[01:12.4]

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, a former guest 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.

[01:28.2]

Our number is 1-800-433-1298. Send us a 1Amessage with your name, a bit about your business and the issues or questions that you'd like help with. Or you can send us a voice memo@h I b t id.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.

[01:44.9]

You can sign up for free at guy raz.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 Caitlin Smith, founder and CEO of the natural food company Simple Mills. Caitlin, welcome back to the show. Thank you for having me. Excited to be here. Excited to have you back. So you were on the show back in 2021 telling us the story, of course, Simple Mills, which really began when you were, I think in your early 20s.

[02:03.7]

You were working at the time for a big consulting firm. You're on the road a lot, you were eating bad food, you weren't eating well. And so you kind of started to experiment your free time making like grain free, gluten free, paleo friendly recipes, eventually kind of honing in on a muffin mix. And I think originally you imagined and I think you kind of got there building sort of the next Betty Crocker kind of brand.

[02:20.3]

Yeah, absolutely. I mean my, my goal really was and still is to change our food industry to really positively impact people's health and also the planet health as well, by making these products that have what we call astounding ingredients and putting them into these familiar forms that consumers love and that taste. It's such a great story. We're gonna put a link to it in the podcast notes and you should definitely go back and check out that episode.

[02:36.9]

Fast forward to today, Caitlin. Your single muffin recipe evolved into a whole line of natural food products that is sold. I mean, every time I go to the grocery store, it seems like there's a wall of Simple Mills products on the shelves. I Think there are more. Almost 30,000 stores across the country, which is amazing. And it started in your kitchen and, you know, when you were just experimenting.

[02:53.6]

It did, yeah, it started in my kitchen, and it's come a really long way. Today we are the number one largest natural cracker, cookie and baking mix brand in the natural channel. So it's the thing that dreams are made of. It's amazing. You know, we've talked lots of food founders, right. And almost all of them, including you, struggled at some point to fund the production.

[03:08.7]

Right. Especially when you're first kind of getting things off the ground. I remember you almost had to sell, like, a lot of equity in the company for that reason. So from your perspective, when founders are thinking about, like, finances, how to finance, especially early on, what should they be? What should they be thinking about?

[03:24.4]

Oh, my goodness. The funding journey is just grueling, and I think today it's probably even harder than it was back when I was founding the company. I definitely had to do some very creative things on my own side to find the business. So selling my car and maxing out credit cards and. And crazy things like that. But then I think when you go out to look for investors, it's really talking to anyone and everyone.

[03:42.0]

I mean, I just talked to so many people that at one point, one woman who was interested in investing in us was in a whole food store, and a guy next to her turned to her and said, what do you think of this brand? And she said, well, I'm thinking of investing in it. Well, that guy turned out to be our lead investor. So I had talked to so many people that two of them happen to be in the same whole food store in Charlotte, North Carolina, at the same time talking to each other.

[04:01.5]

So I think resilience is probably one of the largest things you gotta have to get funded. You. You've got a whole suite of products now, right? Muffins, crackers, thins, waffle mixes, tons of things. Right. And cookies. And I'm sure there's a lot more sort of in the pipeline. How do you guys identify and then prioritize what products to bring to market?

[04:19.8]

Like, what do you sort of measure and when do you know that the thing that you're introducing doesn't work? You know, because there must be things that you introduce. It just, you know, you kind of phase out after time. Yeah. I mean, innovation, part of innovating, part of being an entrepreneur, all of it is. Is failure is part of the game, too. And knowing when to. When to move forward with something or when to not do something is also super important.

[04:36.3]

I mean, I think we really think, first of all, we have to be able to solve a problem for people, so it can't just be something that's nice to have or it really has to solve a real consumer need. And then the second thing that we think about is, can we do this with our ingredient tenants, More nutrient dense ingredients. And then the third thing is, look, it has to taste great.

[04:53.4]

This is a food product and no one's going to eat it if it doesn't taste great. And so that a lot of times is one of the bars that's toughest to hit. So we really consumer test these products and understand is this measuring up to conventional standards and making sure that consumers will love it when it hits the shelf. Awesome. Well, I suspect a lot of our callers are going to have a lot of questions for you today about how you did it and the decisions you made.

[05:11.7]

Why don't we take our first call and find out what is on their mind? Hello, welcome to the advice line on how built this. You're on with Caitlin Smith and me. Please tell us your name, where you're calling from, and a little bit about your business. Hi, Caitlin. Hi, Guy. My name is Scott Vandenbrucke and I'm calling from snowy Minneapolis. Welcome. Thank you. I started a company called Upcycle Foods, and our first product was a soft pretzel made with pure maple syrup and butter, but it was also made with the beer grains that were sourced from the brewing process.

[05:36.2]

Wow. So these are. Okay, so just to. Just to clarify, these are pretzels made from grains that are used to brew beer that would otherwise be thrown away, basically. Correct, Correct. So that's why it's called Upcycle Food, because you're upcycling something that was used for one thing and then you're turning it into another thing. Yes. And so we decided to focus on beer grains due to the excess amount of local breweries using these in the brewing process.

[05:54.9]

And were these hard pretzels or soft pretzels? So these were soft pretzels. And then we also had, you know, a pretzel stick. Pretzel buns were a large seller. And then our large Â£1 pretzel. So you keep saying, were, were. Is this something that you're not doing right now? Yeah, we're kind of on ice right now. After we got out of the pandemic, we worked in a kitchen, a rental kitchen, lease kitchen, for over a year.

[06:12.4]

So I was doing the sales. I was Doing the full production. So I've rolled out thousands of pretzels. You're the pretzel, ma'am. You're the pretzel maker. So that was the main focus. But what ended up happening was I moved into a co manufacturer space and I would go in there from when I edited my actual job to probably 10pm at night, perfecting the recipe.

[06:29.6]

And we did get it down. It just got to a scale where they could not maintain. And if you've ever made a pretzel, the lye process the application. Right. To get it to get that brown color. Yeah. And get that Maillard reaction to get that really nice flavor. Caramelization. Yeah. And that was kind of my Achilles heel. So. So you stopped producing them.

[06:45.1]

Right. For a while. And just before we get to what you. What you're thinking about now, what other. I mean, presumably you can do a lot with upcycled grains. And I mean, there are brands out there that are making granola bars and other things. So you focused on pretzels, but that didn't work out, so why not pivot to another food product? No. Correct. I did. You know, we come from the land of 10,000 food production facilities in Minnesota, but.

[07:03.3]

Yeah, General Mills. Yep. Home of General Mills, you know, Pillsbury everything. But I think I looked at doing pasta, so I did carbonara in a jar with spent grain pasta. We experimented with, like, muffin mix. So I know Caitlin is definitely keen to that. So we did sell those at farmers markets. But again, it was kind of taking that leap into scalability that ended up keeping us shutting us down for a little bit.

[07:20.9]

Right. So. Right. All right, we're going to get to. I've got more questions, but let's get to your question first and see if we can start to tackle that. What. What's your question for us today? So I guess my question is, you know, with a unique upcycle ingredient like spent grain, how would you go about finding a solid manufacturing partner, especially with a difficult process of making pretzels?

[07:37.1]

All right, Kaitlyn, I want to bring you in here. I'm sure you've got a lot of thoughts on what he's trying to do here. Oh, my gosh. So many thoughts and just so much respect for you because that's not an easy thing to do. So how similar is your production process to how pretzels are usually manufactured? It's not very similar. So the bakery I used was probably a little bit smaller at capacity, so they didn't have the machinery that actually was scalable.

[07:59.5]

But we did find a process of proofing, freezing, and applying lye that actually worked. So to your point, it's not very similar to the big guys, you know, reaching out to those manufacturers. It was difficult at times to get them or persuade them to, you know, take on a very unique ingredient and put it into their production.

[08:15.0]

Yeah, makes a lot of sense. That's a. It's a tricky one. I mean, I think, look, it was really difficult for me too, to find our first contract manufacturer. It feels like I turned over, I think, the whole market. I was on the 10th and 11th page of Google, which I don't think I've been on since, trying to find contract manufacturers and researching every lead.

[08:31.2]

And it took a ton of resilience and continuing to dig. And I'll tell you, even when I did find someone, there were a number of compromises involved too. And I'll say, fortunately, as volumes have scaled and all of that, I found stronger partners to work with. But I think if I were you personally, I would think about, okay, how do we best fit this into the production equipment that these contract manufacturers are already going to have?

[08:52.6]

And so is there a way that you can change the, you know, for example, dry the ingredients or, I don't know exactly what form the ingredients come in, but, but really fit them into a form that's going to work in their system because then you'll have a much broader group to work with. Scott, a couple questions for you. I mean, why would somebody, right, like, if I, if I meet you and you're like, hey, I'm selling these upcycled pretzels.

[09:10.1]

Get your pretzels. Why would I buy your pretzel versus one that was made with, you know, let's call it virgin flour that was, you know, also coming out of the oven? What, what's the, what's your pitch here? So, I mean, sustainability is the pitch. We want to take upcycled ingredients and move them into a loop system to rescue them in the flavor with spent grain.

[09:27.7]

It also is unique to that beer, but it's lower in sugar. So there's another plus for dietary needs. I guess my question for you is, you know, you're focused on the pretzel and you're looking for a co manufacturer, right, to do the pretzel. But I wonder, Kaylin, I'd love to get your perspective on this. Is there a world where, you know, maybe the pretzel is the, is the issue, not the upcycled side of it?

[09:44.3]

Because I know, Kaylin, you guys are doing some upcycled work as well, work with upcycled grains. Is there a world where Scott, maybe want to consider a different product? I mean, I just want to throw it out there. I don't want. I don't want to ran your parade here, Scott, but I just want to test this here. I mean, I think personally, I really love the idea of an upcycled pretzel, particularly one made with beer grains, because there's something about beer and pretzels that goes together.

[10:03.8]

And. And one of the things that we think about, for example, when. When we develop innovation, is do consumers naturally go there? And so does that sound delicious? And I'm just like, oh, yeah, it's going to. It's going to pair so well with beer. Like, I could almost even picture like a. A beer tasting where you've got like, several different types of beer and several different types of beer pretzel, and it just all works really well together.

[10:19.7]

But then again, there's probably also other things that are in that avenue too, where, I mean, cracker is obviously near and dear to my heart, but. But. But I go down that same path. Yeah. I mean, look, I love. I love a good pretzel just like the next person does, but I'm just wondering whether that is scalable, like, easily, I think, because there's a lot of things that you could do with spent grain.

[10:36.1]

Right. Like, we've had conversations in the past about this in various ways on the show. And I remember somebody. I don't know if it was on our show somewhere else, somebody talking about dog treats from spent grain. And. I don't know, I mean, I know I'm throwing. I'm throwing this whole conversation for a loop here. Yeah, but is there a world where you experiment with different, other things that might. I don't know, that might go to a farmer's market and you're selling dog treats.

[10:53.6]

I mean, people might be a bit more willing to. To try something like that out. No, that's. It's a great point. We did an amazing devil's cake mix that just was. With. It just was so dark and succulent when it baked up, like, similar to a muffin mix. I think the one thing with the spent grain is, you know, you can't use the full amount into the product.

[11:10.2]

You do need to just cut it with regular flour because the structure kind of gets lost. But I think the shelf stable products would probably be a little easier to produce, and they were. But, yeah, I think there's a substantial hill to climb when it comes to spent grain with the amount on the table. And I think. I think one of the things that's interesting about what you're suggesting, guy, is this whole leaning into what's easily possible.

[11:31.1]

And so try not to build too large of a hill for yourself to climb. One of the things that we talk about with innovation is really how do we lean into nature, lean into what nature wants to do. And maybe the frame is a little bit different here, but it's like, how do you lean into what naturally contract manufacturers want to do? And so what products naturally come out of that? So you're not.

[11:46.7]

You're not trying to get them to do something that's too weird or too hard for their model. Yeah, maybe the pretzel happens in the future. Maybe the pretzel is the fourth or fifth product, but the first product is something that is just a little bit easier to get off the ground. And, Caitlin, I was. I was wondering about that. I mean, when you first started, I'm assuming you've used multiple co manufacturers throughout your. Your business, but how did you persuade them in the beginning with.

[12:04.4]

I mean, I know almond flour was new on trend, and how did you get them to sign on with you? Well, and I think it's interestingly, not very far from what we're suggesting here, which is that I started in baking mixes. Finding a manufacturer who's willing to blend together flours is a lot easier than finding a manufacturer who's willing to make a cracker out of an alternative ingredient.

[12:25.1]

And so it's kind of starting at a place that's a little bit easier and then moving to that difficult place. Mm, for sure. The brand is called Upcycle Food. Scott Van Den Brooke, thanks for calling, man. Congrats. Good luck. Thank you. Appreciate it. Good luck. Yeah, I mean, I mean, look, the idea here is that you might have a really great idea and something that will.

[12:41.3]

Could work, but it may not be the first thing that you should pursue out the gate. Right. Like, you started with baking mixes and then. Which was easier than going to cookies and crackers, which you now sell and, you know, other things, Right? Yes. So much easier. I mean, it's so much more difficult to create a cracker or a cookie or a snack bar than it is to create a baking mix, which is really just dry flours blended together.

[12:58.7]

I mean, I think you pretty much nailed it. Take the latter approach. Don't go there immediately. 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.

[13:21.2]

Welcome back to the advice line on how I built this lab. I'm Guy Raz, and today I'm taking calls with Caitlin Smith. So, Caitlin, what do you say? Should we bring in our next caller? Let's bring them in. All right, let's bring in our next caller. Hello. Welcome to the advice line. You are on with Caitlin Smith of Simple Mills. Please tell us your name, where you're calling from, and a little bit about your business. My name is Tim Toews. I am the owner and operator of Grumpy dad sauce company from Winchester, Kentucky to south side of Lexington.

[13:39.3]

Our where we make hot sauce for people who don't think they like hot sauce. And our products are purposely prepared for a place on every table. Wow. Tim. Welcome to the show Grumpy Dad Sauce, Lexington, Kentucky. I love it. Tell me a little bit about how you got into the hot sauce business. It was mostly on accident. Back in 2018, I was working as a training manager for a pharmaceutical plant, and as a break from, you know, just kind of taking my off work, I bought some couple different strains of the hottest peppers in the world, threw them out in the yard, you know, kind of forgot about them.

[14:03.8]

Ended up losing that job and had to do a couple of things in between to make ends meet. And then I went out in the backyard in the middle of summer, and the plants were, like, up to my waist full of peppers. Carolina reaper ghost pepper and scorpion pepper. Yes. The kind of. Kind of an insane dude here. Yeah, serious peppers.

[14:19.1]

Yeah. I had no intention of eating them at all. Didn't know what to do with them. And I've always had something where I've wanted to do something else kind of, because several different spots along, I've lost jobs and other things. So what if I did something where I knew the target? I wanted to build this, and I would build something for me and my family that I can pass on. So I googled how to make hot sauce and started trialing out sauces with those peppers.

[14:35.3]

So at the end of that summer, I found a different job at a hemp processor that had just got started in town. Everybody at work liked them, but they were too hot. And so I'd scale back down, scale down, scale down, scale down, Reached out to the state as far as how to be fully FDA regulated. Wow. So between 2018 and 2020, I took all the classes, got certified, and we launched our first commercial batch in January 21st.

[14:52.2]

Amazing. Okay, so. So you would basically googled it, like, how do you make hot sauce? And so I'm assuming it's like, with the peppers and vinegar and, you know, grind it down and then, you know, you strain it and eventually get something like hot sauce. Yep, pretty much. It's just blend, cook, and do it the way the FDA says to.

[15:08.8]

Wow. And how. And so where are you selling them now? We are in the farmer's market in there in Winchester. Every weekend, we are in five small mom and pop shops in Lexington and a few other places like that I'm. I have wholesale requests for.

[15:26.6]

There's a lot of those little farms where, you know, everybody goes to get their pumpkin, those kind of places all around the area. And so I'm moving from five to hopefully 20 shops in the next year, plus direct to consumer sales over the Internet. My first year, 2021, I sold every last bottle I made online, just through marketing over a couple of different Facebook hot sauce fan groups, and sold to 38 states and just kind of went from there.

[15:53.3]

Nice. So are you doing, like, about, what, five. Over $5,000 a year so far in sales? Yes. This year we're right at 5,000, going to about 6. If I hit all those targets with all those different stores that want my stuff, I should be selling about 25,000 next year.

[16:11.1]

Not quite enough to pay all the bills, but headed in the right direction. All right, Tim. It's called Grumpy Dad Sauce Company. I'm assuming you're a dad. I'm assuming you're grumpy. Not exactly. Like I say when people ask me about it at the fairs, it's like, not when I'm making hot sauce.

[16:28.7]

So I find that most dads are grumpy because they are doing something to help make ends meet, keep the family going, paying the bills and all that that they probably didn't want to do when they were a kid growing up. You know, accountant, whatever it is, just to pay the bills, the stress of life, all that stuff kind of gets to them.

[16:48.0]

And what I'm trying to do is be kind of an inspiration to other dads and my kids to where you don't have to just do something just to make ends meet. You can do something you want to do. Build a business, build something that you can pass on to your family. Start scaling up from there.

[17:03.1]

So, you know, everybody knows a grumpy dad. And all my sauces are all theme that way. My mild sauce is Moody Teenager. I got a sauce called Envy Mood Swing. My hottest one is called Tantrum, stuff like that. So I'm trying to trade in on that, on that vibe of, you know, family, the family dynamic.

[17:19.0]

And you've got kids? I have two kids. Yes. My. I have a son and a daughter. They're teenagers. We adopted them from our. From the state foster care system when they were 2 and 3. My son is really interested in helping, and he went. Next year is. One of our two flavors we're going to introduce is one that he's developing, a barbecue sauce.

[17:37.1]

Nice. Okay, cool. And what's your question for us today? My question basically is. And I kind of have two different ones. I had one before we got on, but in the last week, the last couple of weeks, I've lost another job. So I have financing lined up, and I have enough to scale up to get the co Packer involved for next year to meet all those demands.

[18:00.1]

But my question really is, should I just go crazy and just go all in with it? I know I'm about 20, 30% of where I need to be to meet my family's needs. Should I just scale back on the job expectations and just double down on the other side of things and get more people involved, ask for more angel investors, that kind of thing?

[18:20.0]

Or how crazy should I go with this? How much further should I go? Got it. Okay. And sorry to hear about the job situation, but I think this is interesting. I mean, the. It sounds like a big part of the motivation around this. Not only because you like peppers and hot sauce, but you want to build your own thing.

[18:37.1]

You don't want to be dependent on an employer who can just, you know, downsize and lay people off. Yep. Okay, Caitlin, let me bring you in. You've been waiting patiently. Caitlin. All right. Grumpy dad. Hot sauce. Amazing. I love those names, by the way.

[18:52.5]

Those are just brilliant for hot sauces. So I can just see all these different ways the branding could go and could be really cool. But, you know, question for you. What. What keeps you from going all in? What's. What's standing in your way? Who's paying the bills?

[19:09.3]

You know? Yeah. What if. What if that loan doesn't come through? What if. I talked to a co packer a couple years ago, and it was 100 case minimum, $25,000 for the loan, and I couldn't swing it, but I found one that's going to scale with me.

[19:24.8]

So I'm at place where I think I could do it if I planned it out correctly, if I had, you know, scalable goals. You know, by this quarter, I need to be in these many stores and, you know, incremental increases. But there's part of me that just wants to just be like, drop a grenade and just toss it out there and just go and do Uber and doordash to make the ends meet and then do everything else to get the hot sauce out there.

[19:49.3]

So that's where I'm kind of at. Do you have a sense for what you would need in order for the business to be a little bit more stable financially for you? I know where my bills are, I know my budget, I know car payment, house payment, all that stuff.

[20:04.5]

I know what it would take to fund my family's needs. So is it like a certain number of retailers or more Total volume of. Total dollar volume of bottles out the door, either in a combination of wholesale or retail. Which is why I'm trying to loop in the co packer and get him going on and I've taught him the recipes, he's ready to roll, and we should have that scaled up here before too long.

[20:26.9]

I think that'll be game changing for you. You know, back in the very early days of the business, I toggled both a pretty demanding job and, and also trying to run the business. And to be honest, while I was working full time, it crept along at a really slow pace, both because I was doing the manufacturing and also because I was distracted.

[20:50.6]

And I think that there was a point in time where I just made the commitment that, okay, this is my number one, it supersedes all else. And so where there is a conflict between this and that, simple Mills wins.

[21:07.4]

Yeah, I agree with you on this one, Caitlin. I mean, I think, look, I think you can do a version of both, Tim. Right. You can go all in and. And you can also figure out the most flexible way for you to earn some money, whether that's, you know, uber doordash or maybe getting a job, a part time job with some flexibility.

[21:27.5]

Because really what you want to be doing is you want to be focused on getting this in the hands of people beyond Lexington, right beyond Winchester, Kentucky. And I think that you really need to focus on just getting people exposed to the brand.

[21:43.3]

I mean, you know, even taking a risk of just sending a bottle, a couple bottles, or at least calling some of these places and saying, can you take some of this on consignment? You know, would you be willing to put this on your shelves? And I think a lot of them, if you will take your call, you call them up and they'd be willing to put, put your bottle on the shelf.

[22:01.9]

I've got a few of them that are lined up and it's one of those things where I'm either making stuff for the, for the Saturday market or making it by the case for these. And so the juggling of who am I, who am I going to serve this week is what, is what's been messing with me. I've, you know, we're moving in that direction.

[22:17.7]

It's just how do I juggle that for. Until the co packer is fully up and going. Yeah, that's one of the things I did. I devoted my Wednesdays to just calling up these places and just being like, okay, hi, I've got this product. Will you take it? I'm going to send you a sample and then the next week follow up with them.

[22:34.2]

Hi, did you receive the sample? Can I get the item on the shelf and just kind of blow it out into as many places as you can as fast as you can. But to your point, you gotta have the product. And so co man will be an unlock on that. Tim, how old is your son?

[22:50.8]

15. My daughter's 16, he's 15. He'll be 16 in March. I got a job for your son and or daughter. Why don't you sic them on the website? I'm looking at your website. Yeah, needs some work. You cannot order the sauce on there. There's off the shelf, very inexpensive software whether it's, you know, Shopify, Squarespace, Square.

[23:14.6]

I mean there are all these different companies out there, WordPress that make it really easy and your 15 or 16 year old is going to figure out faster than you will. Yeah, I'm just being honest with you. Sic them on that. Say, figure this out, make it easy to order it online.

[23:29.9]

Clean up the website, make it a little nicer. Just start there. Yeah, he wants to, he was, he's. We've done a lot of work with like recipes, my sauce with somebody else's products, you know, the meats and the stuff from our farmer's market and he's helping with shoot the recipe videos and stuff like that.

[23:45.0]

So he actually set this mic up for my, for the broadcast today too. So I'm going to let him, let him run with it and, and maybe consider being the grumpy dad making videos, having them put on TikTok. I, I'm serious. I mean these guys, 15, 16, they know what they, they know how to do this stuff.

[24:01.2]

Yep. And you could be sit, you know, you could be the grumpy dad in these videos. Works for me. Oh, my gosh. And what a great learning experience for him, too. Yeah. I want him to be as. As. As involved as he can. Yeah. I mean, the question that you ask, right, is, is, should I go all in or keep doing it the way I've been doing it?

[24:18.3]

And I think the question I don't think is, should you go all in or not? You should go all in. I mean, you're passionate about this. People are responding to it. You clearly love the process of making this. You've got certified, you've got a brand here. So I don't think the question should you go all in? I mean, you are kind of all in.

[24:33.7]

Right. The question is, how do you sustain a business that, look, let's be realistic here, is probably not going to pay for all your bills, let's say, for at least two years, maybe three, maybe five. So if you can look at this and say, all right, for five years, this thing is not going to pay my bills, but I want to pursue this, and I really think there's potential here, then you kind of reverse engineer it and figure out what you need to do, the minimum you need to pay the bills, but also to really lean in and focus on this thing.

[25:04.8]

Yep, that's true. Tim Toews of Grumpy dad Sauce company. Thanks so much. Good luck. Thank you for having me. Good luck. Thanks, Ben. I mean, right, you get the Grumpy dad on the sofa. Oh, my goodness. There are so many things that you could do with that on social media.

[25:22.1]

And from a branding perspective, it's such a brilliant base to build on. I mean, you know, that's something I'd watch. I'd watch a Grumpy dad, I don't know, sucking down a bottle of hot sauce. I don't know. Something, something.

[25:37.5]

Yeah, there's something there. All right, we're gonna 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.

[26:03.3]

Welcome back to the advice line on How I built this lab. I'm Guy Raz, and my guest today is Caitlin Smith. She's the founder of the natural food company Simple Mills. Caitlin, what do you say? Should we take another call? Let's do it. Welcome to the advice line. You are on with Caitlin Smith of Simple Mills.

[26:19.5]

Please introduce yourself, tell us your name, where you're calling from, and a little bit about your business. Hi, Caitlin. Hey, Guy. Hello. I'm Marisa Gurdian from Chappaqua, New York. And my business is Sweet Paws. We are innovating in the pet space with problem solving fashion forward silicone pet essentials.

[26:37.7]

Our mission is to amplify the joy of pet care and smooth friction in the daily routine so that pet families can enjoy more quality time together. Got it. Okay. Sweet Paws, welcome to the show. Marissa. Thank you for calling in Silicone. So what kind of things are they? Like, chew toys.

[26:53.2]

So we make everything from chew toys to bath gloves, portable paw towels. We have a couple things that are just launching, including a bag charm to hold the used bag on the leash. So it's kind of an embarrassment free solution to walking down the street.

[27:08.7]

Frees up your hands to do other things. And also our new bag opener that opens the bag on the very first try. You're talking about the poop bags. That's right. I got you. Okay, so you got. You got the container for the poop bags, which I know very well because I take my dog for. Not just me. My wife and I take our dog for a walk at least once a day.

[27:24.6]

So I'm very familiar with the poop bags. What was the thing you said that. The bag opener. So that's our newest product and the one we're most proud of. We just launched it on Chewy. It is our better bag bag opener, and it's a better way to open plastic bags.

[27:42.8]

So have you ever struggled to open a dog waste bag? All the time. It's a pain. The pain in the butt. You're trying to open it up. I'm, like, ripping it. I'm blowing into. Yeah, you know, I've got oily fingertips or something. Like I've. You can't open it. Exactly.

[27:58.0]

I honestly love walking my dog, but I hated opening the bag, and it would ruin an otherwise good thing. I would be on my neighbor's lawn. They'd be pulling out of their driveway. I'd be giving them the wave of shame as I just struggled to open that dog waste bag. And it could take 20 minutes. You know, I wasn't going to lick my fingers.

[28:14.3]

So this is a solution that attaches to the leash and it opens the dog waste bag instantly. You just insert your fingers. You put your fingers. It's like a ring. I'll show you. And I know I'll try to describe it for anyone listening, but it's a lightweight silicone device that hangs from the leash or your keys or your bag.

[28:35.5]

You put the two finger grips over the end of the bag, and with One simple twist. It opens the bag instantly. You've got the silicone finger grips. And then we call it Better Bag BTR B A G because it's a better way to open plastic bags. It does it on the very first try.

[28:51.3]

No more licking fingers, no more frustration. You can use this in the grocery store. Those are the worst. I can never open those bags in the grocery store. So that actually leads me to my question. Because this product, we feel, has an application well beyond pet. So even though we launched it with a pet company, we started a separate website to show all the other applications which are not only grocery, but also household trash bags, office bags, any bags.

[29:15.0]

We even have a customer who used it to separate her coffee filters because she had such a hard time taking those apart. Total pain. And it really does work on the very first try. All right, before we get to your question, just a couple questions for you. Tell me about the business. When did you start it and how did it start?

[29:33.8]

So I started the company back in 2020. We got one of the very first pandemic puppies back in March 2020, and she was a pure delight. We loved her to pieces. Her name is Sobi Mini Labradoodle. But she was very nippy. So I developed a wearable puppy teether that could be worn as a bracelet so that you always had a chew toy handy.

[29:53.9]

If the dog was nippy, and then you would, the human would wear it, the dog wouldn't wear it. It wasn't wearable for the dog. The human wears it, the human wears it, and then the dog chews on the silicone. Exactly. If the dog comes up and is nipping on your wrist, you remove it from your wrist and redirect the dog when they're ready to play.

[30:10.1]

And that way it keeps them from biting you and gives them something else to chew on. Usually they'll just take it. You'd either tug with them, play fetch, or they'll go off in a corner and chew on this, which is a non toxic human grade material, safe enough for human babies. We pitched it to Chewy. They had nothing like it.

[30:26.1]

And all of a sudden we were off to the races. We developed a bigger version, our chunky Teether, for people with bigger wrists or bigger dogs. And it went into our paw towels and our spa gloves and you know, really, we just can't make enough products. We have so many ideas.

[30:41.4]

So you're making a bunch of things now, selling them on Chewy, and give us a sense of your revenue right now. Okay, so we're selling on Chewy, Amazon, Petco and we're launching with a container store in QVC. Nice. Revenue this year is approaching $200,000.

[30:56.6]

I think next year we're going to see a lot more growth, hopefully. Congrats on that. Okay, and before I forget, what is your question for us today? Okay, so we just launched our Better Bag bag opener, which I showed you, which is a brand new product that we think is our best product yet.

[31:13.4]

It solves a problem for a lot of people and it has applications beyond pet. It's easily demonstrable on video. However, we do have limited resources for marketing. In the past we've tried to do everything at once and I think that resulted in kind of like a little bit of everything.

[31:30.9]

Was a lot of nothing. We didn't get results. So this time around we'd like to focus on one platform to get the word out about Better Bag. So our question is, if you had to choose just one platform to get the word out about a revolutionary new product, what would it be? Interesting. Okay, Kaylin, I'm going to bring you in here.

[31:48.0]

A lot to unpack. There is a lot to unpack for sure. So I'm curious. So I'm a dog owner myself, although I don't know the dog owner community as well as probably you do. So where do you find that these dog owners first of all typically shop and also where do they typically show up social media wise or online wise?

[32:12.9]

Where are you considering marketing to them? Well, I think we launched this product with Chewy. That's a really good place to be and I don't take that for granted. We feel really lucky about that. We've gotten a good response there. But beyond that, probably Facebook, Instagram, like my whole list is basically all correct answers of great places to go TikTok.

[32:31.8]

And that's why it's hard to narrow it down. And I do see this product having reach into grocery for people who have dexterity issues or just the everyday person like me who doesn't like to lick their fingers in public or doesn't want to lick their fingers at all. Those are the people I really want to reach just to educate them.

[32:49.5]

That this solution exists to a problem a lot of people have makes perfect sense. Yeah, I think one of the things we thought about when we had, well, we still don't have the largest marketing budget, but especially in the early days when we had a very, very tiny marketing budget was really spending those dollars as close to the person who's going to buy it as possible.

[33:12.0]

So in our case, we were primarily selling in retail stores. So you think like Whole Foods. And so what we really invested in were demos in store. So we would. You know, when you're walking through Whole Foods, you get to try a little bit of muffin, decide if you want to buy it, and then go to checkout.

[33:30.8]

Now contrast that to. Let's just use the other end of the spectrum, which would be like a national ad campaign, like a Super bowl commercial or something like that. You don't want to do that in the early days because it's the percent of people who are seeing that that are actually going to go and buy it, or maybe it's.

[33:48.1]

Or even are going to visit the store that the product's in super low. And so when I think about your product, I think about, well, how do you get as close to those customers that are already, for example, on the Chewy site looking for products as possible? It's a little bit different because it's primarily online, but I think the premise probably still applies.

[34:08.9]

Yeah, I think it's a tricky answer to a very good question, which is, where do you put your. And the obvious answer that I think a lot of people would give you is, you pick a social media platform that works best for you. By the way, where have you performed the best?

[34:25.4]

What platforms work best for you? I would say, honestly, we haven't done a good job of marketing. So when we leave it to our partners, our retail partners, they're very well equipped to do this on behalf of our products and part of our arrangement with them, I think 20% of our payment from Chewy goes back to them as a rebate for marketing.

[34:46.1]

So I see it show up on my own feed for Instagram, my own products show up and stuff. But. But when we do it ourselves, like I said, it's almost like we spread ourselves too thin because we don't have enough resources to devote to it. And I haven't seen a great return. That's kind of discouraging, I would say, which is why this time we want to take a different approach and try to put all our eggs in one basket and try to have a bigger impact with that one platform.

[35:09.7]

Give me a sense of how much money you'd be able to spend on this. Like 5,000, 10,000, 20,000. I would say about 5 to 8,000. All right, so you've got basically a very small budget. And you're right.

[35:25.2]

I mean, every person, Caitlin, you guys may be experiencing the same thing. Customer acquisition over social media has really dropped, especially since the pandemic, have you found that to be the case? Oh, 100%. Yeah. And it's expensive. And here's a thought for you, because there's, of course, there's influencer marketing and finding the pet owners, and that's certainly worthwhile.

[35:49.3]

But 5,000 to $8,000, you know, you really want to see how far you can stretch that. And I wonder whether it's worth looking. And it's gonna sound very self interested, right? Because of what we're doing here. And I'm not saying our show because we don't do this anyway, but there have to be podcasts that have, you know, 10 to 50,000 listeners a week, let's say that are pet podcasts.

[36:18.2]

There have to be. I mean, I don't know off the top of my head, but there's an intimacy when the host of that show. We do advertising on this show. When I talk about a product that I use, when they talk about products that they use, especially if it's to a very, very specific kind of audience, that could have a pretty big impact.

[36:39.5]

You know, we did an episode of the show a couple months ago about bull and branch. I don't know if you heard that episode. I did. It was a great show with the betting. Right. And I love how they're a married couple and they get along so well, and they're awesome. Scott and Missy Tannen. And if you remember that episode, they did something really, really risky.

[36:56.5]

I mean, they took a million dollars, they took out SBA loans, they took out a mortgage on their home to buy advertising. 18 months of advertising on the Howard Stern show, and I think the minimum buy was a million dollars. It's an insane thing to do.

[37:12.4]

Totally crazy. It was the beginning of their company, but they really, they put all their eggs in that basket. It was very risky, but it wasn't, if you think about it, because people love Howard Stern, people love Joe Rogan, whoever. They're different people connect with different people in different ways.

[37:30.7]

Alex Cooper of coloraddy. So there's something about a person, and they don't have to be super famous, but if you listen to that person and you trust them and they're talking about something that could be useful for them, it could have a huge impact.

[37:46.0]

I mean, the Howard Stern ads that they took out eventually turned bowl and Branch into a huge brand, which it is today. So it may be worth exploring podcasts that focus on pets and pet care. That's a fantastic idea. I love that idea.

[38:01.4]

The other thing I'm thinking About too is really that kind of lifetime value for your customers as well. And so how much you're willing to pay for each person that you're bringing into the loop, not spending too, too much on each person or each individual that you're acquiring so that you're able to be profitable on the items too.

[38:21.8]

And so are there vehicles within Chewy that you can market on? Maybe it's similar items in a sponsored way. Okay. Customers who bought this might also like this item. And then you're a lot easier getting people to add that item to their cart.

[38:38.2]

That makes a lot of sense. And they do encourage vendors to support their in house campaigns. And I think going back to what you said about finding people where they already are, maybe I should think more carefully about that. That might be a better strategy than starting from scratch on the Internet and trying to find people out of nowhere.

[38:55.9]

But I also love Guy's suggestion too. I have to tell you, I can't tell you how many people have told me that they heard about us on how I built this. And so it is a fantastic marketing vehicle. Yeah. Especially if you can find. And it doesn't have to be a podcast. It could be a great blog or a substack or something.

[39:14.8]

But where you've got somebody who really has between 10 and 50,000 people who are regularly consuming their content, the cost for that ad spend is going to be very low. So you may want to kind of experiment, you know, take that five to 8,000, don't blow it all in one show, but take a little bit of it and see how far that gets you.

[39:38.4]

Those are great suggestions. I would have never thought of that, honestly. So thank you so much. Cool. Mercer Gurdian. The brand is called Sweet Paws. Good luck. Congrats. We'll be following you. Thank you. Such a pleasure to meet you both. Nice to meet you. By the way, the other problem I have is that I only bring.

[39:56.2]

I shouldn't say I. My wife only she has always one poop bag tied to the leash. We don't have like a good case. But you know what's so great is that in our town there's like every, you know, half a mile or something.

[40:11.8]

There's like a dispenser. Doggy bag station. Yeah, doggy bag station. Great idea. I am wholly reliant on those. Totally saved many a sneaker because you don't step and poop. It really has. Yeah. I'm very forgetful with the bags.

[40:28.1]

Yeah, totally. Caitlin, before we let you go, I want to ask you One last question about your journey, because now it's been a decade, more than a decade since you started. If you were to go back and sort of visit yourself in that making stuff in your kitchen, and you could say, hey, I'm coming from 12 years in the future here.

[40:49.5]

Here's. I'm gonna tell you what might you tell that Caitlin Smith, aside from do it and run faster? I think that, I think the other one just relates back to learning. One of the greatest parts about being an entrepreneur and building a growing business is that you get to learn so much.

[41:13.6]

And so to lean into that, not feel like you have to have all the answers. I think in the early days I felt like I needed to know the answer to everything. And the fact is you don't. And there are people for that. But also, if you're open to learning, if you're really going out there and seeking that education, then you'll get there a lot faster.

[41:35.2]

Yeah, that's awesome advice. That's Caitlin Smith, founder and CEO of Simple Mills. Caitlin, thanks so much for coming back onto the show. Thank you for having me. Great to see you. And by the way, if you haven't heard Caitlin's original How I Built this episode, you've got to go back and give it a listen.

[41:51.0]

You'll find a link to it in the podcast description. And here is one of my favorite moments from that interview. The weekends where I wasn't going to production runs, I was doing demos in the stores. And so my rule of thumb was if it was a three hour demo, I needed to bake for three hours in order to make enough muffins for the demo.

[42:09.1]

How many muffins would that be for three hours? I would guess somewhere around like 600. 600. Oh my God, right? Because somebody would come up and say, oh, let me just take one for my husband. He's over in the dairy aisle. Or the best is the kids that are unsupervised and they would just eat them.

[42:24.4]

They just shove them in their mouths, steal them off the table. Like, you're not supposed to give them to a child who's unsupervised, but sometimes the child takes it and runs. I also want to share that just this month, Simple Mills announced plans to be acquired by Flowers foods for almost $800 million.

[42:44.4]

Kaitlyn will continue to lead the brand. And if the name of that company, Flower Foods, sounds familiar, it's because they also acquired another HIBT alum, Dave's Killer Bread. Hey, thanks so much for listening to the show this week. And by the way, please make sure to check out my newsletter.

[43:01.5]

You can sign up for it for free@guyraz.com or on substack. And of course, if you're working on a business and you'd like to be on this 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.

[43:20.1]

You can send us a voice memo@hibtid.wondery.com or call us at 1-800-433-1298. 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.

[43:35.9]

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 Chung, Karla Estevez, Elaine Coates, Chris Masini, Katherine Cipher, Kerry Thompson, Sam Paulson, Devin Schwartz, and Neva Grant.

[43:56.0]

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