[01:14.0]

Hello and welcome to the advice line on How I Built this Lab. I'm Guy Raz. This is the place where we help try to solve your business challenges. And each week I'm joined by a legendary founder of former guests on the show who will help me try to help you.

[01:30.1]

And so if you are building something something and you need advice, go ahead and give us a call and you might just be the next guest on the show. Our number is 1-800-433-1298. Send us a 1 minute message with your name, a bit about your business and the issues or questions that you'd like help with.

[01:48.7]

Or you can send us a voice memo@hibtid.wondery.com and make sure to tell us how to reach you. Also, don't forget to sign up for my newsletter. It's filled with insights and ideas from the world's greatest entrepreneurs. You can sign up for@guyraz.com or on substack and we'll put all this info in the podcast description.

[02:09.0]

All right, let's go. Joining me this week is Alberto Perlman, co founder and CEO of the global fitness brand Zumba. Alberto, welcome back to the show. Thank you. Glad to be here. Oh, it's great to have you. You were one of our, actually our earliest guests back in 2017 to tell us about the origin of Zumba and how you and an aerobics trainer, Beto Perez, took this very simple dance class and this concept, and then you turned this global movement that is still thriving more than 20 years after the launch.

[02:41.1]

So it's just great to have you back. Yeah, it's been 24 years. Amazing. For those of you who haven't listened to Alberto's original episode yet, you got to listen to it. We'll put a link to the episode in the podcast description and you can also find it just by searching how I built this in Zumba.

[02:57.5]

Just some amazing stories in that episode. Alberto, before we get to our founders here today, give me a little bit of an update on where Zumba stands right now. Yeah. We've launched our Zumba app, which is getting incredible reviews. That's our consumer app.

[03:13.5]

We have three different instructor apps. We keep growing our instructor network and we keep entering more fitness facilities. We're in 200,000 fitness facilities right now. We have 15 million people taking Zumba classes every single week.

[03:31.1]

It's crazy. We're getting so many people connecting with it. And obviously, and one of the things that makes Zumba so accessible is you don't need anything. You don't need any equipment. Yeah. Your body is the best piece of equipment. Yeah. Alberto, in your original episode, you had mentioned.

[03:48.5]

And again, you guys should go and check it out because it's such a good episode. You guys almost gave up in the early days when it felt like no one was interested in this concept. What advice do you have or do you give to entrepreneurs who are like, I'm thinking, I just want to give up, walk away.

[04:05.3]

Yeah, I think. I think product market fit is key. You need to know that you have product market fit. And we knew we had it because Zumba's original class had a ton of demand. It was one instructor, my business partner Beto, teaching one class in Aventura, Florida.

[04:27.1]

But he had lines out the door. So we knew that people love this. So as we were struggling in the early days to get the word out, we always knew that people loved it. So if you have a good sample size of customers that love your product, that's when you know you can't give up.

[04:47.2]

As long as that sample size is representative of a significant total addressable market, you just keep going and you just keep iterating. I. I like to say that business is a little bit like a blind fly trying to find a hole in a wall.

[05:05.0]

And so you keep hitting the wall, hitting the wall, hitting the wall. But at one moment, you suddenly hit that right angle that resonates with everyone. Yeah. One of the stories. And again, I don't want to give away too much of the episode if you guys haven't heard it, but basically, your partner Beto, you guys had an opportunity to do a partnership with Kellogg's and Frosted Flakes.

[05:27.8]

And he. And while you guys were shooting this video, he ended up putting on the Tony the Tiger costume and dancing to it. And it turned out that that partnership was kind of a game changer for you. It was like a really one of those pivotal moments that really brought Zumba to a wider audience.

[05:45.9]

When you think about and when you advise founders on partnerships and working with other more established brands, obviously it's not so easy. But what advice do you give them? I mean, what kinds of partnerships should people be looking for? Oh, partnerships that provide awareness and reach brand alignment.

[06:05.0]

Even though we weren't promoting sugary cereal, we were really working with Special K, but we did a kids video that had Tony the Tiger in it. And one thing that really resonates with me is that when you're starting out and even later in a business, one of the key elements of a good entrepreneur is that Nothing is beneath you.

[06:26.9]

Like, yeah, right. That day, Beto dressed up as Tony the Tiger, and he was sweating, and, like, no one understood how Tony the Tiger was dancing so well, because this is a big costume and heavy costume, and we had to give him oxygen in between every song.

[06:43.1]

And we also, that same year, had a Zumba event, and the valet parking guy didn't show up. And I was parking cars. I was parking people's cars because I wanted people to have a good experience. And so nothing can be beneath you. But going back to your question of the partnership, I would focus on companies that can bring awareness to your brand, but you need to really make sure you can add a lot of value to them, because if it doesn't resonate with them from the beginning, it's very hard to navigate bureaucracies of bigger companies.

[07:12.7]

And we got lucky. We got lucky that at that time, the CEO of Kellogg's, his wife had bought the Zumba VHS tapes off television. And so she told him we should do something with Zumba because it's just magical, and people are having fun and people are working on.

[07:30.6]

And that's the only way we're gonna get to talk about fitness in a fun way. Yeah. And it's just those kind of, like, serendipitous things, like, his wife liked it, and then it got to him, and then it eventually had this big impact. And that. I think that that's, you know, sometimes.

[07:47.3]

Oftentimes it is those serendipitous moments, but you had to make those videos and do those infomercials to even reach some people. Yeah. Yeah. And also, it's funny because I've seen entrepreneurs that at the beginning, they say no to things like that, and they're like, no, that's not for us.

[08:04.1]

And what. And they. They. They're not curious. Like, we were curious to hear about everything and everyone who wanted to work with us in any way. And listening is so important and having your eyes and ears open all the time, listening to the customer list, but also exploring with your eyes, looking at everything.

[08:21.4]

All right, well, Alberto, we of course, called you to join us on the advice line to help us give advice to early stage founders. Let's open the lines. You ready? I hope we can help them. All right, let's bring on our first caller. Hello, caller. Welcome to the advice line. You're on with Alberto Perlman.

[08:38.4]

Tell us your name, tell us where you're calling from, and just a little bit about your business. Hi, gentlemen. My name's Stephanie Miller. I'm calling out of Detroit, Michigan. I'm the founder of Barletics. I created a grippy performance skin that's used for bar yoga, Pilates and it competes with the yoga sock.

[08:57.7]

Got it. Okay. Welcome to the show, Stephanie. Thank you for calling in. Okay, let's dive in here. A grippy skin. This is designed to when you do yoga or Pilates because these are exercises you do barefoot. Generally you wear these to hold your grip so you don't slip.

[09:15.0]

Exactly. And it's an all over grip. So I always think of it kind of like all the little grippy dots that are on the bottom of a yoga sock. They sort of form together and then all of a sudden you have a full on shoe. So the whole skin is grippy. Oh, cool. It's a cool idea. Tell me how did you come up with this?

[09:31.4]

How'd this start? Yeah, so I was obsessive about taking barre class and if you don't know, barre is a combination of yoga, Pilates. So I started taking it every day. I think Honestly I went 365 days for the first year.

[09:47.1]

Wow. Yeah. And I kept, I would say about six months in, I kept slipping in the yoga sock. I would be in flat back chair pose. I'd be inside plank and I'm like, this is ridiculous. Yeah. Because a bar, just a bar studio is on a wood floor. It's like a studio for ballet, basically. Exactly.

[10:02.2]

That is exactly what it is. Yes. So I, you know, I was inside plank and I kept slipping and. And the idea literally popped into my head. So I was like, I have to make this. So that night I went home and basically designed the prototype.

[10:17.9]

And now. Okay, so now I'm looking at your website. So basically this is designed because really in yoga and barre you want like your toes to really push into the ground. So this is designed to like let your toes do that and it fits over the rest of your foot and I guess prevents you from slipping and sliding.

[10:36.0]

Exactly. It also grips you from the sides, I guess, which grippy socks don't. Right. We're talking about side plank, right? That's right. It grips from all over. And the socks don't do that. If anything, they work against you when you're trying to do side plank or anything at the bar.

[10:55.1]

Tell me a little bit about the business. How did you finance it? Yes, so I financed it through basically other businesses that I have. And I also brought on a business partner who has a background in injection molding.

[11:12.6]

So we sort of work together. He did a lot of after Car market, industry parts. So he was really good with the tooling part of it. Good to be in Michigan for that reason. A lot of people in that business. Yes, it's so true. So it worked out quite well.

[11:27.9]

So it's definitely an interesting pairing, the two of us. And so. So that's how I did it. He was sort of an investor early on and then I brought money to it and now we're over a million dollars in investment. In investments.

[11:43.7]

And what's your revenue looking like? Yeah, so I'm selling a few hundred pair a month, so I'm not where I want to be. But it's all been organic, which is kind of amazing. And I have a lot of customers that come back two, three, four times over at this point.

[11:59.5]

You're selling only direct to consumer. Only direct to consumer. I have started getting studios to pick me up, but I haven't really approached them yet. What's the cost of a pair? They're $74 and they're made in the U.S.

[12:15.6]

they're made here in the United States. Made in the U.S. yes. Made in Michigan, right? They are made in Michigan. All right, tell me what your question is for me. Number two. Yeah. So the interesting thing is I have been approached by StartEngine. I don't know if you know who they are, but it's a platform that has CROW funding and I'm debating if this is the route I should take or if I should focus on perhaps bringing on a partner that could help me grow the business quickly.

[12:44.5]

So I could be more on a two to three year plan of getting my product everywhere instead of a ten year plan, growing it organically, essentially. It sounds like you're looking for more an injection of capital to really spend on marketing and trying to push this out.

[13:02.2]

That's exactly it. I'm sort of at the crossroads right now and I think that that is the path that I need to take. Stephanie, how much money are you looking to raise? That's a good question. There's probably different pockets of money.

[13:19.2]

I feel that if I was going to go the marketing route and maybe more inventory, it would probably be around 250,000 onwards. Up to 500,000, up to a million. And it's. And I could break all that down for you. Yep. So, Alberto, I mean this is obviously this is a dilemma that many founders face.

[13:38.2]

You have raised money in the past and so, you know, depending on the business and where it's at, it can be a bad idea and sometimes it can be a very good idea. We are happen to be in a. I think you'd agree with me, Alberto, a challenging environment for consumer brands to raise money. It's just for anyone that doesn't isn't selling AI, it's probably hard to raise money.

[13:58.5]

It's challenging. And I guess my first question to you, Alberto, is, again, I don't know enough about StartEngine or other crowdfunding platforms like that one. But presumably that's not her only option. It's not Stephanie's only option here. It's not. But I actually think there's something interesting about these platforms.

[14:15.5]

And depending on their reach, I know that peloton, when they started, they did one of these platforms. And it also gets you customers. That's the thing. Because if they're emailing a million people asking them if they want to invest in something like this, there's a million people who are going to learn about your product.

[14:35.6]

So I think that's interesting from that angle. I also think that there's ways to bootstrap this business without having to raise money. And there's a book maybe you should read. It's called the Lean Startup. Okay.

[14:52.1]

And it really talks about this testing methodology, quick rapid testing for your advertising or reaching out to bar studio owners or yoga studio owners, and especially the ones that are trending. Like there's a studio here in South Florida called Yoga Joint that's killing it.

[15:09.8]

It's so packed. And everybody talks about Yoga Joint. And if you're able to do a deal with them and potentially have your shoes with the Yoga Joint brand on it be sold there, that's a way to get the brand out. That's a way to get the concept out.

[15:26.7]

And it might not cost you much, just inventory. Yeah, I think that's an interesting, really interesting idea here and a great point. The other thing is, Stephanie, is that you. I'm looking at your website here, says you're a former fashion model. There are photos of you doing some of these exercises, wearing these shoes.

[15:45.5]

I mean, you clearly have the opportunity and the ability, like Sadie Lincoln with Bar three, to kind of be the face of this brand. I think that there's a lot that could be interesting to investors. The one question I would have for them, obviously is what does it mean?

[16:03.0]

Presumably your co founder, co partner, the guy who was working in tooling for the automotive industry, he owns a portion of the business now you're going to have to give up a significant chunk, which is of course always a negotiation. And you have to figure out what you're comfortable with right.

[16:20.3]

Alberto, when it comes to things like giving up ownership, I mean this, this stage in the game, it's still very early for. It's very early. It's very early. I remember I offered investment in Zumba to four or five different friends of mine the early days and they could have bought a third of Zumba for $300,000.

[16:40.2]

And I'm glad I didn't do it. I'm so glad I didn't do it because that equity down the road was worth so much more. Like 100x more. Right. So I think that you should be careful in like there's this whole allure of raising money, but there's other ways to finance.

[16:59.4]

There is. Like I said, doing a deal with the studio is a way to finance. And like instead of us raising money, we ended up financing through Kellogg's. Our deal with Kellogg's in the early days of Zumba is what allowed us to sustain the business.

[17:16.9]

There's also, if you need to hire people and you can't afford big salaries, you could do near shoring. And we work with an agency called Latime Partners. And latime Partners, L A T E A Partners.

[17:32.5]

They find people for us in Latin America that are English speaking, that are great at marketing, that are great at software, that are great at different things that we need and we're able to augment our team. So there's different ways to think about financing a business. I do like the, the idea of, of crowdfunding though, because of the getting the word out more of the marketing side than actually the financing side.

[17:54.5]

So yeah, I'm trying to balance those things. Getting just an investor to put up to 50. I think you might have to give up a big piece of your business for that. Okay. And Alberto's point about partnerships here is really crucial. I mean Sadie Lincoln is all over link.

[18:11.4]

She is a huge supporter of women owned businesses. As you know, as a business owner herself. I mean she's somebody you could literally cold reach out to. We're happy to make an intro. I was going to say, Alberto, can you make an intro? I didn't want to ask, but since you offered, we're happy to make an intro.

[18:26.7]

Oh, I would love that. Yeah. And I would also try to get some maybe business to business news out there so that other studios can learn about this and say you're open for business to work with different studios on a wholesale basis. And so I would work with people like the, the team over at Athletic News.

[18:45.7]

Athletic news reaches 100,000 different fitness industry Executives, a lot of them in yoga, Pilates and bar. So. Okay. I think you have an opportunity in whole for sure.

[19:01.5]

Stephanie Miller, the company is called Barletics. Thanks so much for calling in. Best of luck. Thank you. Thank you, Guy, for having me on. Alberto, thank you for your wonderful advice. Good luck, Stephanie. Bye, guys. Thank you. Bye. Thanks. Yeah, I mean, it's, you know, it's actually amazing how many, and I'm sure you get this, Alberto, like how many people just don't realize that you can really, you can just cold email people and look, they're not always going to reply.

[19:27.7]

I get a lot of cold emails that I just, I do not have the capacity or time to reply to. But, you know, now and again, if I can, I will reply. But sometimes, oftentimes that is the best way. Cold email, LinkedIn, Instagram messaging. There's so many ways to message someone and if you catch their attention at the right.

[19:45.8]

I've responded to cold LinkedIn and suddenly it becomes a huge deal for us. Like, somebody called me once in 2010 about doing a video game for Zumba, and it was, I think, through LinkedIn. And if I wouldn't have responded, we wouldn't have had our video game, which then became one of the top sellers.

[20:04.7]

We sold 14 million Zumba video games. Wow. All right, we're going to take a quick break, but when we come back, another caller, another question, and another round of advice. I'm Guy Raz, and we're answering your questions right here on the advice line on how I built this lab.

[20:38.0]

Welcome back to the advice line on how I built this lab. I'm Guy Raz, and my guest today is Alberto Perlman. He's the co founder and CEO of the Latin dance craze and fitness program Zumba. And we're taking your calls. And let's bring in our next caller. Hello, welcome to the Advice line. You're on with Alberta Perlman.

[20:54.4]

Tell us your name, where you're calling from, and just a little bit about your business. Hi, my name is Jack Schrupp. Thank you so much for having me. I'm calling from New Hampshire, and I'm the founder of Drink Wholesome, which makes protein powders for sensitive stomachs. So if you have chronic digestive issues or if you're just sick and tired of protein powders that upset your stomach or make you bloated, Drink Wholesome is for you.

[21:18.1]

Awesome. Well, thanks for calling and welcome to the show. I'm a protein powder drink consumer myself. Me too. Yeah. Aren't We. All right, and so first of all, Jack, tell me a little bit about what makes a protein powder upset someone's stomach. What ingredients?

[21:34.6]

I would say most of them. We use a short list of simple ingredients. We don't use any food additives whatsoever. We don't use dairy, which is one of the most problematic ingredients. And the key differentiator for Drink Wholesome is that we are one of the only protein powders made from whole food protein sources, not protein concentrates and isolates, which are technically ultra processed foods stripped of everything but the protein, including the fiber, the enzymes, the other natural digestive aids that help you break them down.

[22:07.0]

And for some people, that doesn't make a difference. But for someone with a sensitive stomach, that can be a game changer. All right, so now I'm looking at your site here. Drink Wholesome. I mean, it's very simple ingredients you're using, which is great. I've seen there's egg whites, coconut. I mean, you use monk fruit. So there's no sugar in these products.

[22:23.1]

By the way, the branding is great. It's clear. It reminds me a lot of Rx bars. Were you inspired by Rx Bar? I thought about the same thing. Absolutely. We put the ingredients right on the front of the package and what you see on the front is what you see on the back. And transparency is very important.

[22:40.1]

People with sensitive stomachs need to know exactly what they're putting in their body. Cool. Jack, you seem like a pretty young guy, which is awesome. Is this your first business? This is my first business. Oh, awesome. Okay, so tell me how you started. Tell me the story about the business. The idea for Drink Wholesome came from personal needs.

[22:57.8]

So I was a two sport college athlete training year round. I used protein supplements as a convenient way to fill in gaps in my diet. But despite my best efforts, I couldn't find one that didn't upset my stomach. So I made my own. I bought a spice grinder, I went to the local health food store and I created a recipe that although it wasn't the most soluble nor the best tasting, it didn't upset my stomach.

[23:20.4]

That was a first. And this was something that I used or made for myself and used myself for a long time before considering the idea that other people might benefit from it as well. All right, so when did you decide to turn that into a business? So after graduating college, I worked as a boarding school teacher.

[23:36.0]

I taught French. I lived in a dormitory with a whole bunch of kids. I coached sports. And the great thing about being a boarding school Teacher is you get the summers off. So that first summer I took to developing my product, finding someone who could make it, establishing a business, it took a while and then I ran it as a side hustle for almost four years.

[23:57.8]

That's awesome. Then. And now it's still direct to consumer. You sell this through your website, Correct? We sell on our website and on Amazon. Okay, so you launched this and how much money did you put into it to get it off the ground? I saved up all the money I had from summer jobs and from teaching, which wasn't very much, and that amounted to around $20,000.

[24:19.9]

And that allowed me to buy all. I built my own supply chain, so it effectively allowed me to buy the ingredients and the packaging I needed to make the first batch. All right, tell me a little bit about where the business stands now. Give me a sense of your revenue, of what you guys are doing. We crossed the $2 million threshold this year, which is, wow, amazing.

[24:37.6]

It is a great accomplishment, but it's been a grind. It's been about five years now. And so the growth has been incre. And today I work with my younger sister. We're a two man team. We outsource things like warehousing, fulfillment, production, but at the end of the day, it's Tessa and Jack behind the.

[24:58.4]

Behind the brand. That's awesome. To 2 million in revenue. Which means that obviously you've got your costs and then probably the rest of the money is going right back into the business in marketing things. And you're probably not paying yourself a whole lot yet. Correct. I invest as much as I can back into the business.

[25:15.1]

We don't spend a ton on marketing like other direct to consumer e commerce brands because our main marketing tool is practitioner referrals. Because our target customer is someone with a sensitive stomach, we work with dietitians and nutritionists, in some cases MDs, to spread the word.

[25:34.5]

And before we dive in deeper, tell us your question era for us. Sure. So my sister and I were wondering how a brand like Drink Wholesome with a very niche focus generates broader appeal without alienating its core customer. So again, our core customer is someone with a sensitive stomach.

[25:52.5]

They're the lifeblood of the business. But because we use a short list of simple ingredients, Drink wholesome is appropriate for a number of different dietary needs and restrictions. And we love to include those people in the community. I'm talking about diabetics, people with kidney issues, children, pregnant and breastfeeding mothers.

[26:11.1]

We have lots of these people come to us organically, but we don't go after them. And I would love to because we could help so many people, but I don't want to do so at the expense of our core customer. So the question is, how do you appeal to a broader audience, even though your niche is with people who have sensitive stomachs, which is, you know, a good niche to have, but to grow, you want to reach more people.

[26:33.4]

Alberto, before we get to Jack's question, sure you've got some more for. For him. How do you talk to the practitioners? Like, how did you build that network and how big is your network of practitioners? It is a lot of cold outreach boots on the ground.

[26:49.7]

That network is all about relationship building. I started it a few years ago. My sister heads that effort. And we have probably about a thousand folks with whom we work regularly, and we hope to grow that tenfold if we can. Do you spend any money on marketing?

[27:07.2]

We do. We. We work with an agency to run some digital ads. We invest in SEO. We spend a little bit here and there. One of our large marketing costs is samples. So we love to share the product with people because especially if they have a sensitive stomach, they're pretty inclined to like it.

[27:23.4]

Yeah. What about. I mean, you're in New Hampshire, right? And. And New England has an influential consumer audience. Right. A lot of products are launched in New England, particularly in Whole Foods, for example. Is that, is that a world that you have thought about exploring or have you tried?

[27:40.5]

We do a tiny bit of traditional retail with some local natural grocers, but retail is really expensive and we would need help. We'd probably have to build a team in order to manage all those accounts, because every new account is like a child, child.

[27:57.1]

It needs nurturing and we just don't have the bandwidth right now. But if a good opportunity came our way, we wouldn't necessarily say no. We would just have to take a very measured approach. Because I talked to a lot of founders who got into retail a little too early, and it's hard that, yeah, either sent the business in the wrong direction or just burned them out, which is a real risk.

[28:20.5]

Have you thought about getting other certifications on your packaging? Like organic kosher, NSF certified for sport, good manufacturing practices, all of those. And then gluten free.

[28:36.2]

Is, is the product gluten free? So it's not certified gluten free, primarily because our facility isn't. I, I am certification averse. Having worked in this space for several years now, I think that all of the certifications, the labels that we slap on products give a misleading impression of what they are, which is food.

[29:02.4]

I want drink wholesome to just be food. I don't think that a banana needs a certification. And because of the short list of simple ingredients, I don't want to distract from what makes drink wholesome different, which is again, that simplicity and that transparency.

[29:18.5]

So organic is great. I would love to become organic certified, but if I were, I wouldn't put it on the bag. I think I just love that response. I think it's a great response and it makes a lot of sense. Alberto. You know, one of the things I keep thinking about is there are a lot of protein powders on the market.

[29:36.6]

You know, you go to Whole Foods, you go to gnc. I mean, it's just endless. And. And this has really happened in the last 10 years, you know, just an explosion of different protein brands. And so it's hard for some people to figure out, you know, what to do. We've told the story of Orgain on the show, but it's hard.

[29:52.4]

Right? Especially when you're competing against big brands like Orgain. What I don't see a lot on the shelves are this. You don't see a lot of brands with very few ingredients. So that to me is interesting because I feel like that that puts Jack's product in a slightly different category.

[30:13.3]

And it's resonating a lot right now with all the talk going on around microplastics, around cancer causing ingredients. And so it's the right moment to talk about very simple ingredients.

[30:29.7]

I take a protein shake with only one ingredient, but I can handle that taste and most people can't, I guess. A question for you, Jack, and also I'd love to hear your take. Alberto is, you know, he's looking to appeal to a broader audience. Right. But I would argue that you could probably lean more into the sensitive stomach crowd before you do that because that is a potentially huge audience.

[30:54.5]

It's huge. I just googled how many people are lactose intolerant in the US and it's like 30 million people. Yeah. I mean, think about Orgain. Orgain was founded to serve people in hospital recovering from cancer and other surgeries.

[31:10.1]

It was essentially designed to be like insured, but organic. But eventually bodybuilders and people who worked out found this product and that became its use case. Now that's primarily uses it. To me, I think that there's an argument to be made that you really should lean into this niche.

[31:27.3]

I mean, maybe even on the front of the label. I'm looking at it to somehow to indicate for People with sensitive stomachs. I mean, maybe on the back of the bag it says it, but I think it could be worth really leaning. What do you think about that, Jack? Well, that, that suggestion is very in line with my question because I don't think Drink Colson would have made it this far had it not leaned into the specificity of its value proposition.

[31:52.9]

However, I don't want to exclude people and make them feel or give them the impression that this brand is not for them. Because Drink Wholesome risks coming off as a medical brand. Come risk coming off a little sterile. And, and I want it to be inclusive.

[32:09.6]

I want anyone to resonate with the ingredients and understand intuitively that it's good for them even if they don't have a sensitive stomach. So it's a tricky balance. Yeah. Have you guys done any trade shows? Not as of yet. Maybe one day. I do think the trade show route for what you're doing is really important.

[32:26.6]

It's going to cost a lot of money. It's going to cost at least ten grand to get a booth and do what you need to do. But it's going to be an investment worth making. I agree. I mean it's, it's just what we've heard on this show. Over 700 episodes and probably a third of them have been food.

[32:42.5]

Food brands. And you just gave me an idea, guy. You just gave me an idea. What about sponsoring, you know those physician conferences they have where they have doctors in a certain field all together? Yes. Sponsoring the ones with gastroenterologists and having a 15 minute talk during one of those conferences and you reach a thousand different gastro doctors.

[33:06.8]

I think that's great advice. You're going to need to set aside if you can, you know, 50 grand at least, maybe 100 if you can in marketing and sponsorships, in things like the trade shows, it's going to pay you back in spades. I agree.

[33:22.0]

And then PR is the other thing. So maybe talk to outlets like Mind Body Green and have mindbody Green write an article. Stomach issues, digestive issues, here's a list of products and then they would name your product and I think you can give them an affiliate commission through Amazon or maybe even advertise with them.

[33:41.5]

But I think they reached like 10 million people and you can take small risks here, a few thousand dollars on some of these things where if it doesn't work, it'll sting, but it's not going to tank your business. Jack, I think that you got a great product. Congrats on taking it to 2 million.

[33:57.2]

It's called Drink Wholesome. Jack Schrupp, thanks so much for calling in. Thank you so much for having me for the advice and the opportunity to share. Have a great day. Good luck, man. Good luck, Jack. Yeah, when I first saw this, I was like, wow, that looks really does look like the front of an RX bar, which is really.

[34:12.5]

And that rebranding on Rxbar transformed that company because initially it didn't look like that. It didn't say four egg whites, three dates, two cashews. But once they did that, and Peter Rahal talked about this on our show years ago, it just transformed that product and now it's ubiquitous.

[34:29.4]

Transparency with consumers right now is huge. I think people have realized that they can't trust all companies before. When we were growing up, if we assumed that the FDA was protecting us and that there were someone, some government authority protecting us and that we were anything we had from companies was good for us.

[34:47.6]

And then we realized it wasn't. And now I think transparency is very big. So I agree with, with you. All right. We're going to take another quick break, but we'll be right back with one more caller. Stay with us. I'm Guy Raz and you're listening to the Advice line right here on how I built this Lab.

[35:20.1]

Welcome back to the advice line on how I built this lab. Guy. I'm Guy Raz and today I'm taking calls with Zumba co founder and CEO Alberto Perlman. So, Alberto, you ready for our next call? Yeah, ready. Hello. Welcome to the Advice line. You're on with Alberto Perlman.

[35:35.8]

Please tell us your name, where you're calling from and a little bit about your business. Hi Guy and Alberto. My name is Peter Arlene. I'm calling in from Carbondale, Colorado and I'm the founder of Mountain Flow. We make sustainable accessories for the outdoor industry, specializing in plant based non petroleum ski wax and bike lube.

[35:57.3]

Ski wax and bike lube. Okay, let's talk about. So ski wax like the wax that you put on the back of your skis. Exactly. And, and you say non petroleum based. So is the ski wax that goes on the back of my ski a petroleum based product? Exactly, Guy. Just like the majority of candles that people have in their house, wax is a petroleum based product.

[36:17.4]

The interesting thing about skis is that whatever you put on the bottom of your skis or snowboard goes directly into the environment. Right. Because it's just going to go, right. It's going to get melted down and eventually that's water we're going to drink. What is it made of if it isn't made out of petroleum?

[36:33.3]

So the interesting thing about plants is that you can extract a wax from nearly all of them. So when we created the product, we had a catalog of hundreds of different plant based waxes available. And we're able to kind of isolate the exact characteristics that we were looking for so that we could create a product that had the same or better performance.

[36:52.5]

Is it a lot more expensive? No, it's right in the middle of the market in terms of pricing, same price as a petroleum based wax. Almost too good to be true. Wow. So, Peter, I'm imagining, I imagine that you are a skier. You live in Carbondale, which I'm looking at the map.

[37:08.5]

It's not too far from Aspen. I mean, you're in Colorado, so you're near a bunch of cool, great ski resorts. I'm imagining that this came about because you're a skier, you worked in the industry. Yes, yes, to both of those. I worked in the outdoor industry for about 20 years, and for a good chunk of that time, I was working as a ski tech, which meant that I was in a small room in the back of a ski shop waxing skis all day long.

[37:35.2]

And at some point I asked myself, what is wax made from? And I was like, oh, well, you know, wax is made from wax, like plastic is made from plastic. And yeah, after a little research, I learned that both of those products, wax and plastic, are made from petroleum.

[37:52.8]

And then I learned that everything you put on your skis goes directly into the environment. And as a skier, as someone who loves the outdoors, as someone who's a father now, it just didn't really sit well with me. So you decided, hey, I'm going to figure out how to do.

[38:08.8]

How to make something that's a little better for the environment. Yeah, exactly. It. And, you know, a lot of people ask, are you a scientist? And I'm not. And I developed it like a skier would, based upon how it felt on snow. And it was a trial and error process.

[38:24.9]

It took about two years, but eventually I was able to get the formula to a place where I was really happy with it. We've now got a couple of patents on the formulation, and we're probably the world's largest manufacturer of sustainable ski wax.

[38:40.2]

Wow. And most of your sales are through ski shops? You're actually selling to the ski shops? We do. We've got a bunch of distribution channels, so we're in a little over a thousand retail doors worldwide. We Also sell to ski resorts that are using it on their rental fleets.

[38:58.6]

And then we sell direct to consumer through our website. What's a bigger business? The one that is to the ski resorts or one that's for the end consumer who buys more? Right now our wholesale channel is about 60% of our business and 40% is direct to consumer.

[39:15.0]

It's pretty good. It's pretty good. And you mentioned this briefly, but you're not just doing ski wax, wax for skis, you're also doing oil for bikes, right? Yeah, exactly. So we started with ski wax and as the business progressed, more and more people were asking us for a plant based bike lubricant.

[39:34.2]

Essentially, it's the same exact concept. Most chain lubricants come from the automotive industry, they're made from petroleum. One way or another, that lubricant is ending up in the environment. And so we were able to develop a full line of bike maintenance products that's also plant based, biodegradable, non toxic.

[39:54.3]

All right, before we dive in deeper, tell us your question that you brought for us today. So I'm looking for some advice as to how to evaluate opportunities. You know, when I started the business, it was just ski wax. And now we've expanded. We've got recycled aluminum ski poles, a handheld infrared waxing device, the bike products, we do bioplastic water bottles.

[40:17.9]

So it looks a lot different than it did a few years ago. And you know, when I started, I definitely had the hustle mentality and I said yes to everything and I chased every dollar. And to some extent that's, that's still around that hustle mentality.

[40:32.9]

Although my hunch now is that it's actually probably doing more harm than good. And saying yes to everything, I think is bogging us down. So learning how and what to say no to so that we can be open to bigger opportunities.

[40:48.7]

What have you said yes to that you feel might have not been the right opportunity? So a shop will reach out to us and say, hey, you make your product in 100 gram bar, could you make it in a kilogram for us?

[41:04.3]

We'll order 20 of them or 100 of them. And then in my head I go, oh, well, that's a grand, or that's 10 grand, we should do that. And then it's a whole process. You know, we work with a lot of small mom and pop ski shops and bike shops.

[41:19.6]

And honestly that's one of my favorite parts of the job. But it takes a lot of time and effort to scale a business with small POS going into small shops. Have you heard of the impact versus effort matrix? No, I have not. So basically it's very easy.

[41:35.4]

It's just basically you have impact on one axis, effort on the other, and you just map all the different opportunities you have in front of you. And the ones you focus on first are high impact, low effort, followed by high impact, high effort. That makes a lot of sense.

[41:52.3]

It seems fairly straightforward. Do you think the ski shops are buying the product from you because they care about the environment or their customers care about the environment? Are you having any situations where the customer comes into the ski shop and says, what wax do you use?

[42:09.9]

Do you use plant based wax? Is that a thing? So when we started, the ski shops that got on board were the ones that believed in the mission. And now we've grown because customers are coming in and saying, hey, do you carry Mountain Flow? I heard about the brand and that's what I want to put on my skis.

[42:26.1]

Because I think that's when you really have something special. That happened to us at the beginning is people started going into gyms saying, do you have Zumba? And if the gym would say no, they said, well, I'm not joining them. And so the gyms were kind of forced to bring in Zumba because people wanted it.

[42:44.1]

And once you get there, I think it's very powerful. And once you get there, then you can start saying, hey, this is my standard deal. Like, this is what we sell wholesale for. And you could create an online Shopify B2B site where these shops can just go in and place their orders and you don't have to be working custom deals for each one.

[43:08.8]

Yeah, Alberto, I think that's a great point. I mean, the first thing you said about the. The push versus pull is huge. And we are starting to see that. And then I know something that our competitors do is they say, hey, this is a minimum order. If you want to work with us, you got to buy at least this much stuff and you have to carry the whole lineup.

[43:27.1]

You can't just pick and choose. And we may be getting to the point where we could start to drive that bargain. I wonder whether there's a way to lean into sort of a bigger partnership that doesn't require you to be doing whack a mole every day.

[43:45.7]

Yeah, that's something that we're really trying to focus on is to get in with those larger conglomerates, go through their onboarding process, become an approved vendor, and then all of the resorts or all of the ski shops under that Umbrella are then able to buy. And sometimes there's actually one centralized buyer which places a huge PO for everybody.

[44:06.0]

And obviously that is probably the easiest route for us to go. Yeah. Alberto, do you have any thoughts about the value proposition here? Right. Because a lot of people, I think would be attracted to this are. Right. A lot of people say, you know, when I ski, I don't want to be polluting the environment.

[44:23.7]

I think there needs to be more attention drawn to that. Yeah. You could even think of some publicity stunts that you could do on the different mountains. Like have people walking around saying, I don't want petroleum on my snow or something, whatever.

[44:40.1]

Like you could do certain types of stunts that would call attention to the problem. I think you. I don't know if you already do this, but you could create some beautiful stickers for these ski shops that talk about this problem, saying, we're using Mountain Flow instead of petroleum based products to keep your snow clean.

[44:59.3]

Keeping your snow clean movement type of thing I think would be very valuable. Especially the rental shops. Right. I just went to, we just went to Tahoe. And I mean, those rental shops are just doing incredible business, obviously this time of year. But yeah, you can imagine on the, on, on the outside, this is, you know, we use Mountain Flow, you know, to keep your snow clean.

[45:20.1]

What is the benefit? We keep your snow clean. Yeah, but people don't even think about that. I had never even thought about petroleum. Like, most people don't even know that their skis are waxed. Like, it's crazy. You're right. And education is such a huge part of what we do. And Alberto, I liked your suggestion about getting some press because if we can get the word out there and then we've got incoming attention and people asking for the product, that's just fulfilling orders.

[45:45.1]

So that's not necessarily using up our bandwidth, but it's still growing the business. There's a point in time where you switch from begging and trying to push your product to market to people asking for it. And when you do that, that changes everything.

[46:01.6]

And then you can have. This is our standard order. And this is, this is what you get when you order from us. This is the standard margin. And only very, very big players can get, like, different deals, but everyone else gets the same deal. Yeah, I like that for sure.

[46:18.4]

The brand is called Mountain Flow. Peter, Arlene, thanks so much for calling in, man. Good luck. Thanks, guys. Good luck. Peter, I know you're in Miami. Do you guys ski? I'm skiing next month. Oh, okay. I'm going to veil. And I'm going to ask for Mountain Flow. I'm going to say, if you don't wax my skis with Mountain Flow, I don't want to be on them.

[46:36.3]

There you go. I love it. There you go. Yeah, it's sort of like the 1% thing. Like, if we can make the world better, 1% every day, imagine the cumulative effects. And even though this is not a huge. I mean, it's. It's just for ski and for bicycles, but if you can get rid of petroleum on those two items, it makes a dent, you know, and.

[46:57.5]

Yeah, one thing at a time. And we make the world a better place. And why not? I mean, if it does the job just as well. I mean, if it's. If. If your skis are waxed, your skis are waxed, like, why. Why not use something that's going to have a minimal impact, 100%. There's zero reason why not to. Well, Alberto, before I let you go, I want to ask you a question that I ask every guest who comes on, which is when you look back on your early days, the first couple years of starting this thing, your business, which is now global brand Zumba, what do you wish you knew or what do you think you would say or offer in terms of advice?

[47:32.3]

I think this too shall pass for an entrepreneur is very important because every time you're dealing with an issue, and I think it's what makes a great entrepreneur, is that when you have an issue, you stress about it so much that you find a way to fix it.

[47:51.1]

But it also takes a toll. Right? And many times I thought to myself, this is going to be the end. It's over. It's not going to continue from here. And then it did continue because we had a great product that people really loved.

[48:08.7]

So have faith in your product, and whenever you encounter challenges, just understand that this too shall pass and that there's always something on the other side. That's awesome. That's great advice. It's Alberto Perlman, co founder and CEO of Zumba. Alberto, thanks so much for coming back on the show. Thank you so much, guy.

[48:24.1]

This was fun. And by the way, if you haven't heard Alberto's original How I Built this episode, you gotta go back and give it a listen. You can find a link to it in the podcast description. You can just search Zumba on How I built this on Google. And here's one of my favorite moments from that interview. We spent the whole $14,000. We had zero in the bank. We created this beautiful email. We press send and we're praying, please, please.

[48:40.6]

And suddenly, 450 instructors joined. And so that's when we said, this is, this is going to be our life, and let's make it work. Hey, thanks so much for listening to the show this week. And by the way, please make sure to check out my newsletter. You can sign up for it for free@guyraz.com or on substack. And of course,