

Why Menopod left Arlene Dickinson out in the cold following on-air Dragons' Den deal

[Mary Teresa Bitti](#) | Published March 23, 2015

Each week, Financial Post contributor Mary Teresa Bitti revisits CBC's previous week's episode of Dragons' Den. She captures what the cameras didn't and in the process provides a case study for readers, zeroing in on what pitchers and dragons were thinking and what the challenges for the deal are going forward.

The pitch Barrie, Ont.-based husband and wife Patricia and Steve Copeland entered the Den to make a case for the Menopod. Their invention, which is shaped like a computer mouse and fits in your hand, promises to bring relief to menopausal women suffering from hot flashes and night sweats.

Mr. Copeland, an industrial designer and consultant, began working on the device in earnest two years ago when Mrs. Copeland could not find anything simple or convenient to help her deal with these symptoms. While experts aren't certain what causes menopausal hot flashes, most attribute it to a decrease in production of estrogen. What is clear is it affects about half of menopausal women. In North America alone, 23 million women are going through menopause, with up to 7,000 starting every day, Mr. Copeland said.

"I am the target market," said Mrs. Copeland, who works for a not-for-profit foundation. "A lot of the work I do is presentation-based. Standing in front of people while having a hot flash is not a confidence-builder for clients."



Dragons' Den/CBC/Handout Steve Copeland and his wife Patricia pitching the Menopod on Dragon's Den.

The Copelands wanted their product to be small, easy to use, rechargeable and affordable (it retails at \$179). The fact it resembles a computer mouse is intentional, blending into a work setting. Using the Menopod is as simple as pressing a button to activate it and applying it to the back of your neck for one minute. It will cool to 5 °C in seconds and its battery can be charged from a computer or standard outlet.

The technology — a ceramic chip that gets cold on one side and hot on the other when electric power is applied — has been around for years just not in this specific application. The Copelands licensed the patent from a U.S. company that uses it to cool bicycle helmets. A manufacturer in China that makes everything from electric toothbrushes to swimming pool lights and with which Mr. Copeland had a 14-year relationship was contracted to produce the device.

Before pitching, the couple had attended the Canadian and North American Menopause Society trade shows. They were also in the midst of clinical trials at Queen's University to gain Health Canada's approval to sell it as a medical device in Canada.



Handout/HumanScope *The Menopod is used to help with hot flashes.*

After the show, trial results showed the majority of participants said the device provided relief from their symptoms. The Copelands decided to market the Menopod as a commercial product, which means there's no need for Health Canada or FDA approval.

They also launched a crowdfunding campaign that didn't do as well as they hoped. "We learned our target market isn't using social media funding sites," Mrs. Copeland said.

The deal The Copelands asked for \$400,000 in exchange for a 10% equity stake valuing the company at \$4 million. The money was earmarked for sales and marketing to take the business to the next level. They received three offers and shook on a deal with Arlene Dickinson for \$400,000 in exchange for a 20% equity stake and her endorsement — something they had hoped for going in.

Shortly after taping and based on their decision to sell the Menopod as a commercial product rather than a medical device, the couple restructured the company and decided to leave the deal on the table.

"The timing wasn't right," Mr. Copeland explained. "We are now focused on commercializing as a retail product and have sold into England, the U.S. and Europe. We've sold out of our initial production run and will be launching the Menopod 2 in June, which is 30% smaller. Our goal is to sell into pharmacies and

health food stores, as well as through our website.” The Copelands have brought on a new partner who has experience in retail and direct marketing.

Arlene Dickinson was unavailable for comment.

An expert’s opinion “Anyone bringing a new product to market has two big challenges: raising awareness and garnering distribution,” said Brad Cherniak, co-founder and partner at Sapien Capital Partners, a Toronto-based advisory firm.

“Both require big market presence now, or money. It’s an inevitable chicken-and-egg paradigm for new products because they typically don’t have either. The advent of the Web and social media is giving new businesses a fighting chance both to raise awareness and funds, but it’s a tool not a panacea.

“As these entrepreneurs found out, crowdfunding works best when you already have a choir to preach to,” Mr. Cherniak said. He recommended using resources such as the Network of Angel Organizations, Ontario, which connects inventors to angel investors. But first they need to decide whether this is an on-going business for them, or a one-time opportunity.

“It’s an important distinction because it will dictate how they will manage the opportunity and how much control they should insist on maintaining. This comes down to knowing your risk tolerance and limitations, and your personal goals. Are you going to swing for the fences or take a reasonable deal? The important thing is that you benefit from the opportunity somehow, and not have it slip through your fingers, as is unfortunately so common,” he said.