, last fall. The company

'Black swan' effect

Survey: Angels will keep investing, but conservatively

By Sharon Fisher

BridgeTower Media Newswires

Angel investors still expect to keep investing in early stage startups despite the COVID-19 coronavirus pandemic but are likely to be more conservative in doing so, according to a recent survey performed by the Angel Capital Association.

"There's less investing going on," said Rick Timmins, board member of the Kansas City-based association. "Angel groups are going to be much more conservative with their dollars and where they write checks."

The association conducted the survey as part of its Angel Funders Report, a three-year project collecting angel investment data, which was scheduled to release its third and final annual report in June.

"It's the key definitive source of angel investment trends and information around the country," Timmins said.

Due to the "black swan" — that is, an unpredictable or unforeseen event with extreme consequences — nature of COVID-19, the group developed a questionnaire of 35 questions that it sent to 58 angel groups around the country in late April, Timmins said. The survey had a response rate of more than 70 percent, which is high for such a survey.

The association is made up of 300 angel investor groups, comprising up to 14,000 individual angel investors, Timmins said. While this is just a small fraction of the estimated 300,000 angel investors in the U.S., the organization does include the overwhelming majority of the major angel investor groups, he said. Many angels invest only sporadically in projects from friends and family, he explained.

Survey results

The good news is that, by and large, angel investors said they expected to continue participating in angel investment groups and investing in startup companies, Timmins said. They also reported that the companies in their portfolios were working with the angels to deal with the current economic situation, such as by asking for federal loan program application help, mentorship and cash flow analysis, he said.

Of the portfolio companies, 86 percent had applied for Paycheck Protection Program loans

from the federal government, 71 percent had reached out for a bridge loan and 80 percent had laid off employees.

Survey respondents indicated that they would be more likely to continue investing in portfolio companies, however, rather than new companies, Timmins said. Moreover, they are likely to be investing less money overall, he added.

"63 percent said they're going to invest less," Timmins said. "When your Morgan Stanley portfolio goes down, that makes you want to tighten your belt a little and get a little more conservative."

Similar to 2008

Ultimately, the effect of COVID-19 on the angel investment community looks much like that of the Great Recession of 2008, and the same is likely to be true for venture capital investors, Timmins said.

"In the 2008 timeframe, venture capital investing fell 40 percent compared with the previous several quarters," Timmins said. "It took almost seven quarters to get back to even."

The drop in investing that already had been seen in the first four months of this year is similar, he said: "It's a very telling statistic that mirrors 2008-2010."

In addition, it's likely that valuations of startups will decrease.

"Half of them are saying valuations are going down," Timmins said. "That exact metric happened in 2008-2010."

While the survey was national, its results are likely to be applicable to states as well, according to Kevin Learned, co-founder and partner of Loon Creek and Sage Growth Capital.

"Our experience from the last two major economic downturns (about 1999, 2009) and initial data on this downturn indicate that early stage capital will be less available; angels will support their existing portfolio companies to the detriment of making investments in new companies; valuations will drop 30 to 50 percent and entrepreneurs should assume capital will be hard to come by and manage their cash accordingly," he said.

Most important: "Angel capital will be a trailing indicator," Learned said. "Capital availability will lag [until] an improvement in the economy."

"It's the key definitive source of angel investment trends and information around the country."

— Rick Timmins, board member of the Kansas City-based association

Looking ahead

Business owners nationally are cautiously optimistic

By Velvet Spicer

BridgeTower Media Newswires

Nearly two-thirds of business owners nationwide feel the worst is behind them in terms of the impact of COVID-19 on their operations, new research from Paychex Inc. shows. But four in five business owners are somewhat or very concerned about a possible second wave of infection.

"Over [recent] weeks, as all 50 states have begun some phase of reopening, many business owners have turned their attention to determining how to best operate safely and efficiently in this new landscape," said Martin Mucci, Paychex president and CEO.

"After an extended period of uncertainty, with more questions remaining, it's encouraging to see that business owners are optimistic about their recovery from this crisis while remaining cautious about the

economy and a potential second wave," he said.

As part of a COVID-19 survey series, Paychex polled 300 randomly selected business owners with two to 500 employees.. The most recent survey was conducted in May. Some highlights:

- 46 percent of business owners report they are fully open and operational
- 42 percent are open on a limited basis
- 12 percent are closed but plan to reopen
- Of the businesses that are open, 30 percent closed at one point during the pandemic
- Of the businesses that are closed, half plan to open by July, and one-quarter will open as soon as they are allowed

In terms of PPP loans, some 37 percent of businesses are not clear on how to apply for PPP loan forgiveness, although 68 percent are very or extremely confident that they will meet the requirements for loan forgiveness. Roughly one-quarter don't think the PPP loan will be enough for them to survive.

Some 45 percent of respondents believe it will take three or fewer months for their business to return to pre-COVID norms, while 57 percent of respondents think it will take seven or more months for the U.S. economy to return to normal. Nearly 20 percent of businesses say they have already returned to pre-COVID revenues.

Business resilience has remained steady since wave one of the survey, fielded April 17-20 — at 70 on a scale of 1-100. Businesses with 50 to 500 employees, fast-growth businesses and Midwestern businesses appear to be more resilient than their peers.

Business owners' top priorities:

- 23 percent are focused on maintaining customer relationships
- 21 percent are focused on managing business as usual
- 14 percent are focused on reducing expenses
- 5 percent are focused on revising their go-to-market approach.

Reopening their businesses has become a higher priority since wave three of the survey, fielded May 1-4

One-third of businesses are concerned that they won't have sufficient customer demand upon reopening, while 31 percent are worried about keeping employees safe at work. Some 84 percent of businesses are somewhat or very concerned about a possible second wave of infection, while

64 percent feel they could survive a second wave financially.

"Paychex will be with these businesses every step of the way, helping them navigate each challenge from access to federal relief to applying for loan forgiveness to bringing employees back to work," Mucci said. "We will do this by continuing to offer resources online, tools in Paychex Flex and effective recommendations from our team of certified HR professionals."

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