

CRAIN'S DETROIT BUSINESS

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MSU student running at full speed with footwear startup

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- Night jog inspired 21-year-old to start light-up footwear company Reza
- He's on leave from MSU to work full time on startup
- Got \$120,000 investment, mentorship from Techstars

Reza's innovative footwear will be put to the test in September at The Speed Project, an annual race between Los Angeles and Las Vegas.

Mustafa Syed was on a night jog in Ann Arbor when he found himself less than a foot away from a vehicle that was moving at about 50 mph.

Mustafa Syed

"I ran across the street and I noticed a car didn't see I was there," Syed said. "I never experienced that before, being that close to a car and having it so close to you. It was dark and I wasn't wearing any reflective gear."

More than 6,500 pedestrians were killed on U.S. roads last year, according to the Governors Highway Safety Association.

The college student's desire to come up with a solution led him to start Reza Inc. in May 2019. He is now on leave from MSU to work full time on Reza, which specializes in light-up footwear using fiber optic light technology for night running, combined with an edgy design.

The product is in the final stages of the research and development phase at Evervan Footwear Co. Ltd. with plans to launch next year. Reza is working to finalize its required certification and aesthetic design by October.

The 21-year-old entrepreneur was able to scrape together \$50,000 of his own funds to develop sample runs before turning to investors.

"It mostly came from my own personal savings and some support from parents and also we did a lot of initial work with our factories. The factories did not charge us in R&D because

they saw potential in our product; it usually would have cost 250,000 in R&D but it was based on a good relationship with the factory. We went to the facility in Asia and stayed there for a few months," Syed said.

Techstars, a Colorado-based seed accelerator founded in 2006, caught on to Syed's idea, bringing the founder and his team onboard for a three-month mentorship program and investing \$120,000 into the company.

"A lot of what you have to go off of is pre-product. So the team is so important because we are betting on that," said Jordan Fliegel, managing director of Techstars Sports Accelerator.

Jack Krebsbach

Syed's road to Techstar was not easy. Many of the early stages of the development were done with him and his business partner, Jack Krebsbach, 21-year-old student out of Hope College who is a founding partner and head of innovation for Reza.

"We bootstrapped our way to Techstars — received \$120,000 investment from them," Syed said. "We are currently aiming to close our \$400,000 round this month."

The team hopes to receive additional funding from Red Cedar Ventures, CitySide Ventures and several angel investors. The funds would help finalize the manufacturing pipeline and supply chain.

The cost of the shoes is anticipated to be \$250-\$300 per pair under a limited release of 5,000 pairs for the first year. The ornamental design of the shoe has been patented as well as the shoe welt's tubular formation, with a Notice of Allowance on four additional patents.

For now, Syed is based in Indianapolis working out of Techstar's offices there. He aims to set up offices early next year in Detroit to have an imprint on the city and collaborate with other designers and creators from Detroit.

"What impressed me is Mustafa, he is very young," Fliegel said. "I thought the product he built is really eye catching. I have tried the product; you can't make it across the corner without people stopping and asking you where they could get one."

The innovative footwear will be put to the test in September at The Speed Project, an annual race between Los Angeles and Las Vegas, which will take place virtually this year because of the pandemic. Five pairs will be fitted to five runners who will race overnight. One of those runners will be Mathew Gowney, a Michigan State University graduate who is the co-founder

and creative director at Thermal Brands, a brand management agency based in Massachusetts. Growney has been working with Reza in an advisory capacity.

The test will be conducted by a company that has a group of runners scheduled for the race who will test the product. Growney would not reveal the name of the company. The process will gather data about usability, visibility and how the shoe feels.

"Rather than send them samples, I told them let's do a usability test. We will be able to see the lighting and if it shuts off because of problems with the initial build, if any light guides break, and how will it handle in wet climate," Growney said. "It is with that data that we hope to assist Reza in getting a commercial relationship to figure out whether this is something they can commercially explore."

Growney hopes the product's technology can be utilized by some of the big brands with which he works, like Puma, to help runners navigate urban and trail paths by making the terrain beneath the runner's foot visible.

Once the initial testing of the product is complete, scaling production would be the next challenge. The footwear is handmade because the lights require manual application, something Reza has not yet been able to do with a machine. There are currently 100 prototypes that have been made.

"How feasible is it for us to make these in 5,000 pairs?" Growney said. "Can this survive high-run production?"

Syed said the company is projecting revenue of \$1.5 million for the first year and \$80 million in its fifth year.

Syed was president of the Entrepreneurship Association at MSU and started Reza in The Hatch, MSU's startup incubator, where he initially got connected with alumni in footwear and other industry experts. The support of the Michigan State ecosystem, including Red Cedar Ventures, has been pivotal to getting Reza off the ground, Syed said.

Jeff Wesley, executive director of Red Cedar Ventures, the venture investment subsidiary of the Michigan State University Foundation, is a key adviser for Reza. Wesley has high hopes for the company but cautioned that it is an early startup and the beta product needs to be correct before they can move to manufacturing partnership.

"I love to work with young entrepreneurs and he is a great example of someone passionate about his innovation," Wesley said, "And he continues to achieve new millstones and he has

been a great networker."

Inline Play

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