

## **Stitch Fix**

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4-5 minutes



### **Let's start from the beginning.**

Founder Katrina Lake started Stitch Fix in 2010 during her second year MBA at Harvard Business School. Unlike other founder stories we hear, she doesn't claim that she was "born to be an entrepreneur." Going to business school was her way of de-risking the process and gave her two study years to explore building a company. Her goals before graduation were to

1. Test different "Hypothesis."
2. Start a company
3. Raise money and be able to afford to pay back her loans

And sure enough just two months shy of graduating, she had raised her Seed round from Baseline Ventures to what was then named *Rack Habit*.

### **You don't need an MVP to get started.**

After dabbling around with a few hypotheses- one of which was exploring the Fishing and Hunting industry- she landed on apparel shopping.

Her thesis at the time was that as the death spiral for retailers has started, and more of the retail shopping experience has shifted online, the nuanced and emotional aspect of apparel shopping has been stripped away. Then it became a matter of how she can deliver an online personal shopping experience in apparel.

Because Katrina took a very scientific approach to company building, experimenting with and validating different hypotheses, she didn't even create a landing page for her new idea. All she needed was a google form.

## **Validating the idea**

As a young student living and studying in Boston, with few friends living in the area, she was continually meeting strangers and friends of friends to build up her social circle. So she leaned into that as well when trying to build her "company" and would send out surveys to friends of friends asking them about their shopping habits and telling them about Stitch Fix.

### ***But how did she buy the clothes, packaging and other stuff she needed?***

She used her credit card, which had a limit of \$6,000. She was able to source and procure clothes from boutique stores with a 14-30 day return window. Whatever didn't sell, she would then return it for a refund.

While she did not make any money from validating the idea, she has also managed to do so without spending or losing any money.

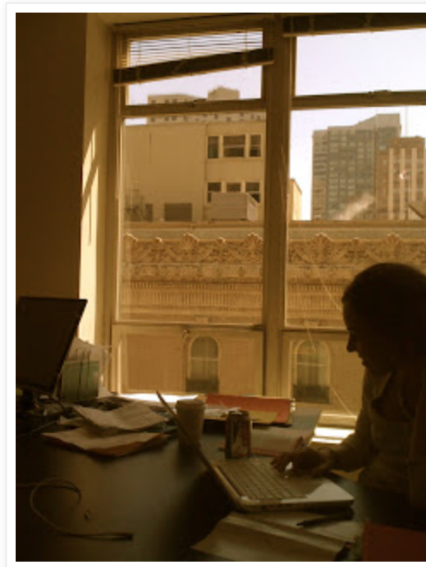
### **After running this test with around 20 friends of friends, she was able to validate that:**

- A survey was etiquette enough to be able to style a stranger. There was no need to be physically around them, as has been the case with personal stylists.
- People were open to and found value in purchasing from new brands they had not heard of before

## **100+ Orders in, still no website**

Friday, June 24, 2011

## rack habit life: our new office



we are loving our new office in san francisco! it's light, airy, and spacious; we could not be happier. and there's emily, an intern, also new, hard at work (note the presence of both coffee and diet coke at her desk).

happy friday, rack habiters!

After validating the concept in February 2010 in Boston while still a student at HBS, Katrina managed to raise a \$500k Seed Round two months later from Baseline Ventures. Between creating "fixes" and shipping them, closing the round, and graduating school, Katrina found no need to build a website just yet. If you wanted a *Fix*, you had to email her and fill out the survey she sent.

### **The first couple of months after raising money go like this:**

- April: Raises Seed and ships 29 orders
- May: Graduates HBS and ships 35
- June: Hires an intern, relocates to San Francisco, **launches a blog**, and ships 110 orders.
- July: Ships 235 orders

### **Finally a landing page**

the latest trends.  
the best new brands.  
delivered to your doorstep.

GET ON THE LIST FOR A STITCH FIX

Enter your email address



Seven months into the company and after hitting a few thousand orders, Katrina finally launched a landing page in November 2011. A landing page where you can fill out the survey and join the waitlist until Stitch Fix was ready to serve you. Sometimes it took two weeks, and other times, it took three months to get your first *Fix*.

The company relied religiously on two aspects to get their first few hundred thousand orders.

- They were mobilizing 50k-100k following Instagrammers who loved the product and encouraged them to post about their Stitch Fix experience.
- Word of mouth from customers through Instagram and Pinterest posts

Sixteen months after starting the company, Stitch Fix hit 100,000 orders. They leaned onto those two organic acquisition channels and kept deferring their marketing budget from one year to the next as they could not keep up with the demand for a few more years.

That's it for today. See you on Thursday. 😊