Joey Zwillinger Intro: [00:00:00] We have a mountain of cash, we have control of our destiny, the fact that Wall Street's written us off as a fickle beast as it is, the markets are unforgiving, our market cap is a reflection of the fact that we've essentially been written off by people

Harry Intro for Allbirds Episode: Welcome to 20 VC and stay with sitting down with Joey's Willinger co-founder and CEO of Allbirds. Now Allbirds is an incredible story. A much loved brand that went public in 2021, saw two, a peak valuation of $4.1 billion, but just two years later now has a market cap of 142 million. Today what happened?

Why are revenues down? When will they be profitable Um, what will it take to turn it around? This is a very special one, but before we dive into the show, stay

Morgan Freeman Intro: You have now arrived at your destination.

Joey Zwillinger Episode: Joey, I am so excited for this. You know I've been an Allbirds fan for a long time, so thank you so much for joining me today. I've been a fan of your show, and also just what you do in life, and the platform to invest, the platform to learn through you with really interesting [00:01:00] people, so I'm pretty delighted to be back on the show.

Right, you are far too kind and flattery will get you everywhere, by the way. I want to start with just the context, which is we see the incredible Allbirds brand today. What was the founding aha moment for you with Allbirds and you committing 10 years plus of your life to this business? I'll try to do justice to why Tim and I started this brand together in a really brief time.

But, you know, we come from very different backgrounds. So Tim Brown's my co founder. He was a professional athlete, but he happened to have a design background. Became the captain of the New Zealand National Soccer Team all the way through the 2010 World Cup. So obviously quite good at his trade. Was sponsored by the big sportswear companies during that time.

And you know, just like most entrepreneurial journeys, it starts with a moment where there's a problem out there that's not being solved for you individually. And he certainly had that. Left wanting something. And it was around these gigantic logos on the side of his shoes. It was around the fact that the world had casualized and the footwear industry just really hadn't kept up with it.

So he had this really unique and [00:02:00] intuitive sense for the consumer, for the industry, and wanted to do something. He ended up throwing a Kickstarter up to like get it out of his system, frankly. And that was in 2014. I was one of the first customers of that Kickstarter because. Our wives happen to be really close friends and were roommates in college.

And as all good things happen in life, it's through the people who support you. And our wives are certainly no exception to that rule. At the time, though, I was working at a biotechnology company. It was called Solizyme. And we manipulated microalgae to eat low carbon intensity inputs. And so I led the petrochemical replacement area, which is kind of green chemicals.

And we'd go out and talk to brands around the world, talk to other businesses about the idea that you could replace what you use today, have a higher performance and no carbon impact on the world. It was like, breathtaking. Like, yes, of course we want that. And then all of a sudden it was Three conversations later, it's like, you know what?

We actually just need margin. Can you make this plastic stuff and make it cheaper? And so it was a Sisyphean exercise for [00:03:00] me, where I realized that while the technology existed, the consumers wanted it, there's no compromise offering was there for the taking and brands could not position it correctly.

And so Tim and I came together and. Could equal three. We can blend his design and instinctual sense for the consumer with my material science background and experience in entrepreneurship. And we decided that this was a worthwhile endeavor for leadership, for business, and for a legacy that we thought our grandkids would be proud of.

I mean, you intellectual savant, dropping a Sisyphean, which Sisyphus, for people listening, is the idea of pushing a rock continuously up a hill, really, and going not very far. But I love that in terms of dropping that in in the intro. Incredible. Listen, I said that we'd just be direct. Everyone loves the brand, and it's a very well known brand.

Obviously, company went public, went out at 3. 75 billion, today it's sitting at 127 million. I think we chatted before and it was like, that's the same almost kind of give or take as a Series A. [00:04:00] What happened to cause that? Well, I would say it's a combination of... Exogenous factors. And then there are some controllables as well that we didn't do as well as we should have on the same token.

You know, I take responsibility for all of that because regardless of what happens in the external environment, you need to be prepared to grab it. Now, I'll just say valuation is something that I don't control. All we can control is, is how strong the business results are. And, you know, we had oriented the business around a significant growth.

And, you know, in the early days of Allbirds, we started in 2016 and up until the pandemic happened in early 2020, we were growing exceptionally high rates.

And when the pandemic happened, we were in a position where we were not set up for what was to come over the next 2 3 years. And I think those factors that happened from what the consumer was doing, how fast they were changing in terms of the direction [00:05:00] of what they wanted from different brands and the fact that they gravitated to brands who had incredibly high awareness and they'd been around for a long time contributed very significantly to a situation where it was difficult to parse the signal from the noise for us.

And so, you know, in that chapter of the company, we made some. Fantastic decisions. And then we also made some decisions that were not as good. And the external environment also was super tough. And so along the way, we continued to believe that the brand was a billion dollar brand and the business just needed to do some catching up and we want it to further capitalize the business.

And make sure that we could control our own destiny, could capture the vision that we believe in. The brand foundation is incredibly strong. And we see this every day, whenever we do Consumer Insights work. And we do that a lot and quite regularly, being a consumer driven business. And the health of the brand is incredible.

So we now have a brand that's, you know, close to 300 million in revenue. Recognition within a really interesting group of [00:06:00] consumer, albeit. We still have less than 15 percent aided brand awareness, meaning only 15 percent of the U. S. population knows that Allbirds exists. And we know that when people try our products, they love it and they come back.

So one of the biggest issues for us is just making sure a lot more people find out about us and we say a nice hello. So we haven't fallen in love. And I think we'll be well back on the journey for having that business catch up to the promise of this brand. Joey, I know you, when you are reflective and you think back on the internal elements.

That you made mistakes on what do you think of the core one or two? Yeah, and and you know, look what the externals are good. I won't take credit for that either and and I think there are some things in 2016 that we saw we identified and we capitalized on those opportunities that were real tailwinds for us Frankly, I see some of those tailwinds coming back with incredible vigor now You think about what's happened over the last couple of years with this Maximal build in the trend of how shoe companies have been coming to the consumer marketplace.

And the [00:07:00] fact that now quiet luxury is really coming back and people really want to celebrate this almost anonymous luxury with this very elevated premium experience. That's something that is going to be a tailwind for us in the coming years. And I'm pretty excited about that. But you know, if I look back on the things that we can control, there's tactical decisions in the business, whether it's specific products or inventory buys or things like that, those are all.

Really, really important. Was the move into running and athletics a good decision? Because my take as a consumer is like, No, no, no. You're like a great luxury leisure brand. I go to Nike for my running. Yeah, and you can't change the perception of a brand overnight. That's for sure. What we have found over the course of the last year in particular, in terms of how we position to the consumer and what we stand for, it's this crossover place between an informal and casual lifestyle with an active health and well being oriented existence.

in life. That is the core of where we started the brand. And that's where we're going to bring everything back to. [00:08:00] So I think in part, you're very right about that and where we should live into the future. So you thought maybe product expansion or lack of was one mistake. Is that it? In some respects, but to answer your question directly, all of the success that we've had.

And all of the stumbles that we've had, it always comes back to people. The entrepreneurial journey as a leader. We're a very small company and we've started less than eight years ago. And the balance of who you select, this balance of entrepreneurship and ambition. There's also an incredibly important element around bringing in people with a sharp expertise around the functions and the industry expertise that's required to be excellent at all of the fundamentals.

I often talk about. With our leaders that what they bring in is deeply needed and deeply respected, but we need to think about it as a reference book, not a playbook. And sometimes we've gotten that right. Sometimes we've gotten that wrong in terms of the people that we've had. And they're all incredible people, incredibly high integrity people, but [00:09:00] there's a right time and a right place for each of these leaders to exist in a business, to help us be extremely effective.

And honestly, it boils down to that, both the successes and the failures along the way. Do you regret going public? No, I don't. We have a mountain of cash. We have control of our destiny and the fact that Wall Street's written us off as a fickle beast as it is, the markets are unforgiving, and our market cap is a reflection of the fact that we've essentially been written off by people.

And until we start delivering quarter over quarter, incredible financials and that trend towards, and then eventually meet. Our long term targets for how this business is structured, we will suffer in that space. And so our job as a company is to urgently march towards that with all the sharp insights that we have and drive towards that.

And when we do, the market will come back and come behind us. You know, it's a matter of timeframe that you think about these things through and a couple of years of re shifting on what we need to do for the right long term thing for the business will pay off for anyone who [00:10:00] wants to jump on board now or in the near future.

Do you consider yourself a fashion company or a technology company? Because for years it was kind of, as you put it, in the technology bucket. Are you a fashion company or a tech company, do you think? We are a product company, first and foremost. And we happen to exist in a category where style and fashion is incredibly important.

Now, we have developed an incredible set of data and technological infrastructure, and something that we have in spades relative to our competition, no matter what their size. Even if they're many, many billion dollars in size, we are leading in terms of the infrastructure and the tech enablement that we've been able to bring into the business.

What do you think is the biggest difference between being public and being private? Well, everyone's seeing everything you're doing every single day. Businesses don't happen on quarterly cycles, but financial reporting and public markets do. Every single thing that you're doing from that point when you become a public company into the future is exposed for all [00:11:00] to see, the good and the bad.

That's a stark difference from when you're a private company. , you can make certain decisions that have zero implication because you happen to be reporting at that specific quarter and, and in this case it's not. And so, you know, in some ways the discipline is excellent. It forces you to have a cadence that is driving urgency towards the business.

And in some cases it could be a little bit intention with the long-term build of the business. But we've tried to structure things in a way. Both from a governance perspective and from a capitalization perspective that allow us to be really good stewards of any investor who has belief in the brand for the long term and sees the potential of what we've created from the early days and now just need to execute on the business side to bring those two things in convergence.

You said about Wall Street writing you off, does that anger you? It's humbling, no doubt. We went public at 15 a share and now we're at like a dollar. Dropping more than 90 percent of the value for shareholders that you orient the success of your business around. And I take that [00:12:00] responsibility incredibly seriously.

And so, that is of our utmost concern and so when we don't deliver for those people. That is a humbling experience. And there's a lot that happened in the capital markets when interest rates went up significantly, that was unavoidable for us to expect that everything would be exactly the same. However, it doesn't absolve any of the responsibility that I feel to drive the shareholder value that we create.

And so I'm not annoyed. I'm not angry. I'm emboldened to make sure that we get it back. And deliver much more than when we came out, like I've always envisioned that the IPO price that we came out with was, was a good starting point and that people that invested alongside us at the IPO would make lots of money in the fullness of time.

And, you know, given the way things have changed, they're going to need to hang on for a couple of years right now. And as we execute, I think that the future can be incredibly bright. I think a lot of people honestly say it's like. Ah, this is a case that DTC doesn't really make sense, and that actually like, eh, kind of [00:13:00] undifferentiated products, and it's just bad unit economics.

That characterization, being lumped into a group of companies that's called the DTC group of companies. Does that piss you off? I just think it's a generalization that lacks any kind of understanding of what we do. And so, we're a brand. We're not a channel. DTC is a way to do business. There's been great retailers who started this in our industry.

The Gap in the 90s. Lululemon has done a really wonderful job of being a great DTC company. But they're a product first company. They happen to use a DTC channel to reach consumers. And that's what we envisioned was the best way to start our journey. But we are a brand first and we've always envisioned that omni channel operation where we reach consumers where they want to shop is the right way to structure the business.

There are businesses out there that I'm well aware of that take a commodity product and try to cut the middleman out and reach the consumer directly and that is the business model. And so, While a [00:14:00] shoe you might think of as a bit of a commodity marketplace, it is so uncommoditized within the space that we play.

And we are so differentiated and when we are at our best, we offer something to the consumer that they haven't experienced before and they love. And I know you're one of those, Harry, so. Can I be direct then and just actually press you and say, Do you think you do a good product marketing job, then? I agree with you, I don't think shoes are commoditized at all.

But I think ON actually market the technology very well. The scientific approach to the bubbles in the shoes, that also visibly, like, scientific, because it stands out. Do you think you product market the innovation well? When we're at our best, I think we've done wonderfully. So I do think... At times, there's been moments in time, particularly in recent times, if you think at the start of the pandemic, where companies who were focused on athletic performance positioning in a moment when people who hadn't run in 15 years decided they needed to buy another pair of running shoes for the first time.

And those companies often had, you know, 70, sometimes 80 percent [00:15:00] wholesale distributed. There's a lot of touch points for the consumers to connect with that brand. And in a moment when everything got shut down, that was an incredible asset. for a lot of companies. And so you can see that there's very significant momentum created by some of those external factors.

And some companies did a really good job of grabbing onto that momentum and continuing to execute well, and others didn't do as good of a job of that. And I think we were in the unfortunate position of not being structured in a way that could capitalize exactly on the dramatic change that had happened in that world.

But we're getting back to a little bit more normalcy here. What would have allowed you to capitalize on it? We didn't have an athletic positioning at all. And you know, we were 100 percent of a casual lifestyle shoe offering in 2019. That's one really important element where that was just a moment where you can look at the athletic sneaker market and it just absolutely surged during that time period.

That's okay. We didn't need to be a big part of that. And as I said, I think that the next five years are going to be shaped by something quite distinct from that. [00:16:00] The second element is I remember in the series, a Fundraising deck that we put together. We had this map of by year what channel we wanted to reach Consumers through and which segments of the consumer population we would be reaching via those channels along the journey there we expected that we would start to expand our product assortment and be able to Put these products into the right channels and reach the right consumers with that connection point.

And so that slide, as it said, was, you know, we would start with a digital ecosystem, add stores starting in 2017, and then branch out to wholesale. When you get to 2020, 2020, we kind of hit the pause button on that because of everything that was going on. And now we're kind of back on that journey and that omni channel vision is the right vision.

And as I said, we're a brand, not a channel. And so it's important to reach consumers. Profitably wherever they need to be, wherever they prefer to shop. Had we been in a situation where we had a bunch more wholesale distribution, we had elevated awareness through that [00:17:00] expansion of channel. I think when people shut down and started looking for a product that they were familiar with and knew the brand, they would have had much more opportunity to discover our brand and then eventually see the delightful experience that our products deliver.

We're in a new world where people are leaner than ever and kind of questioning large fundraisings. When you look back, do you feel that you needed all the money you raised, or do you wish you'd gone lighter on fundraising? The way I looked at these fundraisings, at every step of the journey, and I looked at my own role.

along the same paradigm that I'll explain here is that you set out a set of expectations to a group of people that you say, I need this money. I'm going to invest it here and it's going to generate these outcomes and these milestones. And then you take the money and you go deliver. And we had an incredible history of success of wildly out delivering the expectations that we set when we took money and then in the process of.

delivering on those expectations, you start to say, okay, can we move the goalposts a little further? Do we think [00:18:00] that the brand potential and the ambition of what we have requires us to continue to deepen the investment? And when we took extra money, it was because the answer to that was yes, in our view.

And we thought we had both the capabilities and the strategy and that profound connection with a group of consumers that in a very large marketplace that would suggest that, yes, this investment is important to make if we're going to eventually capture the potential of this brand. And so that's when we took the money.

Looking back, I could quibble on a detail here or there on a fundraise in terms of the exact amount of money, but that was never important to me. It was about. creating something really special, a multi generational brand that withstood the test of time and redefined how consumer products and consumption could actually be done, not just in the footwear industry, but much more broadly.

And I think we're well on track to do that. And yet business is never a straight line up into the right. It's pretty squiggly. And so that's the fun of it. Did you have acquisition offers along the way? You never know. If an acquisition offer is a [00:19:00] real acquisition offer until the piece of paper's in front of you and you have the opportunity to sign it.

Nothing ever got to that point, but we've had a number of companies in the footwear space and the ecosystem of apparel and footwear more broadly come to us and ask us if we were interested in selling. It's nothing I'm ideologically opposed to. Same for Tim. We want to achieve the multi generational brand potential that we've created in the early years.

And if that's. That's best done with a partner. That's something we would consider and if it's best done independently, then we'll take that path. And so far it's been, it's been the latter. At this market cap, are you not like, fuck it, Tim, let's take this private again. That is again, nothing ideologically opposed, private or public.

I think we have everything we need right now to control our destiny and to do everything we believe we need to do to build an incredible, incredible business and an incredible brand. If along that journey, the. Public markets don't see the value that we're creating. And there's a big gap between the value [00:20:00] that we are creating and what the enterprise value is of the company.

Then I think it's prudent to consider all options and we have a board that does their duty quite responsibly to make sure we're thinking about all the options all the time. And when we see a huge gap between that for a very prolonged period of time, then it's something that has to be considered. I'm really just going for it, but we know we can edit it out if we need to, so fuck it.

It's a Friday evening, you can't see, but it's actually dark here. Did you manage to take any secondaries off the table? A lot of founders did in the last few years, and I think it's very helpful often to realize upside, to have the relief of financial pressure. Did you manage to? I think how you just framed that's really important.

I mean, like, if I could guide anyone on this topic, understand the life you want to live first, and if you really want to live a life of material luxury, you should try to sell things as quickly as possible at as high a price as possible. If you're interested in making sure that you have financial security for yourself and your [00:21:00] family, that more than that, Is not going to be particularly useful to you.

Like the diminishing return on that extra dollar is quite significant. That kind of camp and that thinking is how my wife and myself oriented ourselves around this business and the financial potential that it would create. What does that mean? It means that. I like to give our shareholders the opportunity to make their own decisions on that.

If they want to sell at any point in time, they should be able to. And I think it's fair for me to have that opportunity as well, of course. But everything now that we're public is quite out there. So I've sold extraordinarily. little at the IPO. I sold nothing. And then after that, I've sold incredibly little.

And frankly, it's just really to meet the, that bottom of the, of the Maslow's for me. And some might judge the amount differently, but it's not much. So in particular in the place we live. So I feel very financially secure and in a place that's great for myself and my family. And in the future, if there's more, that's wonderful too.

And I can say that. It doesn't take anything away from my focus [00:22:00] on creating as much value as we can because I know that I can do great things with extra money, even if I don't need to spend it on a nice car. Judging by my mother's appetite for Chanel, I think she'd have a preference for me selling every single thing that I own now, to be quite honest with you, Joey.

So, no judgment, no judgment one way or another. Just understand what you, what you, what you want in life. I think I look back at some hard things that I've been through and They shaped me a lot. That's why I look so much older than I am. I'm still actually 14. How have you changed as a leader over what is a tough time, given market performance?

Yeah. You know, the last couple years have been, I've probably gotten more growth and wisdom in a short period of time than I've gotten the whole rest of my life. And a lot of that comes into leadership. And victory has a thousand fathers, failure has only one. Making sure that a constant self awareness That there's discipline in the good times and the bad times.

That there's an even keeled nature across that approach to [00:23:00] leadership. And that you're authentically trying to get the best out of everyone around you and making sure that the leaders that are coming along for the journey have that same dedication, resilience and work ethic that you do. And also that same discipline to do things right, both when things are going great and when things are going not great.

That is something where. We hadn't been tested so much in terms of when things weren't going great prior to this period, and we've pulled back on a bunch of investments in the business. And as a result, the sales have declined this year for the first time in the history of the company. What did you pull back on if you don't mind me asking?

Lots of things. I mean, we pulled back on distribution. Really, it's like product and distribution in our business. And then there's marketing. And so we got too fat with inventory. So we needed to clean that up. That's been the number one priority for our business this year, is honestly, from a financial perspective at least, is cleaning up inventory.

Along the way, we gotta refresh the product, improve it significantly to get back to that really active core that you, that you referenced earlier. [00:24:00] And in the process of doing that, we wanted to pull back on distribution. So we stopped all store growth. We pulled back on some of the wholesale expansion, and we then pulled back high teens marketing in terms of year over year comparisons on the dollars we spent.

So all of that has been pulled back. And as a result of that, of course, like you're likely to see sales decline, but that's actually well part of the plan for us. And when we come through this year, which is quite transitional. We'll have a very healthy and clean inventory. We will be poised to lean into the products that we come to market with and the innovation that we come with, and that we can bring joy around those products through the marketing we do.

To what extent do you think Wall Street has a flexible mind? The market is a bit of an abstract concept. A large part of it is just... algorithms, and then there's real people on the real buyers of it. When we get momentum from a business perspective and a brand perspective, there's going to be people who will fully understand where we're heading and we'll see the transformative aspect of what we've [00:25:00] done, particularly in the last 12 months.

Equally, there's going to be doubters that will say, I don't believe it. And that it's not going to work out. Maybe it was a fad, whatever, whatever the reason is. There's always going to be doubters and there always has. But that's a market, you know, that's how it is. And then like we've done historically, and like I expect we'll continue to do, we're going to put up expectations and then wildly over deliver.

That's the ambition for any. That's my full expectation of what we should go out and do and that typically silences the doubters. I had Jen from Rent the Runway on and she really nailed home the drive towards profitability. That was something that she really echoed time and time again. When do you think you'll be profitable?

What we've said to the market. And we've got to be pretty consistent with that on your podcast as well. Is that we'll be cashflow and EBITDA profitable in 2025. Just so everyone understands that listening, what's the alternative to cashflow and EBITDA profitable? Those are the best metrics to judge profitability in terms of how a business should be valued in our [00:26:00] space.

So, you know, the, anything we make in the future from a cashflow perspective. Is discounted back to today's dollars is the value of our company. And so those are the best metrics to look at, to gauge what the value of our enterprise should be. That makes sense. Can I ask, on retail, what do you know now that you wish you'd known when you started the retail strategy?

Being a good retailer is hard. Some of the things that were difficult to see, but you know, particularly sometimes you sign leases a year ahead of when you actually open up a store, is the changing patterns of consumers over the last two, three years. It's not only what they wanted to consume, but where they were buying things.

Has changed really significantly in the wake of so much uncertainty. We had shaped some perspective around the fact that things would get back to the way they were. And I think they are getting back to the way they were. I actually think that's true. Just the time horizon that that's taking people to kind of regain a semblance of their former lives and some things are lost forever.

So. When you say, get back to the way they were, you mean like shopping in stores, that physical experience, you thought it would [00:27:00] happen quicker than it has? Well, there's a whole bunch of factors to that, you know? It's like, think about the urban environments that historically people have worked in and now it's, you know, in San Francisco, it's three days a week in the office.

If you're at a company who's like, Draconian in the sense of thinking that working together in a physical space is a good idea and some are Completely remote that used to be have a physical office presence And so those people are consumers those employees are commuting into work They're in the restaurants walking around the city and they're shopping in those areas after work or whatnot And so that is things that have changed All my companies, five days a week.

Yeah. We do work together. That's not happening in San Francisco quite yet, I would say. And I'm not suggesting that that's the way of the future, but I do think people talk about productivity. I think the conception of what productivity means is far too narrow, and particularly in an industry like mine, where creativity and physical products are central to what we do.

Not being together is impossible. That's the way that we've thought about coming back. And most of the [00:28:00] people who are closest to the central aspects of product creation and design and marketing are coming in for four days a week. And we've done some other things with some of the more adjacent functions beyond that.

But speaking of like being together, I really like and respect you, Joey. And you did the show years ago when you really didn't need to. And I always remember your kindness. I hope it's okay for me to ask, but like have you had any semblance of balance at all over the last year or so since going public? I don't think balance is the right word, um, because for the last decade I just think about what I do.

If I'm, if I'm gonna pour the majority of my waking life to something like it's got to be super meaningful and the only way that I can do this is to two things. I really try to integrate my family into the work, and I really involve in a way that's quite meaningful to me. You know, my wife, her name is Liz.

She is behind the scenes hero to the company, and I don't just say because she supports me or whatever, which is true. But it's because of the insights that [00:29:00] she's brought to the business and the help that she does in thinking through problems with me. You know, I think she gets some joy out of being a part of that, and that helps bring my personal life into My business life, that's one aspect of it.

The second thing is my kids don't give a shit what I do. You know, when they were little, it was like chief executive one hour and the next, I was like chief butt wiper the next. So they don't care. Right. And they still don't care. They're older now, but they just want to be with me and be in and have a great time.

And so what I try to do is just be present for the kids and not touch my phone for a large portion of the time that I'm with them. And certainly the beginnings, every time I come home. from work. And when I'm at work, I try to focus and prioritize that. So those are the two elements. And now what's overlaid over the last two years has been a layer of anxiety and stress that has been much more than previous in my life.

And so that's different than balance. That's something that every person, including myself, just need to figure out a way to. to deal with so that you can have that focus when you're prioritizing one or the other. How has how you deal [00:30:00] with stress changed? In the last two years, I would say probably the biggest change has been the reliance on the team that I work with a little bit differently.

Having a focus on giving room. For myself included to really express what people are thinking and what those anxieties are in a room very regularly with those people who are on the team is been not just cathartic, but also really helpful because some of those anxieties are grounded in reality like you should be anxious about this.

Like there's something not going well. Like why are you losing sleep about this? That's one element. Are you anxious about the macro ahead? And I know that sounds like a very big and shit meta question, but it obviously has a knock on effect on luxury, on retail, you know, LVMH posted not so great numbers for the first time almost in my fucking memory.

And when do LVMH not post good numbers? Jesus, then we are in trouble. Does that worry you? No, the consumer is in a more delicate and fragile situation than people understand. It's going to [00:31:00] be more difficult and there's going to be less spending than people think in the coming six months. But that's just a reality.

That's my belief. And so we're structuring the business around that belief. And that means a little bit more conservatism and investment and playing offense in the areas that we think we can really generate value for our business. If your question is, do I think that there's weakness ahead? Yes. If I am anxious about that, The answer is no and anyone who has that belief, I would hope that they're doing something about it to structure their business in a way to be extremely resilient within that framework because there's going to be cycles up and down and it's how you structure and respond to those that create the value or not.

Are consumers loyal? Running shoe wise, I'm Nike. I don't wear anything else. I'm Nike. I have been for years. Are consumers loyal or not when it comes to shoes? Look, the average American consumer buys eight pairs of shoes a year. That's about two and a half billion pairs of shoes sold every year. There's a bunch of very specific uses within a person's closet that they're looking [00:32:00] for a shoe to deliver.

And then there's probably a little bit more broader based opportunities. And within certain areas of the closet, I'd say there's varying degrees of loyalty. And there's always an open mindedness to try. The amazing thing about in the U. S. in particular, this is true. People love innovation and they're always willing to try and they love to figure out something that's going to do something new for them.

And so there's always some willingness to try. That said, I think once you build a really deep connection with a consumer, they are incredibly loyal. And how does that translate in terms of business and... Purchase frequency different for every business final one. I promise them. We'll do a quick fire But you see on really hard now pushing to expand wallet and expand spend with clothes with accessories How do we expand spend beyond shoes with all birds?

There's gonna be natural extensions for us to go, you know Look i'm wearing the best t shirt in the entire world right now And it's a little massaging of the chest. Yeah. It's an Allbirds Anytime [00:33:00] Soft Merino Tee. It's 45 bucks. It's a ridiculous value and it's the best t shirt in the marketplace. So I think there's natural extensions.

Look, what we're best at is looking in places for consumer experiences from natural fibers and natural materials that no one else is looking for those opportunities. And when we see something that speaks to the lifestyle of what we're creating with shoes, we can have an opportunity to extend that comfort and that aesthetic and that just tangible luxury feel.

This is a great example of that. And it doesn't need to be huge. It doesn't need to be big categories because, you know, as I said, people buy in the U. S. eight pairs of shoes a year. The market is absolutely enormous. And if we just get really good at just a few shoes. We can be a billion dollars in sales and go well beyond that.

And so, it's just sharpening the focus and being clear for the consumer and not getting tired of the story that you're telling to consumers before they do, which it takes a long time for consumers to get tired. It's much quicker for employees to get tired. Just remembering that and keeping a focus on that very sharply [00:34:00] is what brings us to the promised land and what we're working on today, so.

I always say as a leader, when you get bored of telling the story and the mission, you're just starting. It should be boring. That's right. You need to embrace that. That's right. I want to do a quick fire answer. I say a short statement, you give me your immediate thoughts. What do others not know that you know to be true, Joey?

There's a survey that goes out from a couple of different companies. Every single survey that comes back about social issues that consumers care about, environment's number one, across almost every single one, with the exception of like blips in time when something major happens in the world. So for a six month period, maybe it's that one.

But at the same time, they go out and buy a 3. 78 polyester t shirt or sweater from Shein and have no connection between their value orientation around what matters and what they consume. So this say do gap, as it would be referred to, is pretty vast at the moment. I do think that that will close. When that closes, the companies who are positioned [00:35:00] where they're delivering excellence on every dimension that the consumer wants from the product outside of sustainability, But also delivering on that promise around alignment with their values.

Those are going to be the biggest companies of the next generation. And that's what we're trying to build. So there'll be more skeptics than not skeptics on that perspective. However, I think that's the great unlock for the next great generation of brands. You can be CEO of any other company for a day.

Which would you be CEO of? I'd say one of the most interesting companies out there are the ones leading the new large language models and AI technology like open AI, but. I don't think I would want to bear that burden of responsibility for humanity. So I'll eliminate those. I'd say a company that, that has done a really nice job in an area that I take a lot of inspiration from would probably be Tesla, which is around performance and quality of a product and an aesthetic and a beauty that delivers in and of itself.

And the free gift with purchases that it's much more sustainable for the planet. And that's kind of what I aspire for all birds. So that'd be a [00:36:00] pretty fun one. You can have dinner with anyone. Nelson Mandela, pretty long journey in prison and the resilience and the long term view that he had and the actual tenacity to take a whole country and shape that around the vision that he had with determination and unrelenting focus on what that future could be with.

Fairly thoughtful and non violent outcomes that you might be tempted by in the short term, but would jeopardize the long term. That's a guy that we can all learn a lot from. What's your favorite brand, and why them? Favorite brand other than Allbirds, I kind of like Traeger. What are Traeger? I didn't even know Traeger.

It's a, it's a smoker. It delivers incredible flavor to all the food we cook. It takes the magic out of barbecue and allows a lot more people to make phenomenal food that people can enjoy without the intimidation of an open flame. Joey, final one for you. 10 years time, it's 2033. Where are you then? I have no idea where I'll be.

Could be leading Allbirds, could be doing something else with my life. But what I [00:37:00] think about most is where Allbirds is gonna be. We wrote a vision in 2016. We situated ourselves in the summer of 2026 when we wrote that vision. And frankly, we're marching right down that path and I have a high degree of confidence that we're going to achieve everything that was written in that vision at this point.

So that's a pretty good start. So extending that by seven years, I think, look, the business has to be big. We've done a great job of aligning what our impact objectives are with our financial objectives. And what I mean is every time you buy a shoe, you're doing something fantastic for my business, and you're also doing something fantastic for the world.

And if we can take that model and extend it and scale it very large, we're going to be really important. Within that importance and that cultural relevance will come great business success. And those two things are very mutually aligned. And that alignment of our business model means that. I want this brand to be enormous, and I want it to capture the multi generational opportunity that it has.

And that's all I can think about. And it's gotta have wonderful [00:38:00] financials, and we have to stay true to our values while we do it so that that model stays tightly aligned. Joey, listen, I can't believe it's been like six years since our last show. Thank you so much for joining me today, and thank you for putting up with my slightly prying questions.

It's been great to do it. I've learned a lot. I'm not sure if I've shared too many nuggets of wisdom today, but that journey is both difficult, but incredibly rewarding, and with a future as bright as I believe it to be, it keeps me incredibly motivated. I hope some people are learning about Allbirds for the first time today with your show, and give us a shot.

Boom Outtro: You

Harry Stebbings Outtro: I want to say he signed history for being so open in that episode. If you want to see the full video, you can check it out at YouTube by searching for 20 VC. I always love to see that, but before we leave each day,

Arising Venture Advert: And speaking of game-changers for businesses, as a VCI, come across many businesses that have potential and offer a great product or service, but they run into issues.

And that's why I love the team at arising ventures. They're a holding company that acquires tech startups that are facing setbacks and helps get them back on track to success. They've already helped so many businesses. [00:40:00] One of those being jive, jive is a marketplace for gig labor that matches the retail. Retail and grocery industry with the right skilled workers at the right time.

Now they were facing major setbacks and troubles with COVID and they were fully shut down in 2021 arising ventures then bought them out of liquidation, bought back key team members and got it restarted and check it out. They went from nought to a million an hour in just five months. And now the company is serving some of the largest brands in the world. The rising ventures team has made of tech founders themselves. So they know what other founders care about. I'm at the perfect team to get your company back on track. If it has hard times. Learn more about a rising ventures and connect with the team@arisingventures.com forward slash two zero VC. After submitting your information, you'll hear directly from the farming team within 24 hours. Go to a rising ventures.com/two zero. OVC.

Secureframe Advert: And finally secure frame is the leading all in one platform for automated security and privacy compliance. Secure frame [00:41:00] simplifies and streamlines the process of getting and staying compliant to the most rigorous global privacy and security standards.

Secure frames industry leading compliance automation platform paired with their in house compliance. Bursts and former auditors helps you get audit ready in weeks, not months, so you can close more deals faster. Secure Frame uses over 150 integrations, built in security training, vendor and risk management, and more to make compliance uncomplicated, secure Frame makes it fast and easy to achieve and maintain compliance so you can focus on serving your customers.

Automate your security and privacy compliance with Secure Frame. Schedule a demo today@secureframe.com.

Scarlett 2i2 USB-3: As always, I so appreciate. Uh, sport and stay tuned for the best 20 sales episode we have ever done coming this Wednesday with Chris Degnan, the first sales hire and the CRO at snowflake.