[01:08.3]

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. And so if you are building something and you need advice, go ahead and give us a call and you might just be the next guest on the show.

[01:24.1]

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. You can send us a voice memo at h I b t d.wondere.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.

[01:40.7]

You can sign up for free@guyraz.com or on substack and we'll put all this info in the podcast description. All right, let's go. Joining me this week is Jen Hyman. She's the co founder and CEO of Rent the Runway, the rental subscription service for designer clothing. Jen, it's great to have you back on the show. I love being on your show, Guy. It's honestly my favorite piece of media, my favorite podcast I've ever done.

[01:58.0]

It's gonna be the thing that I'm the proudest of my kids listening to someday. Awesome. That's. Thank you for saying that. And by the way, if you guys haven't heard that episode, we'll put a link in the in the episode description. It's really, really fun and worth listening to. Rent the Runway was basically, if you don't know about it, was started as a way for consumers to literally rent high fashion designer clothing that would otherwise cost thousands of dollars to buy.

[02:15.2]

And you guys went public in 2021. You are now a listed public company. You're the head of a publicly traded company. Yes. We were the first company in history to go public with a female CEO, COO and cfo. And it's amazing. Who would have thought? It's awesome. Jen, before we get to it, to today's callers, I want to ask you a couple questions and get some updates on Rent the Runway.

[02:32.1]

I think you're now your 15th year. It's our 15 year anniversary this year. And obviously there have been pivots throughout the time that you've been around. I mean, there were different models and different collaborations. I mean, but but essentially, the core of the business remains the same. Right. You. You basically can. There are different tiers of subscriptions, and you can get a certain amount of clothing per month based on what your subscription is.

[02:50.7]

Yeah. So the business started with a la carte rentals for special events. You can still very much do that. And that is a significant part of our business. And then we added subscription in 2016. At the beginning, was about giving people access to rotating closet, primarily for work and special occasions.

[03:06.6]

Now it's really about ca. Casual everyday life, including work and special occasions. But rentals become so much more normalized now that you would be shocked at the amount of customers who rent denim from us and who rent casual clothes to wear on the weekends. So I think we've reached a different point in the cycle. From early adopters into more of a mainstream behavior.

[03:22.7]

Yeah, I mean, fashion obviously changes. Right. And trends change very quickly. So how do you kind of handle the shifts and the changes? I mean, are you constantly, almost a daily or weekly basis, just changing the. Maybe not daily, but regularly changing the inventory that's available? We're constantly adding to the inventory that's available because inventory is what drives our customer acquisition and our customer loyalty.

[03:41.3]

People come to us because we have this incredible value proposition of this limitless closet. And what we've discovered and what's really unique about how the business model has changed over the past five years is that the customer is really using Rent the Runway as a discovery channel to find new brands.

[03:56.5]

It's really, therefore, marketing on behalf of our brand partners. And coming into 2025, the vast majority of the inventory that we have on our platform, we don't pay for anymore, and we don't pay upfront. We just revenue share with our designer partners because they view Rent the Runway as a significant part of their marketing.

[04:11.9]

It's very organic. And the brands have discovered that a significant portion of their new customer acquisition is actually driven via Rent the Runway. You know, I'm curious just from a leadership perspective, you know, 15 years, right. I mean, we've. There aren't that many founders here on the show that run their business that long. Oftentimes they leave, you know, after it's acquired or whatever. But I'm wondering just sort of if you can give us a sense of some of the leadership lessons that you've.

[04:28.9]

That you've kind of developed over the last year or so. I mean, you guys went public and, you know, running a public company, it's all out there for everyone to see. And, you know, you've got, like many companies, your stock price goes up and down and up and down, and people can see it. And so, Guy, our stock price has only gone down. Gone down. Right. So there's. There's no up. So there's scrutiny, there's questions. You mentioned our stock price, and I want to address that because I do think it's unique that here I am, it's 15 years later.

[04:48.7]

Actually, our business is in better shape than it's ever been before. But because of the stock price, like, people tend to not get into the details of how the business is actually performing. And most people, I think, who are CEOs, might have a tremendous ego hit from continuing to run a business that is valued very poorly externally.

[05:06.3]

Yeah. And one of the things that I've learned and recognized about myself, and this was actually a bit of a surprise, is that I'm very low ego, which is critical, by the way. It's super critical. Competitive and intense and passionate, and I'm a believer. But, like, I don't need that validation that I think a lot of CEOs need.

[05:22.8]

And I think that that is my competitive advantage, because I think that most people in my position would have quit at this point in time. And my biggest belief over 15 years is the person who stays in the game the longest wins. Yeah. It's such critical, sort of a critical insight. And. And the best entrepreneurs that we've had on the show are the ones who have no ego, because that frees you up and enables you to do all kinds of things that ultimately you'll need to do.

[05:44.6]

One of my favorite books on this is called Ego is the Enemy by Ryan Holiday. And it's so crystal clear that the biggest obstacle for many people is their ego, and that's what dooms them, because it's actually a choice you can make. You can decide, I am not going to let this be it an obstacle. And I have enough happiness in my life and confidence in myself to not let what someone else might think affect how I think about myself.

[06:05.1]

It's a simple lesson that we try to teach every kid as they're growing up. All we want for our children is for them to have that level of confidence no matter what someone is saying around you. And I think that Rent the Runway will have many chapters because I'm going to keep on playing the game. That's awesome. Well, Jen, we've got some founders and entrepreneurs ready to ask for our advice, so let's bring our first call.

[06:23.8]

You ready? I am ready. All right, let's Go caller. Hello, welcome to the advice line. You are on with me and Jen Hyman from Rent the Runway. Please tell us your name, where you're calling from and just a little bit about your business. Hi guy. Hi, Jen. Thank you so much for having me on the show. My name is Sarah Bell. I'm calling in from Citra, Massachusetts. I am the co founder of Eastby Wright.

[06:39.1]

We are a female founded coastal inspired brand that designs elevated jewelry and accessories using authentic marine rope. Cool. Thanks for calling in, Sarah. So Scituate, Massachusetts, on the coast. I know exactly where you are sort of in that part on the way to Cape Cod. And you sell jewelry, just to be clear, made primarily from marine straps from like ropes that you would see on boats and stuff like that.

[06:55.9]

Exactly. So marine rope you'd use for sailboats, for dock lines, things like that. Right. And tell me about the jewelry. So these are like bracelets, necklaces. Right now we're doing. We have. Our entire collection is bracelets for men and women. And then we also have a line of crossbody bag straps that you can attach to any existing bag you may have. All made of marine rope.

[07:11.0]

That's awesome. How did you start? I mean, I'm assuming you're a sailor or into sailing. So my co founder and I are definitely both beach people. We grew up spending our summers at the beach on boats and we both live in a town, as you mentioned, on the coast that has a commercial fishing fleet, bustling harbor, nine beaches. So we're surrounded by rope every day.

[07:26.4]

And when we thought about a lifestyle business that we wanted to create, rope is the thing that kind of came to mind as the element that would thread everything together that we built. So actually our first product that we ever designed was actually a hoodie that we use marine rope for the draw cords. Oh, cool. Tell me a little bit about the business. Are you direct to consumer mainly or retirement?

[07:41.8]

Direct to consumer. We do a little bit of wholesale, but that is a very small part of our business. Can you give me a sense of what you guys are doing right now? Revenue? Are you doing more than 25,000? Have you, are you under $50,000 in sales a year now? We're over $50,000 in sales between 50 and 100, but. Okay, great. Before we bring in Jen, tell us what your question is for us.

[07:57.0]

Sure. So an essential part of our brand story is that our products are artisanally made locally, which has allowed us to boast authenticity, control the craftsmanship, and have low MOQs. However, because our collection is Handcrafted. There's no economies of scale, and so the margins are unfavorable. So we're trying to figure out how we strike a balance between scalability and profitability while maintaining our core value of being artisanally made locally.

[08:14.9]

And does the consumer care about that? Okay, Jen, before we answer a question, you probably have some questions for Sarah as well. So, please, I'd love to. Come on. Enjoy the conversation. Well, hi, Sarah. Nice to meet you. Hi. I would love to understand what data you have, both, either qualitatively or quantitatively, that makes you feel that the customer values that the product is locally made.

[08:32.6]

I'm not sure that we have that data. I will say that we were featured recently on a local Boston news station, Made in Mass. And we had a huge surge in not only traffic to our website, but orders from that. So in that way, it maybe made us feel like this is a storyline that resonates with the consumer. But we've also been very hyperlocal today, and so we're really trying to scale and expand, and so maybe that becomes less of a storyline for others that are outside of sort of that New England area.

[08:53.9]

I think that using a PR hit is tricky because you don't know whether people responded to that because you are founders that are based in Massachusetts, or whether the product itself was made and sourced locally. So I would figure out a way to get that information, and it could be as simple as, like, talk to 100 of your customers.

[09:11.4]

What do you value about our products? And if you hear from those customers that, I just like this product aesthetically, I just want to buy it because I think it's a cool bracelet. And you don't hear, I'm buying it because the rope itself is from down the street. Then you've got yourself an answer. I think sometimes people think that data has to be big data in order to matter.

[09:28.2]

And I found, even at the size that we are, that sometimes it's the small data. It's the conversations with eight women at dinner that give you better insight than the surveys of millions. Yeah, it's interesting. I'm looking at your website, and the bracelets are really cool. And these are not inexpensive, but these are all handmade.

[09:44.3]

You've got to pay artisanal folks, you know, whatever they're charging to make these. Right, right. So that. That is the bulk of our cost. I mean, labor itself is roughly 50% of the cost of the product. And, I mean, is there a path where you could make these in a more scalable way? Where they don't need to be made by hand.

[10:00.8]

Not that we found. So just the nature of rope and splicing and whipping, it can't be machine done. So it has to be done by hand. Could we source it elsewhere to have it done less expensively? Probably. But again we're kind of trying to grapple with does that, does story matter to the consumer and does it matter to us?

[10:15.9]

And it allows us to control a lot of other things like lean production runs, which is important to us as a solely self funded business. To date I have a take on this and Jen, I really can't wait to hear your take because I've got the answer to that question is the data suggests that American consumers do not really care about made in America. But I have another completely different story on this, which I'll get back to in a sec.

[10:31.9]

But Jen, I mean to this question, I mean do you think that is enough of a value proposition to get people to be excited about a product? No. The product is king. A customer will speak about their value of sustainability or local. But in reality when they take out their wallet, what they care about is they just like the way that product looks and they feel, they like the way they feel in that product and it's the right price point for them.

[10:55.0]

So I wouldn't be as concerned. What I am very concerned about is that your labor costs alone are 50% of your revenue. That's unsustainable in any business because as you continue to scale like you think about all of the other costs of your operation, there's going to be no margin there. She's got to bring her costs down.

[11:10.2]

That makes sense. Let me offer up a counterintuitive perspective and I think, Jen, ultimately you're right here. We did a story on this show about a year ago about a brand called American Giant. They make hoodies and athletic apparel at Leisure Wear Jeans. It's a national brand run by a guy named Bayard Winthrop. It's an almost impossible thing. They make everything in the United States and they become a profitable business.

[11:27.9]

And they actually just did a collaboration with Walmart. It's a program they have specifically for products made in the United States. And Walmart is, has got an open rfp. Now I'm not saying it's an easy process to go through, but there, but it would suggest that there is a market for higher cost American made products because the perception is they're better.

[11:47.2]

So this is anecdotal of course, because the data supports what you've said, Jen. For sure, I think consumers might be willing to pay a price premium, but regardless of whether they will, you cannot make money if labor is 50% of the cost of your P and L. So you have to figure out a solve for that. And potentially it could be solved via product line extensions.

[12:06.2]

So if you used rope to create like cell phone holders, is that actually just a higher margin rope related product than bracelets? I think that's a huge market, by the way, because I mean, here I am sitting here, my cell phone, like I have this thing I paid $100 for, my wife I put on my cell phone just so that it doesn't fall and that I could carry it around.

[12:23.5]

They're amazing. So you think about the mix of margin across your business and are there like product lines that you could bring in that are higher margin that would bring your overall cost of labor down? I think that's the part that's the place that we're at right now. So we're trying to diversify in that way. The crossbody bag straps are certainly less labor than the bracelets.

[12:39.5]

You're working with bigger ropes, so it's easier to work with with that exact thought in mind. Do you have a recommendation in terms of threshold of what the market will bear when you're looking at maybe increasing a price? Is it just talking to customers to kind of get a sense of how much are you willing to spend? What are your responses? Customers will never tell you that they're willing to spend more from a price standpoint.

[12:54.9]

I think the way to do it is via an online A B test where you can have have some pretty simple software on your website that enables 50% of people to see one price and 50% to see another price and to understand the nocta conversion and whether that's margin accretive or margin negative for you? Great suggestion, Jen. I mean, when it comes to the production costs, right?

[13:10.3]

I mean, inevitably those will fall as their volume increases, right? And so where I think you have an opportunity, Sarah, is people who are interested in the sort of coastal sailing lifestyle. Like, I think that if your stuff is on consignment and gift shops in places like Newport, Rhode island, the Hamptons, Keough Island, Del Mar and San Diego, like it should be, like you should reach out and try and get in those hotel gift shops.

[13:29.6]

The other thing I keep going back to is there's low hanging fruit with certain kinds of social media, right? So there are YouTube channels and podcasts that don't have thousands or hundreds of thousands of viewers or Listeners, but maybe have hundreds or a few thousand that focus on sailing, women and sailing, coastal lifestyle living, where you might be able to get, you know, your product to them and maybe pay them a small amount of money, under a thousand bucks to promote it.

[13:50.6]

Because I think that that part of the downstream solution is volume. Right? I mean, is that. Does that make sense, Jen? It definitely makes sense that as scale goes up, your cost of production should go down. But Sarah had mentioned that it's such a difficult material to work with that it probably doesn't follow the exact same rules of like, yes, increase scale by 50% and costs go down by 20%.

[14:08.6]

I think that you bring up some really great marketing ideas of how to leverage community to build your business. And there are passionate communities around sailing that exist in many different ways. They exist via actually sailing clubs. Like, yeah, they exist via sports teams. They exist via country clubs.

[14:23.7]

There are regattas. And that's been a success for us. We've targeted yacht clubs, sailing clubs, and they've actually asked us to do custom bracelets for them a million percent. I was thinking about how can you personalize for that club so that it feels really exclusive and, and chic and cool? So I do think that there's something really interesting from a marketing perspective in diving into these kinds of communities.

[14:41.6]

Sarah Bell, the brand is called East Key. Right. Congrats. Good luck. Thanks for calling in. Thank you, Jeff. Thank you, guys. It was a pleasure chatting to both. Yeah, you know, it's. We've had, like, founders on, on the advice line who have, like, they're into motorcycles or they're into pickleball, and they make things like this, like accessories and jewelry for those specific communities.

[14:58.3]

And it's interesting because people do get. They do, like, if you're really into sailing, like, and even if you're not, these are really nice. Well, these have become products around interest have actually become status symbols. And so there's an awesome company based out of Austin called Recess which actually makes pickleball rackets. Yeah, I know that.

[15:13.5]

Yeah, really cool patterns there. It's like, it's brought fashion to pickleball, and it's kind of now a status symbol to have one of their rackets. So, yeah, I think that they have to lean into that sailing market. 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.

[15:42.2]

Hey, welcome back to the Advice line on how I built this lab. I'm Guy Raz and I'm sitting here with Jen Hyman, co founder of Rent the Runway. And we are ready to take another call. Hello caller, welcome to the advice line. You're on with Jen Heiman and me. Please tell us your name, where you're calling from, and just a little bit about your business. Sure. I'm Carrie Sporer. I'm calling from New York, New York, and I'm the co founder of Swear.

[15:58.2]

We make time saving hair care for people who work out formulated with clean ingredients. So our goal is for people to stop having to plan their workouts around their hair, which is a real pain point. Carrie, thanks for calling in. Okay, let's dive in a bit. Swear Hair. Swear. Not swear like swear words, but S W A I R. That's right. Comes from sweaty hair.

[16:13.5]

Oh, sweaty hair. So when you talk about products for active light, you're talking about what specifically do you make? So our hero product is a showerless shampoo. It's a first in kind product that's basically an evolution of dry shampoo. Dry shampoo is a product that many women are familiar with. Men too. They use it on their hair. But it doesn't work if your hair is very sweaty.

[16:29.3]

Yeah. So this is like a spray. Exactly. So it's a wet spray that mixes with the dirt and the sweat in your hair. So when you towel dry it out, your hair is physically being cleaned. It's like the quick clean cycle on your dishwasher and it smells like shampoo. Like you've just shampooed your hair. Exactly. Wow. Do people know that dry shampoo doesn't actually clean your hair when it's that sweaty?

[16:45.5]

I think that people that have tried it probably have not had a great experience. But educating consumers about that is really. Yeah, it's a mountain that we are trying to climb for sure. Yeah. So. Right, because when you. Because dry shampoo is basically powder. Right. And so most, you would think that most people would assume that you are getting your hair clean, but you're not. Essentially. That's what you're saying.

[17:01.0]

Yeah. So when the powder mixes with the water component of sweat, it's turning almost like a slimy texture. I know you both have kids. I don't know if you've ever made that Oobleck at home. When you mix powder, baking soda with water, that's kind of the same thing with powder based dry shampoos and sweat. Get Oobleck hair. Where are you mainly? Where do you do you mainly sell direct to consumer through your website?

[17:17.9]

Yeah, so we're mainly direct to consumer and we also have several gym partnerships where we're in locker rooms so that customers can discover us when they need us most, right after they've broken a sweat. And how are you doing in sales right now? So we did around 300,000 last year. Last year. That's pretty good. And what, and before I forget, what's your question for us? So my question is swear.

[17:33.5]

We really want to be the go to brand for hair and body products for people that work out like the Lululemon, but for your hair and body. So we're trying to fundraise to achieve that goal and develop more products. But every investor that we've spoken to wants to see a million dollars in trailing revenue and we just don't have that. And we don't know how to get there without more funding.

[17:48.9]

So what are your best tips for bootstrapping to a million dollars? All right, I've got some, Jen's got some before. I have a question for you which is how are you acquiring customers? Like are you guys able to spend on, on ads, on advertising, social media ads and things like that? So we were spending on social media ads and for a while it was very successful.

[18:05.3]

But now we've kind of been turning them off, turning them on, scaling up and down just to make sure that they're efficient. And what do you do you have metrics on your loyalty rate? So once someone purchases from you, how many other purchases do you get in the next 12 months? So one thing as a first time beauty founder that I did not realize was that creating a bottle size with great price value that lasts customers about a year is not necessarily great for your repeat customer rate.

[18:28.9]

So it is growing every year. I think we were about 20% last year. But it's been a challenge because we made our product pretty big. Yeah. One of the secrets of beauty is that you make your money in the repeat. You don't actually make as much of your money in the first time trial.

[18:44.1]

And so the big three in beauty, LVMH, L'Oreal and Estee Lauder win on creating products that have enough love and efficacy that people repeat with them for years and years because cost of customer acquisition in beauty is, is fairly high. So you do have to adjust that repeat rate right away. And think about it could be the packaging, it could be, once a customer has that first experience, do you upsell them into a once a quarter subscription or new bottle?

[19:06.5]

Is there an email. Is there a newsletter that goes out to remind them? Yeah, we just really started to get behind email marketing, especially as paid ads were becoming less effective, trying to do more with the customers that we already had. So that's been something that we've really been focusing on, and we are seeing really great returns. And we actually also just launched subscriptions, so I feel like we're moving in the right direction.

[19:23.6]

Have you looked at partnerships? I mean, you're talking about. So now I'm looking at your website and I look at the about story, which. Which is a great story. And I'm trying to figure out a way for you to bring that more to the fore here, because apparently, I guess you were. You and your co founder were running the New York Marathon, and that's really when you kind of came across this idea, like, hey, there's nothing. You have to go and shower now. And it takes up too much time.

[19:39.6]

And so let's make something that's more convenient. We can just get into our work clothes, go to work after we run. That, to me, seems like a really interesting story. I think you mentioned that you guys are in some boutiques, but have you explored partnerships with some of the more, let's say, sweatier workout, like Orange Theory, places that people come out of just dripping with sweat? Yeah, I think it's something that we've dabbled in, but definitely something that we can probably focus more on and do a little bit better.

[19:59.0]

And especially some of those larger chains, like in Orange Theory, would definitely be a dream collaboration for us. I just want to challenge what you said, guy. I think that if someone goes to Orange Theory or they go to Barry's Boot Camp, they are a pool of sweat afterwards. Like, that person cannot go and be around another human in any sort of social environment without having to take a shower, just towel it off.

[20:16.6]

Well, it depends on whether you want people to be around you in the future. So I think that I'm trying to gauge the following, like, Barry's Bootcamp, you gotta shower afterwards, or you gotta go home and be around your people who already love you. Like, what is the use case for? I actually need this product because I can't take a shower.

[20:33.0]

Like, I need something that's better than dry shampoo, but not shower. So I need that in between. When is that in my life? Like, are there enough use cases to ensure product market fit here? And if there aren't, is there still a way to create an active beauty brand? You know, there's different kinds of skin care that you might need because you're producing more sweat and you want to think about your pores in a different way.

[20:52.0]

But I'm not sure that the reason why people are buying you today is because of excessive sweat. I need to, like, I'd have to dig into that a little bit more. So the question is, this is a really smart question. When. Because you're right, people are going to come out of the boot camps and stuff dripping with sweat and not shower. You're right. But when, Carrie, do you find people wanting?

[21:07.9]

Like, what are the scenarios that people use this. So we actually find that people are using the product when they are very sweaty and they're doing a body shower and then using our product on their hair. Because for many people with longer hair, most of our customers are women. So they just don't. Yeah, they don't want. They don't want to get their hair wet. So they're basically like, they're doing the body shower and they're like, okay, this is the solution for my hair so that I don't show up to work with sopping wet hair.

[21:27.8]

Exactly. So they don't necessarily want to do the 25 minute blow dry from completely wet hair and they want to quickly clean their hair so that they can move along more quickly. Yeah. Okay. So maybe you can go to the Barry's weekend in the Orange theory. Yep. Yeah, we actually. Hot Yoga studios are actually some of our most popular partnerships right now because it really is the only thing that works on hair that's that sweaty.

[21:45.5]

You know, Jen, this point that you made about, about customer retention versus acquisition, it comes up all the time. And I know you are. You have to be a master, you know, ninja master at this with what you do, because that's really where the value is. The cost of acquiring a new customer is so much higher than retaining an existing customer. And Carrie has to really focus on that person buying it again and again and again and again.

[22:02.2]

And that's how you're going to figure out what your next hero product is. You're going to have a cohort of repeat users who then are actually demanding that you create a XYZ new product. You don't want to go to people that have kind of used you once and gone away to figure out, like, what the next thing in your assortment is going to be.

[22:17.9]

That makes a lot of sense. You have something here. Okay. $300,000 in sales is significant. You've got something. People like this product. You got to get it out there more. The margins of the repeat business are so much better that even if you can get 25% of your user base to repeat, you know, once a quarter, like you're in a completely different business.

[22:33.5]

You've suddenly taken your business from 300 to 750. So if you divide up the 300 that you're at now getting to a million, you need 700k additional dollars. I would goal you at getting 400k of that from repeat revenue and 300k from, I think some scrappy community oriented partnerships with fitness studios and gyms.

[22:50.4]

And I would keep it in New York. I mean, there's enough of a demand here and enough of a culture of classes and gyms that you can kind of go door to door, meet the people, build the relationships and just show up and so just do whatever you need to do. Be a hustler at a certain end. The very best thing that beauty companies have done from the beginning is free samples. Yeah. And what my co founder and I would have done and I would suggest you do as well, just go to the class and leave your product behind.

[23:10.0]

Don't ask permission. What are they going to do? Like bring 50 samples in, go to the frickin three or five dance class in the Barry's bootcamp class and just leave it there and have some beautiful packaging and like people are going to take it. We're New Yorkers, we like free stuff. Yeah. Ask forgiveness, not permission. I love don't ask permission. Why are you even bothering with the permission? Did you basically get your repeat customers to become 400K, then you're at 700 and then you just, you know, the next 300, you hustle and you're at a million.

[23:30.3]

You make it sound so easy, guy. But I am definitely going to implement a lot of this advice. Thank you. Awesome. The brand is called Square Hair. Carrie Sport, thanks so much for calling in. Thank you both. This has been such a dream to talk to you. Thank you, Carrie. Well, now I, now, now I know that, that I can never like have lunch with you if I, if I've gone to Barry's boot camp and I haven't showered.

[23:47.3]

Please shower after Barry's class. I want you to shower. I could, I could, I could towel off really well and then use good deodorant, but yeah, I guess not. 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.

[24:11.8]

Hey, welcome Back to the advice line on how I built this lab. I'm Guy Raz and today I'm taking calls with Jen Hyman from Rent the Runway. All right, Jen, let's bring on our next caller. You are on the advice line. Please tell us your name, where you're calling from and a little bit about your business. Hello, Guy. Hi, Jen, It's a pleasure to be here. Thanks for having me. My name is Chobella Gomez.

[24:26.8]

I'm calling from New York City and I'm the founder of Chavella, a sustainable and fashion forward womenswear brand empowering women to simplify their closets and build a sustainable wardrobe they can feel good about. And it's all made here in New York City's garment district. Welcome to the show. Thanks for calling. So tell me a little bit about the apparel. Like what does it look like, what does it do? Yeah, so it's primarily tailored button down shirts and dresses that are spill proof, made with 100% cotton and they have multi wearable features such as removable sleeves and waist cinching details that and basically tailor for day to night.

[24:52.1]

And my biggest inspiration were women in corporate who I worked with for many years before founding the company. And it was always that I have to go to a dinner, I have to go to cocktails and I have to go home and change. Or if you live in New York City, you know that you're schlepping around a bunch of clothes and you don't want to do that. You want to just wear what you wore in the morning. And with our clothes, it's so easy to switch.

[25:08.4]

So it's a shirt that can can serve as like seven or eight different kinds of shirts. You can take the sleeves off, I guess change this into like a dress or. I got it. Okay, cool. And tell me a little bit about what you're selling. This direct to consumer. We are primarily direct to consumer. We have just acquired our first collaboration with a wholesaler at the Canvas and World Trade Center. Amazing.

[25:23.7]

And tell us what your question is for us today. So Jen, with you having had so much experience in capital funding and as you know, apparel is such a capital intensive business, what in your opinion do you think that indoor investors are looking for when they are considering investing in apparel companies like mine?

[25:39.5]

I think the investor base for fashion and apparel specifically is completely different than an investor base around what I do, which is like a tech enabled e commerce company. So I'm interestingly less familiar with the world of apparel investment and I know that it's very difficult because I work with close to a thousand brands.

[25:58.5]

What it is is it's very much relationship based. And there are a few folks who hold a lot of sway as to whether you as a designer are the right designer, if the product is great, if they want to invest in you. And there are networks, especially within New York, that you can be a part of. Like, even if you didn't go to Parsons or you didn't go to Fit, a lot of the top designers in New York have actually come out of those two ecosystems.

[26:18.7]

So getting involved in what they do and really networking to get in front of the Andrew Rosens of the world. So Andrew Rosen is a super famous fashion entrepreneur who founded Theory, but is the primary investor behind many, many businesses like Rag and Bone and Alice and Olivia. And he's one of those people that if he says, I like you, you're going to get funding, if not from him, from someone else.

[26:37.9]

So I think that networking to figure out who those people are and to get in front of them is critical. And what are the ways that you would say? I did go to fit, by the way, but I feel like at this juncture I haven't found sort of an entry point, especially because most investors think of fashion as volatile as a business.

[26:54.9]

And I have applied for grants actually and also have gone to pitch competitions. Do you have traction? Like, how much have you sold of your line thus far? Because I think that it's not about volatility. People are looking for markers of success, right? We do under 75,000 a year.

[27:10.1]

And one of the things that we are most proud of is that we so far have a 0% return rate. We have never gotten one single item returned to us. And we have surveyed all of our customers and spoken to numerous people who are just extremely happy with the quality of the product. And so it speaks to the demand for it. Except that of course, we do not have the capital to scale if that's the case.

[27:28.5]

Have you thought about going to brands that traditionally target this workwear customer like MM Lafleur or Argent, and almost licensing your design because it sounds like it's, it's an innovation from the way that you describe it, but licensing it to them so that they can produce, you know, a line of shirting that utilizes your fashion tech, basically?

[27:49.2]

Right? I haven't thought about that. Obviously, this is my baby. I feel like I want to see it grow. And we already have full collections designed around it. But you got to be scrappy, right? So, like, I'm not telling you to license it to Joe Schmo around the world. Right. I'm saying go to some really awesome reputable brands with founders who are in New York, with founders who get design as well, and see if you can collab with them because they might have the capital.

[28:09.0]

You need working capital in order to manufacture your product. Like maybe that working capital can come from someone else. Right. And so if it's true that people actually love the product, you also need distribution beyond your own D2C because you can't afford marketing, so you need to leverage someone else's whole channel and ecosystem. Yes. That's a great idea. I love the idea of M.M.

[28:24.1]

lafleur. Sarah Lafleur's been on the show before and I think that's a really good piece of advice. The other thing, you gotta get on TikTok immediately. Yes. Like right now, any product can become a multi million dollar business overnight with the right kind of content. And just get out there and just start talking about the product and showing it on yourself and showing it on your friends.

[28:40.8]

Like, don't wait for a miracle. Like create it. Right? Yes. And we have actually thought about starting and really amping up our content on YouTube as well because we noticed that a lot of our customers go there for tutorials. And it lends really well for what we do, which is all of the features and showcasing everything that the garments do. And even one of our biggest wow moments is the fact that it's spill proof on top of it.

[28:57.7]

And especially you both have children. I have a seven year old and I spill coffee and juice all over me all the time. But with this garment is something that women really relate to. Wow. I can wear white to a nice event and my clothes are ruined. Get on TikTok and get on reels today and wear a white top and spill red wine on yourself. That's a great idea. That's a great advice.

[29:12.7]

And put spaghetti sauce on yourself and do all the things to show people like those extreme product values that you're trying that you're talking about. It doesn't matter in words. You got to show them in images and video. I agree. Thank you so much for that. That's awesome. The brand is called Chevella. Chevell Gomez. Thanks so much for calling in. No, thank you. This was a bucket list moment for me, guys. I have been wearing Rent the Runway forever.

[29:28.4]

So I love you guys and I'm a big fan, guys. I will hopefully one day you'll be on Rent the Runway. Who knows? Crossing fingers and toes. Thank you. Thank you both. Jen, before I let you go, now that you have 15 years under your belt, if you could go back to when you started this thing, what do you think you would say to you 15 years ago about, you know, advice or, or maybe a pep talk or something that would, you know, that would make it a little easier?

[29:49.5]

I would say two things. Number one, don't focus as much on the future. You're doing something that's so fun. Don't have anxiety about what's going to happen next quarter or next year. Enjoy today. Number two, get yourself a video camera and start videoing this unbelievable period of time in your life. Because as much as you think you're going to remember every single moment, you're not.

[30:06.7]

And these are going to be the best times of your whole life. I love it. Jen Hyman, co founder and CEO of Rent the Runway. Thanks so much for coming back on the show, guy. Next time you're in New York, we gotta get a meal. We will. And I will be showered and ready to go. We'll go to a Barry's class together. And by the way, if you haven't heard Jen's original How I Built this episode, you've got to go back and check it out.

[30:22.4]

You can find a link to it in the podcast description. And here is one of my favorite moments from that interview. I go back to school on Monday. I happen to have lunch that day with Jenny. I was like, oh, I had this idea, like, what if we rented dresses? And she responded, oh, this sounds fun. You know, let's like work on this idea together. Who do you think we should call to figure out if it's a good idea?

[30:38.9]

And I said, you know, we should really call Dan von Furstenberg. Now. We didn't really have a structured idea, so, you know, we were kind of iterating the idea by pitching it. 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.

[30:55.0]

And of course, if you're working on a business and you'd like to be on the show, send us a one minute message that tells us a little bit about your business and the questions or issues you are currently facing because we would love to try and help you solve them. You can send us a voice memo@hibtid.wondereat.com or call us at 1-800-433-1298.

[31:10.3]

You can leave a message there and make sure to tell us how to reach you. And by the way, we'll put all of this in the podcast description as well. This episode was produced by JC Howard with music composed by Ramtin Arablouei. It was edited by John Isabella. Our audio engineer was Sina Lofredo. Our production team also includes Alex Chong, Casey Herman, Elaine Coates, Chris Masini, Katherine Seifer, Carrie Thompson, Sam Paulson, Iman Mani, and Neva Grant.

[31:27.3]

I'm Guy Raz, and you've been listening to the advice line on how I built this lab.