

**EPISODE 519**

[INTRODUCTION]

[0:00:32.9]

**FT:** Welcome to So Money everyone. I'm your host, Farnoosh Torabi. It is January 9<sup>th</sup>, 2017, and we are very close to inauguration day. After the election, I made a vow to continue to promote successful women on this show. Today is not going to be any different.

Cindy Whitehead is here. She's a trailblazer for future female business owners. She actually went on to invent the very first FDA approved "female Viagra", called Addyi.

After getting that approval, Cindy sold the company, sold the brand for \$1 billion. From there, she's launched an initiative called The Pink Ceiling. It's a strategy and investment firm that she launched last year dedicated to finding and funding innovations for women. She's calling 2017 the Year of The Pinkubator, dedicating her all to promoting female startups especially in the male dominant STEM field, which is science, technology, engineering, and mathematics.

We talked about what it takes to raise money as a female founder, especially when presenting in front of a room full of men as Cindy has done many times. She describes why it's important that female entrepreneurs get less cheerleading and more straight talk. As crazy as it sounds, the sense of loss, loss that Cindy experienced after selling her company for that billion dollars.

Here is Cindy Whitehead.

[INTERVIEW]

**FT:** Cindy Whitehead, welcome to So Money, and happy New Year to you.

[0:02:10.3]

**CW:** Thank you.

[0:02:11.4]

**FT:** We are actually recording this prior to the New Year, but let's fast-forward and pretend it's 2017. I love that given your new mission with The Pink Ceiling, you really want to make 2017 the year of what you call The Pinkubator.

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**CW:** I do.

[0:02:26.5]

**FT:** Yeah. Helping female startups. Tell us a little bit about that initiative.

[0:02:31.2]

**CW:** Sure. We basically invest in breakthroughs, either for or by women. We work alongside them to help women really get to the place that I did, take their idea all the way to market. I'm thrilled with The Pinkubator. I've built, now, multiple companies in the research triangle in North Carolina, and this is a little bit of my giveback. Taking local, either scientists or engineers, and helping chauffeur them through the process.

[0:02:57.2]

**FT:** One of the things you say we need more of is straight talk with women as supposed to cheerleading. You had this great Q&A in the New York Times recently and I wanted to revisit that with you. It's an interesting time politically. I feel like we could use some more cheerleading given just what's been going around and some of the headwinds that some women feel especially when they're in the workplace now and trying to build businesses. You say we need more balance.

[0:03:27.2]

**CW:** Let me tell you what I mean by that. I love the moment that we're having in terms of women starting businesses at a clip of 2 x men. All of these are positive. I think what I mean that can sometimes be missed is candor. Here is what I mean by that. I see a lot of young, bright women who come to me with ideas and they have all the moxie to start their own business, but nobody is giving them the feedback that that particular idea is not scalable or sustainable.

What I try to do in the Pink Ceiling is we try to give really direct feedback to women who come to us with ideas and we say, "You've got all the tops to make it. Go find a better idea." I think they need that. Here is my fear, is if we have a lot of women starting businesses and they're businesses that may work well in a small community, but really don't have the ability to scale. I'll give you an example.

Women who are selling jewelry inside of their sorority system and they think about how do I make this into a business once I get out of college? The truth is it's probably never going to grow to scale. I think we've got to tell them that, because what I don't want them to do is start that, have that fail and somehow that reinforce this narrative that women don't have what it takes to be entrepreneurs. They have everything it takes.

[0:04:46.8]

**FT:** Let's talk about your own personal narrative. This initiative, Pink Ceiling, was really born out of your own journey of taking Sprout Pharmaceuticals from ideation to sale, a billion dollars.

[0:05:00.0]

**CW:** Yes.

[0:05:00.7]

**FT:** You had your own failures along the way. Tell us about that. Go behind the scenes and share the wins and the losses behind that.

[0:05:11.0]

**CW:** Look, that was a difficult process to say the least. Certainly, a storied one that was covered off and in the press. I'll tell you why I did it. I built a business before this. Few people know I've built a business before this with a male sexual health drug, and I'd finally gotten out of that painful stage of startup. We were making money. We were doing well. We were growing month over month, but I was watching the science emerge around women sexuality and what I saw is company after company walking away. It just didn't make sense.

The science was spectacular. The problem was a narrative in society that really didn't accept the biological basis of sexuality for women. I made the hard decision to sell the other business at a moment where we were really in the easy phase, if you will, and I turned around to all my shareholders and said, "I'm going to need money back from you to take this on." I took on getting the first ever drug approved for sexual desire in women, and here is why I did it.

There were 26 FDA approved drugs for some form of male sexual dysfunction and not a single one for women. Not a single one until last year. Made no sense to me. It was not without some pain getting there, because a lot of what we had to do with breakdown, both the curiosity and the controversy that's around sexuality. We all have an opinion when it comes to sex. It had to really get people to turn to the science, understand the science. Ultimately, we got to approval and sale.

[0:06:43.0]

**FT:** This begs the question, is it 'cause we're just still living in a patriarchy? That we don't accept that women deserve the same health attention when it comes to sexuality and sexual desire than men? What is that all about?

[0:06:57.6]

**CW:** I have an unequivocal yes.

[0:07:00.4]

**FT:** Okay.

[0:07:00.5]

**CW:** What that's all about is that we pervasively, in women's health, particularly when it comes to sex, where I've spent a lot of my years and my career, we basically talk things up to psychology. We tell women it's all in their head over and over again. We hide behind this mantra of women are complicated.

You know what? Sex is complicated, and that's if you're a guy or a girl. It is equally complicated. That word alone, complicated, is a great excuse to hold up progress. Certainly, in this category, it was. I can tell you it does in other women's health categories as well.

[0:07:35.9]

**FT:** Once it received FDA approval, you were able to sell it, turnaround, literally the next day for a billion dollars?

[0:07:43.3]

**CW:** Yeah. That was quite a week of my life. I'll tell you, that was building. The FDA has a mechanism where they can assemble a group of external scientific experts. They can review all of the data and basically make their recommendation to the FDA. This happens before the — The FDA takes that under advisement and they may or may not approve the drug. We had that happen with our drug and they overwhelmingly voted to approve the drug.

Big companies took notice. They thought, "Oh my goodness! They are going to get approved." At that moment in time, a number of different companies came courting. We were in discussions leading up to a transaction upon ultimate approval of the drug.

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**FT:** What happened later was not really what you expected, right? After the sale.

[0:08:31.2]

**CW:** Yeah. No. No, not at all. Yes. Look, I think I will tell you having built and sold two companies, founder satisfaction can be elusive. I think it's both exhilarating and excruciating to sell a company, because it is in every sense of the word your baby. You have a vision for it. You see it grow up in this world. You ultimately make hard decisions that, "You know what? It would be better in somebody else's hands."

In our case, Addyi deserved a global footprint. My vision for this drug is always that it would be broadly affordably accessible to women. Women not only in the U.S. would have it, but in Brazil, in Japan and across the globe. It made sense to partner, but your partner doesn't always have the same vision as you do.

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**FT:** What was your takeaway from all of that? How are you now lending this advice to your protégés?

[0:09:24.4]

**CW:** My takeaway is actually to tell them, "Your job as the CEO is to deliver value." I think looking back, "Do I wish —" I wake up every day, I think about Addyi. It will be a part of me forever. I will tell you that it also does deserve a global footprint and needed to be in the hands of a bigger player. I think that the optimist in me — I sold it to a particular company, Valeant, who had their own difficult period of time. It was the last thing in. It didn't get a lot of attention. The optimist in me says, "They will still launch this drug." They said they will publicly. I'm looking forward to that day. I think my advice to — It doesn't change much in terms of talking to other founders of companies that you have to also know when it's time to let go.

[0:10:14.4]

**FT:** What happens when you make a billion dollars? I've never experienced that. Many of us will never experience that. Indulge us.

[0:10:21.7]

**CW:** You wake up the next day and you're exactly the same person.

[0:10:24.7]

**FT:** Are you really though?

[0:10:25.6]

**CW:** Oh, yes! That's the thing. I think I disappoint people all the time who ask me a question. They say, "What did you buy?" I said, "Oh! I bought a pair of pink shoes." They go, "That's it? Where did you go on vacation?" "I didn't take a vacation."

It's just very funny. I think, actually, you wake up the next day — the truth is — this is going to sound ridiculous, there's almost a sense of loss. I woke up the next day having gotten the brass ring, if you will. Yet, had lost, in some way, my baby.

It's a funny period. I can't complain though. Look, you get out of that. You sort of go through that process of how do you step away? How do you look forward? What's next? For me, it was the Pink Ceiling, which is many ways, I think, the giveback.

[0:11:14.2]

**FT:** You sound, so far, to have a pretty strong sense of your financial values. Maybe it wasn't always this way. Before we got on the call, you said you have a weird relationship with money.

[0:11:28.7]

**CW:** I do.

[0:11:29.0]

**FT:** Let's explore that a little bit.

[0:11:31.2]

**CW:** What you've just seen, as I've said, "What happens if you get a billion dollars?" "Well, not much." That's my weird relationship with money and the practicality of it all.

[0:11:40.8]

**FT:** I would have been more concerned if you were like, "I went and bought an island."

[0:11:47.0]

**CW:** That's true. Yes.

[0:11:48.2]

**FT:** That comes with its own bag of drama. Take us down memory lane a little bit. I know you had a very interesting upbringing. You called it nomadic in the New York Times piece. Your father works for, I believe, it was the State Department?

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**CW:** Yes, correct. Yes. I moved every year of my life from the fourth grade through graduating high school. I was nomadic just to say the least. I moved quite a bit. In terms of childhood, I wouldn't trade it for anything. I have a family that is entirely self-made. They believe you've got to go out and you've got to earn it.

If I think back even to when I was a little girl, at Christmas time — I have two big brothers. We would all get gifts. From our Christmas list, what did we get? What didn't we get? My dad had a practice where we would have to give one of them away.

Even when you're little and you've got this bright, shiny, new object that you wanted, it was on your list, and to decide what you're going to part with, was such a great lesson to me, and that you may want it, but you don't necessarily need it. Somebody may need it more than you do. I think that really shaped a lot of my relationship with money.

[0:13:00.7]

**FT:** What did your parents teach you the most about money through their own habits and the way that they conducted themselves? I think that a lot of times, we learn through osmosis. We just learn through being in the environment. It's not that our parent sat us down and said things or taught us things, but we just learn from watching.

[0:13:19.5]

**CW:** Yeah, it was very much earned in household. I can remember when I was little, I had a good friend. We always sort of competed in school in terms of getting the best grade on the test. Her parents would give her money every time she got an A. I can remember going home and trying to negotiate with my parents, that I want money for every A I got. They basically said, "No. That's our expectation of you and what you get from that achievement is the prize of having done it." They did teach me in many ways how you have to earn it. Nothing comes easy. Everything is going to require hard work.

[0:13:55.1]

**FT:** I can only imagine the experiences you had living around so much. I moved around a little bit, and in each experience I encountered different types of young people from different economic backgrounds, cultures. Such a learning experience. What kinds of economic values or financial perspectives did you get from moving around and meeting so many different types of people?

[0:14:20.5]

**CW:** It was wonderful. One of the most unique places I lived is the Fiji Islands when I was a little girl. I went to Fiji in school. Look, that is very much an island culture. People have little means. I think that was a good lesson for me and to the luxury, if you will, of being an American, what you have, the privilege that's associated with that.

I also spent time in overseas school with a lot of diplomat kids who came from wealthy backgrounds. It was good observationally to see how you treat money, if you have none, or if you have a lot. I'm sure that shaped it. Again, I think it goes back to you may want it but you don't necessarily need it. That was good lesson to learn at a young age.

[0:15:09.6]

**FT:** Would you say that's now your philosophy, your overarching mantra?

[0:15:13.6]

**CW:** I probably am very practical about buying decisions. No question. I have some frivolous purchases, to be sure. In general, I would say I'm pretty practical about buying things and not extravagance.

[0:15:29.6]

**FT:** When it comes to business, would you say you're so practical, or that you really do flirt with risk?

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**CW:** Oh, no — Oh! For sure. I'll tell you, I have a completely different relationship with money professionally and personally. Probably, from a professional standpoint, that's what I do. I take big risks. Make big bets mostly on myself, thus far. I think that's always a good bet to make.

Personally, I think it probably shapes with the fact that I'm pretty conservative with money personally.

[0:16:00.1]

**FT:** When you're in the boardrooms asking for funding, typically, in front of a room full of men. As a women, how do that feel? How did you make sure that you are communicating effectively?

[0:16:15.5]

**CW:** I think of what I have always recognized is that you will be underestimated. I embrace that underestimation and turned around and killed them with confidence. I think that's what we need to do. Think a realistic perspective, "Look, I don't look like a pharmaceutical CEO. I don't fit the mold in any way, shape, or form, age, gender, etcetera, etcetera." I'm in there talking about sex. Holy cow!

[0:16:42.5]

**FT:** Yeah.

[0:16:43.7]

**CW:** I knew walking in, and I think my — I sort of enjoyed it. I enjoyed that they weren't going to think that I would be able to just come back, come back, come back. I would start most of my presentations with the science just to cut through a lot of the giggles and everything else that comes when you talk about sex as a matter of course.

[0:17:05.7]

**FT:** Right, because it can be squeamish, uncomfortable. Everyone's got a different upbringing background, perspective on the topic. You neutralized it by really just going forward with the facts.

[0:17:19.6]

**CW:** Yes. Absolutely. A black and white image will set the stage, right? If we're all looking at the same picture, we've got to start the conversation the same place.

[0:17:29.6]

**FT:** Right. All right. What's your take on 2017 in terms of the challenges that we may have that were different from 2016 when it comes to females in the workplace and entrepreneurship? Got to ask that question.

[0:17:43.7]

**CW:** Look, I'm going to go back to optimism and the optimist in me of that at this point, the train has left the station. We're having a conversation — Look, for all of the downside, if you will, of the talk in the last election. The hopeful part of me says that it's brought issues to light and we're having to face them around gender and equality. My hope is the train has the left the station and it's going right through 2017.

[0:18:11.4]

**FT:** What is your advice for someone listening who really wants to take on entrepreneurship in a big way? They're working at a job, or they're staying at home right now with their kids, or they want to emerge as an entrepreneur soon, this year. Where do they start?

[0:18:27.2]

**CW:** I think they start with a mindset. The mindset is you want to own it. For me, that is a personal mantra. Owning it has been fundamental. It's the path to freedom. It's a path to freedom financially. I think, frankly, creatively. It's the path. That's why I became an entrepreneur. That not only was I betting on myself for ultimate return, but I also was wanting to do it on my own terms and build cultures that were cultures I thought that created ownership

among others. That's probably one of the best things of building businesses, is just letting everybody else have skin in the game and watching how that can be transformational to them.

I really do think the first piece of it is the mindset of I want to own it and what are you so deeply passionate about? Look, I love seeing women in science and technology. There's far too great of disparity there, women who go into that field. Look, if that's not what you want to do, I think you have something that is a particular passion. If you're not passionate about it to the nth degree, it's not your calling.

[0:19:32.9]

**FT:** Passion is important, but also being practical and having the money and the runway. Advice on that front; how to really realistically get it off the ground? Passion is important, get that. It's the fuel. You need to also maintain and sustain that passion with real things; resources, money.

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**CW:** Sure. From a practical standpoint, you're going to have to bootstrap it. I like to call stiletto strapping it for women. You have to bet on your own idea. You're going to have to say discard it, because nobody is going to be on you unless you're betting on it yourself. You're going to have to have skin in it.

I think it is a matter of — As an entrepreneur, you better perfect the story of your vision and you need to tell it to everyone you meet. In my case, in particular, I didn't raise money traditionally. I didn't go out to Venture Capital. It was very unusually, particularly in pharmaceuticals which is highly capital intensive. I wanted people socially aligned. I found my way, and it really was one person told a friend, who told a friend, who told a friend. Over the time, I grew a great network of private angel investors across the country who were mission aligned as well as — Obviously, they're investing you for a return. They've got to care about what you're doing socially.

The practical — there's so many resources now for women. I'll step back. There are accelerators, like the Circular Board in Houston. That's a great one. A good place to start. Get into one of these programs that will take you through. It's virtual. You can do it from anywhere.

Whether you're at an idea stage or you've raised and feed money, you're about to go take your next raise. They can help you through that process. There's so many, beyond the Pink Ceiling and what we're doing. There are a lot of groups now explicitly looking at helping female founders find those resources.

[0:21:28.2]

**FT:** In a way small way too, we can all be resources for each other. I may not be running the Pink Ceiling or a big investment fund for female entrepreneurs, but I, in my own way, I'm going to be more devoted to being a mentor, being a resource and creating transparency too. That's so important, because we don't know walking into a boardroom what to expect. Hearing you talk it will at least give us that level of preparation. We don't know how much to ask for. We don't know how much to value ourselves, our companies. The more we share that — So far, I think we're doing a good job of it, but it's not something that we have readily released in the past.

[0:22:07.4]

**CW:** Isn't there a great feeling right now that there's a conversation around really your responsibility in mentoring others? Look, from my professional career and the product that I brought to market, I had a front row seat to women advocating for themselves and each other, and the power in that. I think, now, trying to apply that as well. I can completely agree. You can be a mentor whatever stage you're at to someone else, to your left and your right. I think that's one of our responsibilities as women to each other, is to help each other out.

[0:22:43.0]

**FT:** Did you always know you wanted to be a boss, run your own company?

[0:22:48.9]

**CW:** That's funny. When I was little, I probably always — My play games were that I had companies. I'm convinced so my big brothers could get me to wait on them hand and foot. I

used to have Cindy's Kitchen, and I would deliver things to them from the refrigerator. I'm pretty sure they were taking advantage of me then.

Yeah, I think I always — Let me tell you what I have always had. I've always had a love of businesses, small business, why they work? The experience you have. I really think I've always love that through my entire life and that probably led me to wanting to do it on my own and make my own mark, because I was in cultures in big companies. I started in a big pharmaceutical company. They try to homogenize everybody. It's one way, and I think be out that individuality that really makes the truly great companies great.

[0:23:43.4]

**FT:** Pharmaceutical companies get such a bad rap. The headlines are devastating with rising prices. Is there a movement against this? Is this sort of like the norm and it's going to happen more and more?

[0:23:56.3]

**CW:** No. Look, I laugh. I used to say that pharmaceutical companies are one wrong up the ladder from tobacco companies. At this point, I think they're on the same — It's been an interesting industry to be a leader in, because reputationally, really, I think many of the big companies are our own worst enemy. The truth is, with pharmaceuticals, I've loved it because of what it can do for people. I don't necessarily love how the industry gets it done.

What's happened, I think, overtime, is almost a disconnect in pharma from the patients. That's what you're there for. It's really what inspired me to go smaller, smaller, smaller until I started my own, because I thought that's where the real innovation was, the real sort of connection, if you will, to the mission of pharma, which is to serve patient needs.

Everybody hates — I will say, everybody hates pharma in the light of day reading the headlines. In the dark of night, if your tiled, wakes up with a raging fever, you don't hate pharma. There is a place for it. I would agree that the industry needs to do a better job in terms of reconnecting to the patient.

[0:25:06.7]

**FT:** You're such a role model for so many individual, Cindy; myself, other entrepreneurs, male, female. Who do you look up to?

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**CW:** That's a good question. I'll tell you who I look up to. I look up to startups. I look up to the true startup person. Whoever that may be, guy, girl. My inspiration has always been the people I'm around. I've never had what you would think of as a conventional mentor, somebody higher in the company who I looked up to. I think it's made me passionate in telling others, "Look to your left and your right. Your mentors are all around you." You can learn, I think, from everybody. Honestly, my mentors today are the women who walk in and pitch me. Their energy, their passion in what they're doing. The problems they're trying to solve. That's really my energy source.

[00:26:01.1]

**FT:** Yeah, continued source of inspiration. Okay, before we go, before I let you go, let's do some So Money fill in the blanks. This is where I start a sentence and you finish it. Here we go. You've already won a billion dollars. If you won another billion dollars, not that you want it, you earned it. Seriously, first thing I would do if I won a billion dollars — this time you're not allowed to just let it sit in the bank.

[0:26:27.2]

**CW:** Oh, yeah. The first thing I would do invest in more female founders.

[0:26:31.5]

**FT:** When I spend my money to make my life easier or better, I spend on \_\_\_\_\_.

[0:26:38.8]

**CW:** Travel. I spend my life on the road. A good hotel makes all the difference to me.

[0:26:43.5]

**FT:** Yeah. You got the bug at a quite a young age.

[0:26:46.9]

**CW:** Yes.

[0:26:48.0]

**FT:** Have you been back to Fiji? Was is Fiji?

[0:26:50.4]

**CW:** Oh! I have.

[0:26:51.4]

**FT:** Yeah.

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**CW:** Yes. I haven't since the exit. It's been probably 10 years now, but I have been back as an adult, which was fun. My childhood friends recognized me.

[0:27:00.9]

**FT:** Oh! No way!

[0:27:01.2]

**CW:** Which amazed me. Oh yeah.

[0:27:03.2]

**FT:** Wow.

[0:27:04.0]

**CW:** Look, I was such the odd man out in this school, at a Fiji in school that they teased me that they couldn't forget. Even it had been years and years. That was very fun.

[0:27:13.4]

**FT:** A blonde, white women, the odd one out. Only when you leave America does that happen.

[0:27:19.8]

**CW:** That's right.

[0:27:21.1]

**FT:** When I splurge, I can't do without \_\_\_\_\_.

[0:27:26.1]

**CW:** More hot pink clothing.

[0:27:27.9]

**FT:** Yeah. I always say, if it comes in pink, you must indulge.

[0:27:32.8]

**CW:** Pretty much. That's right.

[0:27:35.0]

**FT:** I'm having a daughter soon, and I'm looking at themes for her nursery and clothes and it's a lot of pink. Honestly, it's a little annoying, but there's no avoiding it. There is avoiding it, but I'm embracing it.

[0:27:52.9]

**CW:** Good. I like that. I totally agree with that. I wear pink all the time, and my feeling is we sometimes run away from gender stereotyping, and I think we should just run right toward it.

[0:28:03.8]

**FT:** Yeah.

[0:28:04.8]

**CW:** It's what I've always done.

[0:28:05.9]

**FT:** It's tapped into your femininity.

[0:28:07.8]

**CW:** That's right.

[0:28:08.2]

**FT:** Maybe my daughter will not like pink at one point, and that's fine.

[0:28:11.1]

**CW:** That's true. That's right.

[0:28:12.6]

**FT:** Right now, I make the decisions.

[0:28:15.9]

**CW:** That's fun.

[0:28:17.5]

**FT:** All right. When I donate, I like to give to blank because.

[0:28:22.6]

**CW:** I typically give to scientific research, because I'm a geek that's what I love. I think that they struggle often to get funding, particularly in areas of women's health. I'd love to see more breakthroughs.

[0:28:34.3]

**FT:** Awesome. Last but not least, I'm Cindy Whitehead, I'm So Money because \_\_\_\_\_.

[0:28:39.3]

**CW:** I own it completely in terms of my financial success.

[0:28:42.4]

**FT:** Awesome. Love that. Love you. Cindy, thank you so much. Wishing The Pink Ceiling so much success in the New Year. If anybody wants to get in touch, the website is [thepinkceiling.com](http://thepinkceiling.com). Thanks for making time for us.

[0:28:57.0]

**CW:** Thanks Farnoosh. I appreciate it.

[END]