



LS Africa Presents: Venture Voices

Episode 7:

Growing the Glow from Ghana: A Karité Founder's Journey

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Rossie Turman: Welcome to LS Africa Presents: Venture Voices. Before we jump in today, if you would like to learn more about our Africa practice and some of our upcoming events, please visit lowenstein.com and subscribe to our mailing list to stay in the know.

My name is Rossie Turman. I'm a partner and chair of Lowenstein's international finance practice and co-chair of the firm's Africa practice. I'm excited to be joined today by Akua Okunseinde, one of the three sisters who co-founded the natural skincare brand Karité. Akua holds an MBA with a concentration in marketing and entrepreneurship from Columbia Business School, as well as a BA in economics and political science from Tufts University. With over 15 years of sales and marketing experience with global brands, including Google and American Express, she brings a wealth of experience to Karité.

Today, we'll be discussing her background and her journey in founding Karité, the brand's deep roots in Ghana and Africa, and some of the sustainable initiatives that are core to its mission.

Akua, how are you doing?

Akua Okunseinde: Doing well, doing well. Thank you so much for having me.

Rossie Turman: No, pleasure.

Rossie Turman: So why don't you give me a little bit more about your background?

Akua Okunseinde: Sure. So I'm Akua. I was raised in New Jersey. So I come from a West African family, my parents are from Ghana, and I have two sisters and a brother, and my older sisters were actually born in Ghana before my parents decided to move to the Tri-State area in the late '70s. So my brother and I, who are younger, were born in New Jersey and we were raised in the suburbs of New York. My parents were physicians and so we had a lot of exposure to the medical world growing up. Interestingly enough, only one of us out of the four became a doctor, a dermatologist, which is important for the conversation as we talk about Karité and the business a little bit in this podcast.

But yeah, born and raised in New Jersey, and then fast-forward to college, went to Tufts University in Boston, and after graduating from college, started my career on Wall Street, which was an interesting time pre-Lehman Brothers, so 2006 to 2009, saw all the ups and then all the downs of the market and learned a ton during my time there, just being on a very fast-paced foreign exchange desk at Bank of America. But at the same time, realized I didn't think the Wall Street life was really for me and started to study for my MBA and trying to get into business school during that time.

So was very fortunate to be accepted to Columbia, so went to Columbia for my business school experience, and was able to transfer from the Wall Street life to more of a marketing position at American Express. So worked at American Express for a couple of years, then ended up at Google as they were hiring for tech positions for digital advertising around 2015.

So you're probably wondering how did I get from that to skincare, and we could talk a little bit about that as well. I have always been very, very close with my sisters. As I mentioned, one is a dermatologist, also here in the Tri-State area. And we were in my parents' kitchen one day and we were messing around with shea butter. You guys might know shea butter is indigenous to Ghana, and we have used it as a moisturizer growing up. Whenever we'd go back home to Ghana and visit family, we'd bring tubs of it home.

And we were messing around my parents' kitchen with the KitchenAid and we put shea butter and coconut oil and all sorts of different ingredients in this KitchenAid one day and-

Rossie Turman: It sounds like a wonderful use of that appliance.

Akua Okunseinde: Yeah, my mom was not pleased, but we did it, and we were like, "This is really cool. We should come up with a moisturizer that uses this ingredient," and literally that's how we came up with our business, and this was all happening while I was working at Google. Just on the weekends, we would just play around with different formulations, and eventually, a very long story short, we decided to establish Karité. So yeah, that's how we came to our business tied to the continent.

Rossie Turman: And then I was actually very interested and you kind of sort of... Because I think it's important. A lot of founders have unique backgrounds and those were experiences that you went through, but in what you're doing as a founder, what are some of the things that you're pulling from that past that's just stuff you never... Some stuff you probably expected might help you down the road, and other things, you'll probably be like, "Wow, that actually, that really maybe... Maybe it was great at the time, maybe it sucked at the time, but boy, is really helping me now."

Akua Okunseinde: Yes, this is a great question, and I think about this a lot because the path was very unconventional, but I always tell people every experience really helps to build on the next one.

So my role at Karité largely is to think about business development, think about new partnerships, think about growing accounts with existing retailers, and my entire career prior to this was all in sales. So I've always done work that was client-facing, even though I'm one of these introverted-extroverted people, I never thought I'd end up in sales, but I'm really good at it and I think it's because I've just honed in on focusing on just building relationships with people and then things come from there. At BofA, I was a salesperson. At AmEx, I worked in marketing with actually luxury retailers and hotels. At Google, I did ad sales for almost eight years.

So all of those experiences helped me figure out just thinking forward about growing the business with certain partners, thinking creatively about ways to get more revenue and sales from those existing partners, and that's all from my previous experience. So I never thought it'd be this way, but you just never know where you'll end up and what the experience will help to support you.

Rossie Turman: Well, and all that sales experience as an entrepreneur, you're capturing more of the bottom line of it than you were when you were working for AmEx or others.

Akua Okunseinde: Right. That's right.

Rossie Turman: And so it, I suspect, makes you value the sale differently than you did before in that the compensation from a particular sale, not all sales are equal, and that inequality in the sale, prioritizing it as an entrepreneur is going to be definitely different than if you're just a salesperson.

Akua Okunseinde: Yeah, definitely. And I think it being our own, so we're a family-founded and owned business 100%, I think that just changes the calculus about how we go to market with the brands and the types of partners we want to work with. When you're working for a big company, you don't have a say over that really at a junior level. You're just given an account portfolio, and you have to work with it. But I'm grateful that I'm in a position to make those decisions for us and just be strategic about who we want to work with and who we don't.

Rossie Turman: That's a great segue to another question I want to ask you. This is a founder issue that I see from time to time again where people come with specific expertise in one area, but then when you get to the level of being a founder where you were, let's say, you were a great programmer or a great marketer or you were a finance person and you really know that skillset, but then when you move up as a founder, we actually have to look at the overall effect of that skillset on the business, and I see some founders struggle. They only want to do what they do well, like a lot of people do. I see them struggling to do this, "I need to think about the business, not just the piece."

Akua Okunseinde: Yep, yep.

Rossie Turman: So tell me about your struggles with that transition, if there were some, and advice you may give or things you're still trying to get better at doing because that's a whole different set of considerations that you have to now be making that you didn't have to do before to be good at what your job was.

Akua Okunseinde: Yeah. I think I'm grateful that... So we have the three sisters. One is a dermatologist, and she has her own practice in New Jersey, and so she's full-time on that, but she had the lens for the business for Karité around ingredient formulation, ingredient sourcing, what's actually good for the skin. She brings all the medical-scientific background to the business, which is fantastic. My other sister is a lawyer, she also works for a firm full-time, but is the person who looks at all of our partnership contracts and thinks through those details that I could never think through because I don't have that expertise. And then again, I do the sales and biz dev.

That being said, out of the three sisters, I'm the only person doing this, running the business, on a full-time basis. So my struggle is that I have to be a jack of all trades. I have to act like a general manager and think about things like operations and logistics and marketing and how do we grow on Amazon? I mean, my days are so different and so fragmented that that is a skillset I've had to just figure out over time. Again, as I mentioned, being a salesperson, that was my thing, but then having to be

a detailed-oriented person, that's a different skill that I've had to grow through my years of running this.

And that's hard as a founder because usually, as a founder, you bring one thing, to your point, and you have to learn how to be good at everything and get your hands dirty. But I would say that doing that helps you just understand your business better and be able to speak to so many different facets of the business. For example, if you're trying to raise money, they might ask you questions about your 3PL, your logistics partner, and if you have never done that and you've just outsourced it, then you can't even speak to it as a founder.

So I think it's actually good as a founder to get your hands dirty in all the things because then you can very much, you can speak to it in your sleep, and I do feel like I can do that now, but it's not an easy journey to get there.

Rossie Turman: It strikes me that two reasons why it's not an easy journey. One is just the volume of new information you have to learn.

Akua Okunseinde: Yes.

Rossie Turman: And the other reason is that most of us, when we get to a certain age, we appreciate being excellent at something and we like to stick to our knitting, even if we say we're life-learners. And so it's anxiety-inducing, the fact that I may have to learn something new, and I may not be that good at it initially. I may not be that good at it at all, right? But initially, I'm going to... And so how'd you lean into that? Because I know you were excellent at something already.

Akua Okunseinde: Right, right. You know, I actually think my experience at Google helped me with this because Google, while being a great company, their onboarding, at least the time when I joined, was terrible. You have to just literally show up. They have half a day of orientation and then they're like, "Here's your job," and you literally just have to figure it out. And that was the case, I had three different roles at the company and every role, it was the same thing where it was like, "Here's your job and you just have to figure it out."

So I think that experience really prepared me for this. Every day I get things where I'm like, "I just have to figure this out," and it scares me for a second and then I'm like, "all right, let's just do this. Let's figure it out." You know? So I built that stamina. I don't think I would've been able to be that person a decade ago, but as I said, every experience, work experience I've had, and this is another thing that I would say to founders is it builds that corporate experience because it really does help you figure out how to operate in this crazy entrepreneurial environment. And if I didn't have that, I think I would be much more scared and much more resistant to learning new things.

Rossie Turman: What strikes me like it's going, almost like you noted, back to one of the previous questions, your BofA experience probably gave you a lot more of a view of how corporate machine works when things are working smoothly in a certain way. Maybe there was chaos as well, but it sounds to me like the Google experience with probably transitioning from AmEx and BofA seemed a little bit wilder and that you were just being thrown in and may have been appreciated or not at different degrees is something that's very beneficial, you're saying now.

Akua Okunseinde: Absolutely.

Rossie Turman: You also struck me. Here's the founders' thing. Essentially when you're a founder, you're having some of the things you have to do in the C-suite, right? Which is think

about the overall business. The difference in the C-suite of a large company is you have a lot more support. And here, you have to take a lot more deep dives than you otherwise would as, say, if I'm CEO of AmEx. AmEx, I actually have a head of marketing, I have a head of legal, I have a head of... I have all these people who are head of logistics, head of supply chain. They're reporting to me and all I'm doing is making decisions off of what they're doing, right?

And you actually are the head of all those things as the founder and the full-time founder, and you actually have to be the head of it strategically, but also execution.

Akua Okunseinde:

Yeah, that's the hardest thing. I have an assistant who helps us with a lot of the execution, which is fantastic, but at the end of the day, we are making all the decisions for all of those functions all the time. We can't, as a smaller... And the goal is to get to grow so that we can hire those head-of positions, but at this point of where we are in our early-stage brand, we are making all of those decisions. And it can be exhausting, it can be empowering, I'm not going to lie, because then you really can just chart the course of how you want your business to grow. But there are days where I'm like, "Oh, I really wish I could just give this to someone else to deal with."

Rossie Turman:

There's two other challenges that are... One is not unique to you, which is that you're starting a business and so there's a certain, there's legal issues. I know your sister is the one who you rely on mainly for those, but you're having to refer those issues to her and get her advice. You mentioned the contractual stuff. But also, another unique challenge for you is your business from the very beginning has been a cross-border business, which also creates some unique supply chain issues and legal issues, et cetera.

Let's talk about some of that a little bit because that definitely raised the degree of difficulty for the business, even though obviously, given your familiar ties, some of the cross-border aspect, you would think, was eased. What happens there? You go back and forth, this cocoa butter, this sounds like a great idea, we're with the KitchenAid, we got our sister who actually knows something about this mixing. It's not just us up there going, "Hm. Ah, it feels good." No, there's a lot of stuff going on here. Mom in the background is muttering about why you're using her cooking appliance for making facial creams, she may be a little bit happier about it now, but then you start launching a business and then there's real issues there, both on the cross-border and on the legal.

And none of that has anything to do with you and all the stuff you've done before. Well, you were doing FX, so that's helpful. That was helpful.

Akua Okunseinde:

Yeah, helpful, I mean, only to having to translate currencies, but that's about it, but yes. Okay, I can unpack this a little bit.

So I would say there's three, probably, major areas around cross-border business for Karité specifically. Number one is ingredient sourcing. So as I mentioned, we source unrefined shea butter and palm oil directly from Ghana, so that's one aspect.

Number two is our packaging. We tried everything in our power to source our packaging from the US and it was just cost-prohibitive because you realize you go to the source, which is China, and you realize everyone in the US is sourcing their packaging from China and then they just mark it up. So I said, "Let's just go to the source and buy our packaging." And we took a long time, we had a very specific idea of what we wanted our packaging to look like. So we took a long time to figure out, "Let's find a good reputable manufacturer in China," which we did. We've been working with them since day one, so we've been with them for eight years.

Rossie Turman: That's actually, just highlight that. You gain margin, unlikely place, by cutting out what was a little bit more challenging, but very early on you said, a little bit more challenging to do it that way, but it's not a built-in gain on your margin.

Akua Okunseinde: Correct. And I'm so glad, now looking back, I'm like, "Thank goodness we did that," because inflation and everything so that's a whole other conversation.

So yes, number one is ingredient sourcing, number two is packaging, and then the third thing is regulatory on where you can actually sell your product. So there is a lot of paperwork and you guys might be familiar with this as a law firm, but paperwork that has to be done to register your trademark in certain countries and then your packaging in certain countries has to have certain details that are different by country in order to sell.

Rossie Turman: To Inform the consumer.

Akua Okunseinde: Correct. So for example, we sell in Canada and we have French labeling on our packaging as a result. We actually had to change our packaging at one point to be able to do that.

Rossie Turman: I saw that.

Akua Okunseinde: So those are the three major buckets. There's a lot underneath that, but those are the areas that we have to think about constantly around cross-border business and how we manage that from a cost perspective, from a logistics, actually getting the stuff here to the US because we manufacture our products in New Jersey, and then if we want to sell in other countries or regions, how we may or may not have to adjust our packaging accordingly because it's expensive, and if we want to sell in the UK, we need to have a registered address on our packaging.

We don't have that today. That's a problem. We would have to put a sticker on or make a box for each of our products. Is it worth even doing that to sell in a country that's the size of Alabama? I don't know if it's worth it. I love England. I lived there for a couple of years, but I don't know if it's worth doing, you know? Those are the things that-

Rossie Turman: Well, and you're looking at the likely market and you're saying that given the size of our target market, you're probably better selling, and also who has the number of consumers that can meet the price point, et cetera, et cetera, you may be better selling in Nigeria than England.

Akua Okunseinde: Potentially. Potentially. I mean-

Rossie Turman: Maybe better selling in Brazil than England, given the numbers, right?

Akua Okunseinde: Right. Yes. If we're looking at a sheer, like the consumer base, that's possible. The UK, I think, is 60 million people, so you're talking over double in other countries. It might be worth considering, but then you have price points and all of that. But yes, lots of considerations and that's just a very high level of the types of things that we think about on a regular basis.

Rossie Turman: Well, the obvious thing also that seems to come in there, and tell me if I'm missing something, you're bringing product two ways. Well, you're bringing it to the US to manufacture it, but because you do actually have other foreign markets or non-US

markets, you actually are going cross-border to get your product out, at least in Canada.

Akua Okunseinde: Yes.

Rossie Turman: Obviously, there's logistics in getting it to anywhere in the US as well, although not as daunting.

Akua Okunseinde: Yeah, it's interesting, and we're looking to actually partner with... There are platforms that help in selling cross-border. I mean, obviously Amazon is a natural partner in that. So we're with Amazon in the US and Canada and we're thinking about expanding further because that's just an easy logistics play, but then there are other platforms that are being created to help facilitate this, especially from a shipping perspective, because there are people who reach out to us to say, "Do you sell your products in Nigeria? Do you sell your products in South Africa?" And I would love to, I just, financially, I don't see it making sense.

So I would love to, if there's anyone out there who has a logistics partner that could make it easier to get my products across border, that is a big challenge that we face and we'd love to figure that out.

Rossie Turman: You mentioned two countries that we can talk about at another point, which is South Africa and Nigeria.

Akua Okunseinde: Yep.

Rossie Turman: I have relationships, and we can talk about that.

Akua Okunseinde: Fantastic.

Rossie Turman: Kenya is another place that we can talk about. I suspect, and some of it may be figuring out once you get a little bit of excess, which is not going to be for a while where you should get trials and see, and then the other piece to think about, unsolicited advice, is at what point in time do you create a offshore entity that's part of your operations?

Akua Okunseinde: Yep.

Rossie Turman: Do you get a product that can be quality controlled enough to where now, instead of creating it in the US, you're actually manufacturing it in Ghana and taking advantage of some of the opportunities to ship from Ghana? You may have your marketing, your overhead, and stuff like that still in the US to open up those, but the ability to source it directly gives you a different margin, potentially.

Akua Okunseinde: That is actually the dream. You totally see where we're thinking in the future. That's the dream is to actually stand up a factory locally in Ghana because there's just not only economies of scale for us as a business, but then you can employ more people locally. I mean, there's so many benefits to that. And ultimately, the reason we started our business, we always wanted to do something tied to Ghana and it was always mission-driven. So we source our shea butter directly from women farmers in Northern Ghana, and so we're supporting those communities, their families, their children, and trying to give back to them. It's like the more we can do that through a factory build, the better. That's the goal.

Rossie Turman: So a little pin in it, I'll have my assistant reach out, we'll get some other time on the calendar.

Akua Okunseinde: Fantastic.

Rossie Turman: Also, some Ghanaian contacts that we should start to connect you with and see if there's traction there to support that side.

Giving my little bit about myself, probably a good time to segue on that, I've been doing cross-border business with Africa from an advisory standpoint and other things since '93. And I started off advising small businesses while working for an NGO and that was my first foray, have also done a lot of non-for-profit work on the continent. And then during my time at my previous law firm, was asked, with some of our partners from London, to help start our Africa practice.

I've also done, as I tell people, I've done transactions on every continent, except for Antarctica. So if someone who's listening has an Antarctica transaction, I'd love to be involved so I can check that off my box and have bragging rights of saying that I've done all the continents.

Akua Okunseinde: Right.

Rossie Turman: I don't see that one coming.

At any rate, so that's 30 years of relationships on the continent. It was always mission-driven, and it's been relationship-grown. The one thing about that's unique to a lot of cross-border work, especially in the global south, that's not consistent, I say, with North America or Western Europe, is that it's very relationship-based. We say relationship-based in terms of business in the US, but it's actually very transactional, and I think that you don't understand relationship-based until you start doing business in the global south.

Akua Okunseinde: That's right.

Rossie Turman: And people will criticize certain deals that don't seem to be as economically efficient, but the relationship's way more important than the rounding error where they see some dollars. Part of that is because they don't have the same litigious society. They're not trying to litigate. A, they don't necessarily trust the courts like that, but also, it's not culturally consistent.

Akua Okunseinde: Right, yep.

Rossie Turman: So I actually need to trust you. I can't just turn around and sue you. So there's a lot more time put into making sure that we have a good connectivity, and then that drives just the wave of deals, and you know that culturally and you have experienced now as a businesswoman, but there's some opportunities.

And I think that you also are going to have... Obviously one of the reasons why it's a good time to look at that part of your dream, I suspect, is, A, it takes a little bit of time to execute, so it's not-

Akua Okunseinde: Yes.

Rossie Turman: ... start today to have it whenever tomorrow comes.

Akua Okunseinde: Right.

Rossie Turman: And then you mentioned one, which is the jobs, the mission part of affecting that. And then the third thing obviously is it strikes me that, given the constructs of your business, that there also is going to be some cost savings.

Akua Okunseinde: Absolutely.

Rossie Turman: Once you get to a certain scale, if that makes sense.

Akua Okunseinde: Right, and also just being able to service the continent, like we discussed before, right? It's much harder to do it from here and there's definitely demands for the product. Of course we know, as African people, we use moisturizer and it's part of our daily ritual and routine and people want access and should be able to get access to good products, not just products from the conglomerates, like a Unilever and a P&G, not to knock them, but there should be-

Rossie Turman: No, but we can, but we can because we know that the products that they have been selling for years to Africans, unsolicited comment, is they have often sold their lower-grade products at significant markups.

Akua Okunseinde: That's right. Right, with ingredients that are not actually good for you.

Rossie Turman: And in other countries.

Akua Okunseinde: Right. I'm religious about looking at ingredient lists and I'm like, "A lot of these big companies sell products with terrible ingredients that are actually inflammatory to the skin." My sister will speak about that forever, and ours are clean and they work and we did clinical trials. Our products are effective.

So anyway, there's a lot of opportunity and I think the space is people are always like, "Oh, you're in such a crowded space." I'm like, "Yeah, but there's only actually a handful of brands that make good products, to be honest, and there's room for those brands who are really focused on supporting the communities at home to do what we're doing and be on the ground and distribute products to the people who are in need of them."

Rossie Turman: Tell me something else, because I'm listening to this since I'm not a marketer, I'm a lawyer for all who are listening, but you are a marketer. How much has the story benefited your growth? Because it's an authentic story, right?

Akua Okunseinde: Mm-hmm.

Rossie Turman: Actually, it really was a KitchenAid at the table with three sisters who, they were hanging out, and yeah.

Akua Okunseinde: No, the story's huge, and it's just like our story. It's just who we are. It's not manufactured. It's like we're sisters. We happen to have very interesting backgrounds, the three of us, that are different and complimentary. We spent a lot of time in Ghana growing up, so we're grateful for the story and people love to hear it. And actually, it's helped us even get access to certain retail conversations. People are like, "Your story is so fantastic. We want to have you on the shelf." We're very grateful for that.

And I think the more we tell it, the more brand awareness we can get, and then "cut through the noise," because as I mentioned, it is a crowded space, but I do think that the more people hear the story, the genuine story, the dermatologist backing to it, the direct ingredients sourcing from the continent, people will say, "Wow, now I have access to these awesome ingredients that are actually effective for my skin. Let's try them." And consumers are getting way more savvy about that. There's a big movement on clean everything, clean household products, clean detergent, clean soap, clean shampoo, all of that. And so this is just another clean product to add to the regimen and we're hopeful that we can get the name out for that.

Rossie Turman: Yeah, that's actually where I was also going with the story because part of the story, and you picked up on it, is you have consumers that are looking to participate in sustainability. Sustainability also includes people, right?

Akua Okunseinde: Yes.

Rossie Turman: It's always striking, like how can I say that I'm looking at carbon footprint, but while I'm looking at carbon footprint, I'm doing things that are destructive to people, that they're also part of the environment overall, right?

Akua Okunseinde: Mm-hmm.

Rossie Turman: So there's a certain social impact that permeates beyond sustainable, and sustainable is very intertwined. What am I using in terms of energy for producing my product? Am I all the way down to am I giving my workers a living wage? That's all sustainability, that's all social impact, et cetera.

What are some of the other pieces of that? And it's all part of your story. Some of it, it sounds like there's things for you to execute on because you would like to bring some manufacturing to Ghana and more jobs to Ghana, but what are some of the other things that you're doing or are a part of the, like, "This is where we want to be five years from now, this is what we're doing today."

Akua Okunseinde: Yeah. So I think specifically around the ingredient sourcing aspect, so I mentioned we source the shea butter from women farmers and we work with three co-ops. So they're all women-owned and managed, and the women just run the show. And so they go to the shea farms, which were wild, and they go there and they pick the shea nuts, they make the shea butter out of it, and then we purchase the shea butter directly from them. So there definitely is very much transparency around who these women are. We've visited them twice now. We know who they are. There's a lot of transparency around where we're getting them from, the shea butter, and who these people are, and the fact that as we grow the business, I call it their generational wealth grows. The more we grow, the better it is for these communities, so we're laser-focused on that.

A couple of years ago, we did a sneaker donation, so we got gently-worn sneakers donated from friends and family and we brought them to the women because they were farming in flip-flops, which for many reasons, is not safe or dangerous and not hygienic, and they were getting bitten by snakes. I mean, all sorts of things were happening, and we said, "This can't go on. We need to bring them sneakers." We did. That was a big effort that we brought back to support them. We also provided hats and gloves for them. So again, that they can farm in more sustainable and safe conditions. So that's one aspect.

Our packaging is another focus for us around sustainability, so every component is recyclable and there's no parabens-

Rossie Turman: That's not out of China?

Akua Okunseinde: Out of China, yeah, but remember, we did our diligence.

Rossie Turman: Yeah, no, I mean, that's part of your story. That is part of your story. It's not just the margins. You actually stayed consistent with your values-

Akua Okunseinde: Correct.

Rossie Turman: ...which keep you authentic as you continue to grow, and a lot of founders struggle with that. They avow certain values when they get started and then they're pushed by their investors or for other pressures and they start doing things that are inconsistent with their values at some point in time.

Akua Okunseinde: That's right. That's right. Yeah, we were very laser-focused, and all the packaging components are sustainable. You can reuse them for other things. So we have a jar for our body cream, and once you finish it, you could put, I don't know, your jewelry or whatever. There's so many use cases for them to be reused, so there's that aspect, and then-

Rossie Turman: Do you suggest that in the packaging? Do you suggest to people in their packaging that they...

Akua Okunseinde: We don't. It's a good thought. We do it through emails and on our website. But yeah, I think those are just two super high-level areas of sustainability and we're always thinking about more. I think in our next iteration of packaging, we might do refillables. That's a new trend where you have, let's say, the jar of body cream. Once it's done, instead of buying a whole new jar, you could just buy a refillable to put it in, and that way, you keep the original container and there's less waste.

So there's different ideas that we're thinking about around that, just to continue on that mission of less waste, less all of that, energy use, we're recycling, and all that good stuff.

Rossie Turman: Do you think some of those decisions were easier because of the fact that you stayed, what we would call in the business, you bootstrapped it for a while as opposed to getting initial capital from other places and not having the outside pressure where you have to have that conversation with others?

Akua Okunseinde: Yeah, I think so, mainly because, as I mentioned, we all had full-time jobs while we were building this, so this was very much a passion project, like a weekends project for about five years, and we were successful at it. We knew that there was something there because people would try the products and they were hooked, people were rebuying it, a lot of retention. We got awards from various magazines. We got press on The Today Show. I mean, there was a lot of good stuff that happened to just a passion project. And so in 2023, I made the decision to do this full-time because I was like, "We need to put more muscle behind it for it to grow."

But if we had taken investor money, which we never really considered doing it early on because it was family-founded and we wanted to keep it 100% just that, we would've had a very different trajectory, and we wouldn't have been able to grow it slowly on our own time. I think now we're at the point where we are considering more outside capital because of the new partnerships we're looking at in terms of retail distribution and things like that.

So the tides are changing a little bit probably for us, but I'm very happy, looking back, the way that we decided to grow it at our own time with our own money making all of our own decisions.

Rossie Turman: Let's talk about that capital inflection point that you're at. You need capital to scale, but you actually have an existing business. It's no longer just a concept paper. It's well beyond the phase that many businesses are. You have more than just a minimum viable project. It's a small business. You're actually looking to can it now grow much more rapidly if we get investment, and/or depending on how rapidly we're trying to grow, it may influence the type of investment we're looking to get.

Akua Okunseinde: Right.

Rossie Turman: Although you have bootstrapped it this entire way, depending on your capital needs, you would seem to be beyond the typical seed or pre-seed investor. Although you possibly, if you guys are looking at that, you possibly could do that. But if you did a seed, you're probably pretty close to A round immediately afterwards because of the fact that you're so far advanced on so many other things, so I suspect you're considering that.

There's also the possibility that you're probably considering, do I take an investment from an existing company that, in essence, works somewhat like a bear hug, but they will put money into you because of the possibility of eventually potentially buying you or also because of the possibility that they see some partnership that could be very meaningful? So some companies, there's that possibility, which many of the, as you're probably aware, many of the beauty companies from the Estée Lauders and beyond have VC arms or business investment arms.

And then the other thing, since you have revenue, and this goes back to a little bit more of your background, you obviously have to be considering debt.

Akua Okunseinde: Yes.

Rossie Turman: That's not something that most of the startups who are listening, well, maybe some of them, depending where they are on the stages, but many startups... So how you sorting through that?

Akua Okunseinde: Yeah, it's interesting because we've thought through all of the things you've described at different stages of the business. I think right now, we're considering a family and friends round on a convertible note, so like the debt option, because I think that allows us to... Again, it's a less-pressure situation to a degree. I don't think we want to be a super-high-growth, VC-funded business. I don't think that's what we're looking to do. We want to keep the ethos and the brand story around being family-founded, and I think the smarter way to raise capital is through a smaller, tight-knit community of people who are interested in investing because they think it's a good idea, they like the product, they want to support us, and I think family and friends round feels like the right fit for now.

Rossie Turman: Let's stop on that a little bit.

Akua Okunseinde: Yep.

Rossie Turman: Let's talk about the advantages and disadvantages because other people are considering friends and family. First advantage or disadvantage, it depends on how many friends and family you have.

Akua Okunseinde: True.

Rossie Turman: You describe yourself as an introvert-extrovert, so your family is fixed, right? Family is family. I don't know how big the family is. But the friends' piece, you're an introvert-extrovert, I suspect that your friendships are close, but not particularly numerous.

Akua Okunseinde: Actually, I think numerous in that my business school experience really allowed me to build a wide network of friends that I'm still a very... And business school, mind you, went in 2009 to 2011, so you were thinking you were decades ahead of me, I'm not sure, but it was quite a long time ago. But I'm still very, very close with those people and those people are in positions now that they're great advisors. Even if not actually investing, people have given me fantastic advice and introductions to people, so I'm grateful for those connections. I think Google also helped me with that. So I do think and-

Rossie Turman: Another link back at things that are value-add now that you weren't doing on purpose then.

Akua Okunseinde: Correct. Correct. And I think, again, being it's not a single-founded company, so being co-founded, this is another aspect that I would highly suggest that if you're looking to start a business, have a co-founder or two because it's just a lot to do on your own anyway, but then in this aspect of raising, your network is much wider. So I think we're actually in a decent position around the friends and family for those reasons.

Rossie Turman: Yeah, you jumped ahead because I was going to actually get networking effect because there's multiples of you.

Akua Okunseinde: Yes. And I've actually also heard that investors in general, whether it's angel or VC, they tend to not love single-founded businesses for that reason because they just recognize it's a lot of pressure for one person, which makes a lot of sense.

Rossie Turman: Well, you also... It's more high-risk.

Akua Okunseinde: That too.

Rossie Turman: You're less investing in a team and it's more like picking a mate in a marriage, which is like... And that's a different level of diligence, stuff like that, as opposed to, "No, I think this team together can make it work," and if there's a member that's struggling, there's other ways to add to the team, and also the person already is good at working with a team, and even if it's, in your case, it's family, but there's a team. There's ability to work with others. You don't have a person that's toxic, typically, to be around.

Akua Okunseinde: That's right. Right.

Rossie Turman: The value-add, by the way, on the fans and family, obviously people who invest in stuff usually feel positively about it and talk about it, and so it's a soft-marketing opportunity.

Akua Okunseinde: Exactly. They almost become your brand ambassadors. It's free marketing, so that's also quite helpful.

Rossie Turman: Now, your challenge is, it seems, in structuring that is what's the exit opportunity for them?

Akua Okunseinde: Right. So the way the convertible note goes is there's a certain term period, like three years, and then the idea is you'd either pay them back with interest or it converts to equity depending on future rounds that you're raising. So those are all things to consider. It's almost like you need to think about the future of what the business needs before you then do the round. Otherwise, you'll be in a tricky position.

But I think for where we are now, that feels right. And then to your point about we're not pre-seed because we're revenue, we're definitely about seed because we're still early-stage in where we are revenue-wise, and also where we are traction-wise. We've gotten some great traction, but there's a lot of room to grow, so I think the next stage would probably be a seed round.

Rossie Turman: And then I'm going to raise the question because others are thinking it and I'll have to consider it, why convertible note rather than a SAFE?

Akua Okunseinde: Great question. So I wanted to do a SAFE, and we were advised that because we are an LLC and not a Delaware C Corp, we actually couldn't, so that was really just the reason. It was just legal requirements around what you need to be Delaware C Corp in order to do a SAFE, we're not, and it wasn't worth moving to be one from an LLC, so that was our rationale.

Rossie Turman: That's an interesting point. Why did you choose LLC as a construct as opposed to a C Corp?

Akua Okunseinde: You know, I'd have to ask my sister, who's the lawyer.

Rossie Turman: Yeah, so a couple things on that for the uninitiated. The difference between a C Corp and an LLC typically, unless you're LLC electing to be treated as a corporation, is that it has pass-through taxation much like a partnership. So basically, whatever the profits or losses are on the company, they actually show up in the owner's taxes as opposed to being taxed at the entity level.

Akua Okunseinde: Oh, interesting. Okay.

Rossie Turman: Pass-through taxation. The typical advantage of a family-owned business of being an LLC is the fact that with the pass-through taxation, if it's a lifestyle business, that's actually going to be my main source of income, and doing distributions back and forth is a lot more easy, and also paying taxes is I don't want to have to pay double-taxation, which is if I do a distribution up on... The corporation's already taxed and the moment I do a distribution as a dividend, the dividend is taxed at the individual level, so it's a double-tax if it's a corporation sending money up. If it's a LLC, it's just at whatever your individual tax rate is what the money will be taxed at.

Now, where that will... It hasn't affected you, I suspect, at this point in time because you're probably putting all your money mainly into the business and so there's not really a profit that's being taxed one way or another, so it wouldn't have actually affected you whether you were a LLC or a C Corp. If you decide that you're going to maintain a lot of the family-owned structure going forward and it being an income-generating entity for the family, then a LLC is probably going to be a lot more beneficial, depending on a lot of variety of issues.

If it's going to be that you're going to build a significantly sized company that's going to require outside investment, then you're going to, at some point in time, look to either convert that entity to a C Corp or basically create a C Corp holding company that owns LLC, which would probably be the easy way, and take your outside investment off there.

Akua Okunseinde: Got it.

Rossie Turman: Investors, outside investors of a certain ilk and size, really only want to invest in Delaware C Corps, and there's a lot of reasons for that, given the protections and the ways that you can structure your investment, et cetera, and tax breaks or incentives for investing in small businesses are typically mainly targeted at C corps and not necessarily partnerships or LLCs.

Akua Okunseinde: Gotcha.

Rossie Turman: And so that will, if you get to a different level of fundraising or are considering that, that's when the C Corp issue will become an issue for founders. Just some of it has to do with what your fundraising strategy will affect C Corp verse LLC, and the other thing has to do with how do you see money flowing to you out of the business? Is that LLC or C Corp, et cetera? There's going to be some advantages if you ever were to sell to be selling a C Corp as opposed to LLC as well, but some of that stuff you can do when you have more clarity.

Akua Okunseinde: Right. Yeah, this is helpful, and I know helpful for those listening as well. A lot of intel that I did not know on the onset, I just learned over time, so.

Rossie Turman: Yeah, that's the fun of being a founder and the founder's life. I don't want to take up too much of your time. That's not true. I actually want to take up more of your time, but I'm also trying to be sensitive to your time, and I realize that I just heard a beep, which told me that we hit top of the hour and that was what I told you we were going to use of your time. And you're a busy founder, but I hope we can do this again.

Akua Okunseinde: Definitely. This was a great conversation. I think there's so much more we could delve into, so thank you for having me, and hopefully we get to connect again soon.

Rossie Turman: Yeah, definitely.

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