

All right.

Quick break to tell you about another podcast that we're interested in right now, HubSpot just launched a Shark Tank rewatch podcast called Another Bite.

Every week, the hosts relive the latest and greatest pitches from Shark Tank, from Squatty Potty to the Mench on a Bench to Ring Doorbell, and they break down why these pitches were winners or losers.

And each company's go-to-market strategy, branding, pricing, valuation, everything.

Basically all the things you want to know about how to survive the tank and scale your company on your own.

If you want to give it a listen, you can find another bite on whatever podcast app you listen to, like Apple or Spotify or whatever you're using right now.

All right.

Back to the show.

Pete Design are a brand that makes them really fantastic products.

There's a lot of good things to say about the Pete Design every day bag.

I don't think I've ever been this excited to talk about a bag.

This is the Pete Design Travel Tripod.

It has a lot of unique elements that I've never seen on a tripod before.

This thing is so hot right now, your granny's probably talking about it.

Every day backpack from Pete Design's really, really fucking awesome bag.

Tons of innovation, tons of things to be like really celebrated.

If there's awards for bags, this should win all of them just because it's like game changer.

We are the company that's earned the second most on Kickstarter in our collective history. It's a little north of \$30 million.

Coming back to 2010, that's when I quit my job.

I was a construction engineer and I'm living on my savings with about \$25,000.

I did like a four month walkabout when I was 25.

I went to India and Southeast Asia and Australia and New Zealand, I had a camera with me the whole time.

A real pain in the ass to carry with me because it's on a strap and it's banging against your chest.

I just came up with this idea.

It's this clip that clamps onto a backpack strap and then your camera is immediately accessible, totally hands free, locked into your camera strap.

When you need it, push the button, pull it out, so we totally solve that problem.

To this day, we sell millions every year.

There is nothing as sweet as that first Kickstarter when the money comes rolling in and people are saying, I like that idea.

That's incredible.

I just sold a thing that I haven't even made yet to a guy in England that I've never met.

This is magic.

God, the internet is cool.

We got the friends and family email that goes out and that's the extent of the marketing that I did.

[Transcript] My First Million / #35 - King of Kickstarter

I mean, that is the sum total is I emailed my friends and family.
Frankly, the whole entrepreneurial side funding and business where you go out there and you raise money and you ramp up the stakes did not even cross my mind like, should I raise money for this?
No, it's ridiculous.
I'm going to make the fucking thing.
Last year, I think we had an average of 38 employees and we did somewhere between 65 and 70 million.
\$5 million is not enough, \$10 million, \$20 million, \$100 million, \$850 million.
One or two people in a bedroom actually put threats to these like giant multi-million dollar companies because you have creativity and you have nothing to lose.
Add another zero to that price, buddy, add two more zeroes.
Every week, we sit down with self-made millionaires and ask them, how did you do it?
I didn't start a podcast.
I started my own personal business school and the teachers are the successful entrepreneurs behind the biggest brands and businesses that we find today.
I wanted to know the real stories with all the details like, how did you get your first hundred customers?
What did it feel like and shit hit the pan?
I ask them, how did you spend your money now that you're rich?
And what would you do if you were starting over from scratch again today?
If you're like me and you want to own your own business instead of living a nine to five job, this is the podcast for you.
The hustle presents my first million.
We're good to go.
So Peter for Peak Design, how are you?
I'm doing just fine, man.
It's a new year.
We're ready to rock.
We're ready to go.
Okay, cool.
I was telling you right before this.
These are my favorite types of interviews where we just met.
I don't know your full story.
I know enough to know that it's interesting, but I don't know what are all the details.
And so I'm going to be discovering it for the first time because in some of these interviews, I already know, and I'm just trying to get the greatest hits out of the artist.
I'm trying to get you to play your best stories that I already know.
In this case, I don't know exactly what they are.
We'll be figuring it out together.
Fair enough.
I like to play that greatest hits album myself, no problem.
And so the reason I think this is interesting is because you make a product that is very relatable that I want, that a lot of people want.

I think your background was kind of interesting where you weren't just one of those people who said, I want to start a business just for starting a business is sake necessarily, it sounded like.

You've had phenomenal success on Kickstarter.

So give people a sense of two things.

What does the company do?

And then the second thing is give us a sense of scale.

I like to talk about what you guys have achieved because really we're going to work backwards and say, great, how'd you start?

But if people don't know what you've achieved, they'll tune out within five minutes because they're like, I don't know why I should care.

Why should they care?

All right.

Well, let's see here.

Scale.

We are at present.

I think the company that's earned the second most on Kickstarter in our collective history, some were a little north of \$30 million on Kickstarter, maybe 32 or so.

Who would be first?

Pebble.

Pebble was first.

Pebble was first.

Three campaigns, \$12 million, \$12 million and \$20 million on their campaigns.

Smartwatches.

Who knew?

Yeah, who knew?

I guess Apple and Samsung also knew.

In any case, I think with our 2020 Kickstarter, which should be no surprise to people, we're going to be doing another Kickstarter in 2020, I'm very optimistic that we're going to take that spot.

The next product is going to be certainly the most widely adopted, I think one of the coolest and no, I can't share with you what it is, but it's going to be a lot of fun.

Okay.

So tell people, what does the company do?

What do you guys make?

So going back to 2010, that's when I quit my job.

I was a construction engineer and for about two years, I had this idea and kind of tinkering around in my head after I did like a four month walk about when I was 25, I went on a leave of absence from work, I went to India and Southeast Asia and Australia and New Zealand. I had a camera with me the whole time and it was great because I was, you know, I fancy myself a photographer and a writer and having that little semi spiritual journey as a young buck.

And what is a walkabout?

What is it?

How does that actually work?

You take some time, you travel and you do what?

Well, I think quite specifically, you don't make a plan.

You just go figure it out.

I bought a one way ticket to Hong Kong and arrived at six a.m. and had literally no idea what to do.

It was kind of weird because I'd never asked it like, and the funny thing is, is it dawned on me for the first time as I got off the train, I was like, holy shit, I don't know what to do.

Cause it was also six a.m. and there was no, like you can't check into a hostel or something like that.

So anyway.

And you decided to do that because what?

My buddy Dave was three years older than me coincidentally, he's my CFO now and he had taken five leaves of absence from Ernst and Young where he was working.

And it was just a cool thing that he did is he just go explore the world and say it doesn't, if you don't hire me back, that's fine.

But I'll, you know, I'll come back if you got a job for me and it just worked for him.

And so that was kind of the confidence and the inspiration for, for traveling.

Once you experienced that, you know, I'd studied abroad in college and went to Europe for my first time, first time out of the country.

And it was clear that travel is just, it's so full of novelty.

You know, one of the coolest things in this world is doing something for the first time.

And travel is the opportunity to do that nonstop.

Right.

I love it.

Yeah.

I studied abroad and it wasn't really a tough decision on my part, but I was trying to convince friends to do it and they were all coming up with reasons not to.

And I just told them, I said, look, look at the year ahead of us.

The people who studied abroad won't shut up about it and none of them regret it.

So like, what are the odds it's really going to be like a bad thing?

We're probably going to end up just like them, not shutting up about it, not regretting it.

That's exactly what happened.

That is exactly what happened.

It's, you're batting a thousand across that.

Right.

Every time.

Every time.

So you're on the walkabout.

Yeah.

And I had a camera with me the whole time and it was a real pain in the ass to carry with me because it's on a strap and it's banging against your chest and you look like

a tourist.

You are a tourist, but, you know, you're wearing the badge.

That's right.

You're wearing the badge, but it's essential.

If you're a photographer, you have to have it with you.

So I just came up with this idea, which actually doesn't necessarily make you look like too much less of a tool, but it is incredibly useful.

It's this clip that clamps onto a backpack strap and then your camera is immediately accessible, totally hands free, locked into your camera strap.

When you need it, push the button, pull it out.

Right.

And to this day, you know, I think peak design makes 120 different SKUs at least.

We still sell hundreds of thousands of capture camera clips every year and yeah, almost 10 years running now.

It's just a fantastic product.

And people used to put this just around their neck, right?

You just hang your camera around your neck, this sort of heavy DSLR camera around your neck.

Well, and I'd say certainly that's still the most common way people do it.

Of course, at the time I was, you know, when I was 26, I was like, no one is ever going to use a neck strap again.

We have revolutionized the world and in retrospect, a little bit more humbly.

It's like, well, the thing is, it's actually kind of a niche case.

In that niche case, it's an excellent product, but it's not the be all end all.

And that realization came soon enough and actually that led us to our second product, which was a camera strap, but guess what?

This one solved the problem of, you know, it's a real pain in the ass removing camera straps and putting them back on.

It's a ridiculously complex friction mechanism that is hard to figure out on your own.

So we totally solved that problem and camera straps, again, to this day, are our very best selling product.

We sell millions of camera straps every year.

And so now we've got clips and now we've got straps and we're chugging along about four years into this business and a very well-known photographer named Trey Ratcliffe called us up and said, Hey, you guys are solving all the problems in photography and you're doing it in cool ways.

I want to make a camera bag with you guys.

And so given that this guy was going to throw his considerable reach behind it, we endeavored to design a camera bag.

And that was, you know, we were not bag designers, but we took the exact same fresh approach to making a camera bag that we did everything else and we said, well, what are the actual problems?

And that's what peak design, I think, has been really, really good at over the years is truly discerning what the actual problems are, not paying attention to the gimmicks

and then just executing beautifully and elegantly on those problems.

And being very clear about that in our marketing, here's the problem.

This is why we did it.

I think it looks nice.

What do you think?

Wow.

I like the way you said that and I like the principle, but I like the way you said it more because I found that when I do these interviews, there's like two things that would just stick with me from each one and I know that's one of them and it's not going to sound profound, but to me, it sinks in because the best principles tend to be the simplest ones.

If you can actually drill them into your head and stick to it and not get distracted, and it sounds like that's what you guys did.

So you go from construction engineer, which I don't know exactly what that means, but I'm imagining yellow hat on you.

I don't know if that's true, but you got a job.

And the first thing you made was this, the clip.

How do you go about making a product?

Where do you like, you don't, you don't know how to do that.

That's true.

Uh, I did not know how to do that and I look back on that period of my life and I, I think I know, I would know what to do now much better than I did then, but whatever I did, it worked.

And what it, what it was, was I first made crude prototypes.

I mean, really ugly things out of plastic and wood to prove the very basic concept.

And I was like, yep, you can hang a camera from your backpack, right?

And then I used a tool that I'd gotten pretty good at from construction called Sketchup.

Sketchup is a 3D CAD modeling software, but it pretty much only handles right angles.

I've used Sketchup.

It's like the kind of beginner-y thing, right?

Yeah, yeah, yeah.

It's kind of like, it's not like AutoCAD.

It's like, it's, it's not solid work.

Is it free?

Is that why I used it?

It is free.

Okay.

You can pay for it now.

And it certainly has broader application, especially for architects and things like that.

I took that simple product and, and made it do curves and made it do angles and certainly a great tool for kind of my conceptual three-dimensional design of what this thing might look like.

And so even though it's not a mechanical engineers program of choice by any stretch, I maxed it out and was able to crank out 3D printed prototypes and just kind of further refine the concept.

And on a hiking trail one time, I met this 60 year old dude, old school hippie who's got a little compound outside of Auburn and I told him about my camera clip and he's told

me that he was a machinist and that he would make the prototype for me if I came and visited him.

Okay.

So I went up to Auburn and stayed in his guest trailer.

And at this point, are you thinking this is a company or you're just like, I'm making this clip for fun.

What's your mindset at that time?

Okay.

So I don't think I was thinking that it was a company.

I was fixated on the product itself, but I had every belief that this product was going to pay the bills.

I just thought it was so damn useful that it was going to pay the bills.

And I'm living on my savings.

I quit my job with about 25 grand in savings.

And you quit to do this.

To do this.

You told your boss, you told your family and your friends, you're like, I'm going to make this camera clip.

Yeah.

And what'd they say?

Gosh, it's funny.

I certainly don't remember encountering like, geez man, you're crazy.

I recall encouragement, I suppose, but it was very much a solo journey.

I think that people will cite bravery or something like that.

I kind of pushed back on that.

The fact is I was a 25 year old dude with an engineering degree and 25 grand in my pocket.

The worst that was going to happen is I don't have 25 grand in my pocket and I go be an engineer again.

Right.

Yeah.

It didn't, I wasn't super out there on some cliff.

You were realistic about your risk.

I was realistic about my risk and I also wasn't in the, frankly, the whole entrepreneurial side of funding a business where you go out there and you raise money and you ramp up the stakes right away or you, I mean, you're not going to get debt financing when you don't, when you don't have anything to show.

So that's not even an option, but it didn't even occur to me.

I was like, I'm going to make this thing and then I am going to sell it.

Right.

That'll be the money part.

That would be the money part.

I'm going to sell it for more than I made it.

Right.

And that's all there is to it.

[Transcript] My First Million / #35 - King of Kickstarter

It did, it did not even cross my mind like, ooh, should I raise money for this?

Right.

No, it's ridiculous.

I'm going to make the fucking thing.

Right.

And then.

Even y'all's kick starters, right?

You've done 30 million and kick starters.

Uh huh.

It's like crowdfunding.

To me, this is like you're selling your product.

You're just selling it before.

You're saying, Hey, here's what I'm going to do.

If you're interested, buy it now.

I'll use that money to make it.

It's not donations or equity in your company.

Right.

No, it's not donations, not equity.

And you're also, I think, done correctly.

You're not putting it up there to say, Hey, world, I made this thing.

And if you tell me that it's great, I will, I will go and go out there and complete it.

Right.

I'm doing this.

You're like, yeah, I'm doing this.

I'm launching this kickstart.

Launch this idea and, and give that cash upfront.

It's actually a perfect exchange, right?

You're giving away a little bit of margin for cash upfront and they're getting the product for cheaper and they get to be the evangelists and have a closer personal connection to it.

Kickstarter definitely didn't intend for there to be a ton of product companies that are going out there and selling million dollars worth of stuff.

They intended for artists to say, Hey, I want to make a cool thing.

It's going to cost \$5,000 for me to produce.

But if you guys pay for it ahead of time, I'll produce it.

Right.

I'll put the model on its head as it's the other earlier Kickstarter successes, but obviously that's what's really propelled Kickstarter into what it is today.

All right.

It's 2020 new year.

It's going to be a big year and you know, we had to come in with some new awesome partners.

So for January, we are partnering up with Microsoft and my first million.

That's right.

This episode is brought to you by Microsoft because whether you're just starting out or you're well on your way to your first million, Microsoft teams can help your team hit the

ground running with must have features like real time chat, editing and video editing.
Video calling all in one easy to use platform.
Teams is a no brainer at a price you can afford.
Yep.
There is a free version of teams as in it costs \$0.
See for yourself at aka.ms slash the hustle.
Again that's aka.ms slash the hustle to check out teams brought to you by Microsoft.
Love it.
Microsoft that is a trillion dollar company.
Right.
We're talking about my first million.
They're on my first trillion.
So that's goals for everybody.
They got there because they build Epic products, Microsoft Word, Excel, PowerPoint.
These are products that stand the test of time.
And now they've come out with teams to help teams chat, communicate and work together.
And I think it's awesome.
All right.
Great.
Let's get back to this episode.
Right.
And so this first one you did a Kickstarter with.
Yeah.
Why'd you decided that?
Somebody said, Hey, you should, you should do a Kickstarter or where did that come from?
Like three people within the course of one week in January, 2011, because I had no business plan.
Right.
I was going to make this thing and I was confident that I could get people to buy it.
But as far as selling it, I was like, I don't know, I'll figure that out later.
You know, had Kickstarter not come around, this whole thing would probably be a slightly different story in that I wouldn't be here.
But I'd be talking to a construction engineer who has his own very cool clip.
Actually, you probably wouldn't be talking to a construction here.
I'd be on a site somewhere wishing that the end of the day would come.
So three people recommend, Hey, you should do a Kickstarter.
You don't even know what this is at the time.
But I, you know, I check it out obviously and it's like, Oh, no brainer.
This is what I'm going to do.
And then it's like, it looks like I have to make a video.
And so I made my first tent, made and edited my first video.
Right.
And the funny thing is, is it became the second most funded project of all time ever on Kickstarter at the time.

And I gotta say, man, I'm sure this sounds cocky.
I'm sure it sounds arrogant, but I wasn't the least bit surprised.
Right.
I thought it was such a good idea.
And I looked at the other projects that had made, that had done better.
And I was like, man, capture is way more useful than that stuff.
So I think this thing is going to kill it.
Right.
And it did.
It totally did.
And it was a dream come true, man.
Like there is nothing as sweet as that first Kickstarter when the, you know, the money comes rolling in and people are saying, I like that idea.
It's just such affirmation of everything you've been working on.
Right.
And it's a really beautiful.
Do you remember like that morning when you, you know, you're waking up or you're seeing the orders come in?
What was that?
What were you doing that day?
What was it like?
I was at work in the dog patch.
I was kind of borrowing desk space in a little six person company that was called plume, which would eventually become Pax and Jewel when they were six people.
And I was hanging out there.
I pressed go on the Kickstarter.
I'm like, well, see what happens.
And I think it took like 90 seconds before some dude, he couldn't have even watched the whole video, but some dude in England, just a random person back to the project.
And I was like, holy shit.
That's incredible.
It's like a cold, a thing that I haven't even made yet to a guy in England that I've never met.
Right.
This is magic.
God, the internet is cool.
You know?
And then they just started rolling in.
Of course, then you got the friends and family email that goes out and that's the extent of the marketing that I did.
I mean, that is the sum total is I emailed my friends and family saying, Hey, check this thing out.
Maybe I posted on Facebook.
I mean, 20, 2011.

Yeah.

And so it just got picked up by bloggers or what was the spread like?

Totally.

The first blog was pedipixel and the second blog was gizmodo and it really, it really rocked after that.

Did you do anything, you know, either intentionally or unintentionally to help that spread?

Did you have like really good assets or, you know, like?

Nope.

Nothing.

Nope.

Your Kickstarter video was good.

Like now that you look back on it, are you like, that was a good one?

Are you cringe when you look back?

It's hysterical.

Oh, it's actually beyond cringe.

It's into just laugh country, you know?

The cringe-worthy ones are like years two or maybe like three and four where you're like, Oh, we're good at this now.

Right.

And you put something up there and it's like, Oh, this is emotional.

This gets at the heart of camera carriage.

Yeah.

Exactly.

Exactly.

Those are the ones where you're cringing because you're like, you know, you're like, God, you're so amateur.

Right.

And now we've settled into something where I feel confident that we do know what we're doing and that and the products and also the marketing products and the collateral we put out are truly dialed on, on kind of a global platform.

Right.

That first Kickstarter does how much?

Five, six million?

Something like that?

No, no, no.

Like \$64,000, which was good for second place of all time.

And then the next Kickstarter we did, it was 215,000, but it was like a 20 day campaign.

So in my mind, because the dollars per day were twice as much, that was a better campaign.

And then the next one after that was capture version two, same damn thing, just a fair amount better.

That did like 818,000 and then we did slide and clutch, which are basically camera straps, which is kind of like our second Kickstarter had been camera straps.

So straps V2, that did 868.

And in the meantime, we of course, like we had developed international distribution because

when you go on Kickstarter, random ass people throughout the world will be like, hey, I live in Croatia and I would like to be your distributor here.

And you go, pre-pay?

And they're like, sure, like, oh, well, great.

Fantastic.

Let's do it.

Right.

We just say no more.

Yeah, exactly.

We've ultimately grown our distribution that way, you know, from all these people who started super small.

And now they are writing peak design into the like peak design has become the anchor tenant of their distribution companies.

That's the case in Hong Kong, which manages a ton of different Asian countries.

That's the case in France as a case in the UK.

So it feels really good to the Czech Republic, our Czech Republic distributor.

So these are these are not retailers.

These are distributors.

Yeah.

And so explain how this works.

How does this person, what they buy from you than they sell to their country?

And in some cases, they're selling to a network of retailers, right?

It's the middleman.

We can't translate into Czech.

We have no capacity to understand the Czech market.

They do their boots on the ground there.

So we sell them \$100 product.

We'd like to sell it to them for 40 bucks.

So keep that in mind.

These are the kind of details and information that people, I think, it's important to know.

They would like to have what's called 60 points margin to work with there and go turn that.

And they'll probably sell it.

They'll take 20 bucks from that \$100 product and the retailer will get 40.

Right.

There's a lot of money.

A lot of the value of a product goes into the price of that resale, which is of course why direct-to-consumer is the jam.

And so for you guys, which one are you guys 50-50, is direct-to-consumer a bigger part of your business?

By volume, wholesale is larger.

By volume of sales, that is.

If you were to include Amazon, the websites and Kickstarter and eBay for our secondary market just a little bit larger in terms of revenue.

Gotcha.

Yeah.

And so for you guys, you start adding these channels, I'm sure, sort of organically, right?

People reach out.

Oh, this is a good idea.

We should do more of that.

Correct.

Why aren't we on Amazon?

We should get on Amazon.

That sort of thing.

Is that how things evolved?

Yeah, absolutely.

The notion of the premeditated business where you sit down and you formulate your business plan, I don't know.

Maybe that does exist.

But from my experience, being good at business is about being good at reacting to what six inches in front of your face.

Certainly the more, I'm sure, the more proactive you can be, the better.

You got to remember that proactivity is kind of a double-edged sword because you might think you're being proactive, but you can be just being inefficient, meaning you think something's going to be a good idea, so you invest a lot of time, effort, and energy into that.

And in retrospect, Monday morning quarterback says, like, yeah, we didn't, you know, maybe we shouldn't have gone for selling to third-party retailers and letting them sell on Amazon.

That kind of just ruined it.

So I don't know.

There are all sorts of situations where I think reactivity is every bit as wise as proactivity.

And it certainly sets up for the natural tendency toward laziness that most humans have.

The balance there, right, is if you're going to be highly adaptive and responding and reacting to what's coming your way, you still need to do some proactive things to create opportunities, to get things to just kick up the dust and let some new things come to you.

So like the Kickstarter created a whole bunch of opportunities, and then you reacted well to those.

And so how do you, I guess, what are the things that you proactively do to just sort of create some action, kick the dust up a little bit?

Well, we only do one thing, and that is design great products.

And every year, we will have designed a great product, and that, I mean, we're a product company.

So doing other ancillary things, like, you know, there's a lot of product, like take away, for example.

We are not like away.

They are, they're a marketing company first.

They are selling a brand and a lifestyle first.

We allow our brand and lifestyle to follow behind on the heels of the product.

The actual away suitcase is, it's a totally fine suitcase, but it's nothing at all special, really.

It's essentially a white label suitcase out there from any suitcase manufacturer, and they stuck a nameplate on it and got a bunch of models and well-known people to say, this is a brand.

Right.

And that's not what we do.

And I totally respect that as one model of doing business, but we are a product company.

What do you think of the weaknesses of doing that, going that route, because you guys chose not to go that route or it never appealed to you?

The weaknesses of what we're doing or what away does.

Yeah.

To be conscious of, right?

Let's say there's constraints with it, but what are the weaknesses?

Well, I think, I think it's rather, I think that people are a bit fickle when it comes down to it.

I mean, there is brand loyalty that exists, and that is a real thing, and it's a very important thing.

But if you don't actually create innovation, I think that competition will eventually eat your lunch because they're going to outbid you on the digital ads.

And when it becomes a race of who's willing to throw down the biggest checkbook and get the most play across the digital landscape, I don't think that's territory that we certainly don't want to be in.

We'd rather be able to come in with a clearly superior product, not have to spend very much on marketing and let the product market itself.

Right.

What do you guys, I've read a stat, it's a couple of years old now, but I read a stat that was 2016.

It said, you guys had, I think 18 employees at the time, I don't know how many do you guys have now?

Call it 42.

42.

And it said, hey, these guys are doing something like 23 million in revenue on 18 employees.

Obviously, a million dollars ahead in revenue are a little bit more than that.

And I thought that was pretty remarkable, and I love that stat.

I always pay attention to the sort of the per capita earnings of a company.

And is that something you think about or did you sort of architect the business in a way to be sort of small footprint on the number of people it takes or dollars it takes to build?

Do you think about the sort of the revenue per head with your company?

Only retrospectively, it's kind of a fun thing to look at after the fact, and it remains true.

Last year, I think we had an average of 38 employees, and we did somewhere between 65 and 70 million.

So we're almost at \$2 million in revenue per employee.

And the business has been, you haven't raised money since then, right?

We talked about the Kickstarter, so you guys have been bootstrapped the whole way.

Yeah, remarkable.

What keeps the overhead low and keeps it thin is that we really don't want to hire new people.

We only do it when we're bursting at the seams.

And there's all sorts of good reasons for doing that.

I think the most important is because we don't want our culture to experience any kind of shocks to the system.

This is a family that's kind of grown up over time.

And we can add five to eight people per year at Infinitum without affecting our culture.

And the larger we get, probably the more we can add, but slowly that will allow it to maintain itself.

And that's the most important thing.

Like at the end of the day, the point of peak design, the point has never been about making money.

That is a result.

The point of peak design is for the employees of peak design to enjoy their lives.

That's why we exist.

It's not even to make products that people love, you're saying it's for the employees.

Making products that people love and doing right by the customers are things that we enjoy doing, but it is not the point.

When I searched myself, did I quit my construction job to make other people happy?
I didn't.

I quit my construction job to make me happy.

And hopefully, that's the reason that everyone gets into business is that you think there's an opportunity for greater fulfillment in your life and happy is kind of a weird word.

I do think a word like fulfillment is probably a better word, but it was somewhat controversial within peak design to be very upfront and brazen with that as like, no, the purpose of peak design is so that we can be happy people.

And some of the people are like, ah, but that sounds so selfish.

And you can call it selfish if you want.

To me, it is more honest than it is selfish.

Yeah.

I joke about this a lot, which is companies by law, essentially, depending on what type of company you are, you're incorporated as, your job is to maximize shareholder value. It's the actual requirement of your, if we're talking about mission, that's the required mission for most companies.

They state that their mission is to make the customers happy.

They probably honestly are trying to do what you're doing.

And then the sort of the final lie or hand waviness that happens is then talking about making the world a better place, just tack that on at the end.

And it's funny you say exactly what you're saying at our company.

I told the team exactly this.

I said, we're trying to build the company that we want to work at.

That's the whole thing.

That's the whole point.

And in order to do that, we're going to need to, what is the type of company we want to be at?

We want to make awesome products that we find interesting and innovative and scratch our creative itch.

We want to get them to millions of people because that's fun and hearing their feedback matters to us.

And we need to make money so that this whole operation can exist and we can have an awesome workplace with awesome people and hire the best talent.

And that's what this is about.

And it was a very foreign thing that I was telling them that seemed like the only logical thing to me at the time.

I certainly agree.

And I'm really proud of us for articulating it and for the rest of the team ultimately being okay with us getting very public about that.

I will tack on that that last part which you mentioned, which I think frequently is hand waving.

Well, first off, we became a public benefit corporation.

Yeah, explain what that is.

People probably heard that, but they don't maybe understand.

So basically instead of being, we're a C-Corp and instead of being beholden to maximize shareholder value at the risk of being sued by the shareholders, which in the case of peak design isn't a very big risk because I'm the only owner, but still from a kind of a structural perspective or a spiritual standpoint even like the, we wanted to make sure that the point of peak design has nothing to do with shareholder value and has everything to do with upholding our mission, our mission and our purpose.

We kind of delineate to do the purpose for us to be happy.

The mission is six different points, including build the best thing, succeed at the expense of nobody, offset our environmental impact, use our voice to inspire positive change, put happiness over growth.

But the part about offsetting our environmental impact and then using our voice to inspire positive change is really what drove the thing I've been working probably the most on, which is a new organization called Climate Neutral.

Right.

And so just explain the mechanics first.

You're a C corp, but you're a public benefit company, which means what do you do if you're an entrepreneur who wants to do this?

How do you do that?

When you file with the secretary of state, you have to make an election to be a PBC, public benefit corporation.

You can still be an S corp or a C corp.

I don't know if LLC, I would imagine LLC works as well within that.

But then it's just about your operating agreement and things like that.

And that allows you to not adhere to the maximum shareholder value as the core, the tenant or requirement.

That's right.

And instead you replace that with your...

You can replace it with, you know, I don't know if it's actually whatever you want.

To my knowledge it is, but I think it would stand to reason that it has to be some specific public benefit.

You exist for the broader shareholders, which includes the public that we all live amongst. Gotcha.

Great.

And so you have your company that's peak design and now you have a new entity.

Is that right?

It's a new entity.

It's a 501c3.

It's a non-profit.

I'm the founder along with a guy named Jonathan Cedar who heads a company called BioLite.

The CEO of Climate Neutral, his name is Austin Whitman and there's about five people working for the org right now.

And so what are you trying to do with Climate Neutral?

Climate Neutral is an organization that owns a label called Certified Climate Neutral.

And when you see certified climate neutral on a product, it means that the brand displaying it has measured their entire carbon footprint all the way down to raw materials, reduced what they reasonably can and then critically offset the rest.

And it is all about the fact that the conversation about climate change is what it is and businesses sit there and continue to wring their hands and say, oh, we hope that by 2050, we will have reduced our footprint or like, we're going to straight line our reductions between now and 2050 without actually taking any concrete action is absolutely abhorrent to me, especially when I understood, finally, what peak design's carbon footprint was and then how much it cost to eradicate.

And how'd you do that?

How'd you figure out what your-

I hired a consultancy for \$40,000, which was a lot of money.

And I wasn't too happy about having to pay that, that led to part of Climate Neutral, which is the fact that we'll measure your footprint for free with a tool that we're developing along with some of the world's best carbon LCA experts.

So we've handled that part of it.

And then the other thing is that-

What did you learn?

When you pay \$40,000, they did an analysis and what did they give you back?

What were you surprised to learn?

Well, at the \$10,000 mark, they had done what's called a- they used a tool called the scope three evaluator and they asked you, how many dollars did you spend on metals?

How much on plastics?

How much on air shipping?

How much on sea shipping, et cetera?

And they said, okay, your footprint is about 16,700 tons, plus or minus 20%.

And this was at the \$10,000 mark in the contract.

And I was like, okay, well, what do we do now?

I was like, well, now we're going to do the deep dive analysis and we're going to knock on the doors of your entire supply chain and get their energy bills and find out their proportion amount.

And it's just like, oh, wow, that's going to take up the rest of the year.

And that's going to cost an additional 30 grand.

I see why it is.

Like, that's an insane amount of work.

I was like, can we just- could we just round up that 20% and call it good?

And they're like, well, what do you mean call it good?

They're like, well, we want to offset it all.

And did you think, okay, 16,000 plus or minus 20%, is that horrible?

Like, I wouldn't even know how to interpret that.

No idea.

But I did know this.

I had asked them, well, what's the, how much does it cost to offset a ton of carbon?

And the average price to offset a ton of carbon, these are verified offsets by a third-party auditing agency.

That doesn't mean they're absolutely perfect.

Each individual offset subject to a margin of error, a certain amount of risk, but taken as a whole, this is an audited group of carbon offsets and you have to look at it as looking at the whole.

The average price for an offset is three bucks a ton.

So you take 16,700, you round up by 20% 20,000 tons of carbon.

And this is on about \$30 million worth of business.

That's what we did in 2017.

So 60 grand.

\$60,000.

Right.

30 grand for the report.

Yeah.

You could cover half the footprint.

Yes.

Yeah.

And I, like I was pulling my hair out with like, wait a second, wait a second.

There's all sorts of things about this that are just lunacy.

Just off the cost or the notion that doing something which gets, you know, to a closer level of precision than 20 plus or minus 20%, that's a total waste of effort.

Right.

Secondly, you're telling me that as a company that makes shit in Vietnam and China and ships

it all over the world.

60 grand, you can offset.

\$60,000.

Yeah.

We're going to do that.

And also, how come everyone isn't doing this?

Right.

And they just kind of threw up their shoulders and said, yeah, that's what we say.

And I was like, well, how come I haven't heard from you guys telling me that I would have this opportunity?

And that, you know, I don't really know the answer.

But you started to come up with a solution.

Yeah.

Yeah.

I mean, like it was just so discombobulating.

It didn't make sense.

I'm hearing on one side climate change, intractable issue.

We don't know what to do about.

And then here's this, this situation where if everybody did it, if everybody bought verified carbon offsets for their business, climate change goes away.

What actually is a carbon offset?

What am I doing?

I pay the money.

I pay the money.

And of course, what I've just described there is a hypothetical scenario.

I'm sure that there are people who heard that and go, nah, there aren't enough carbon offsets in the world.

Don't email us if you're going to do that.

Right.

There aren't enough carbon offsets in the world, and that is accurate.

There aren't right now.

But if you show a market-based solution that demonstrates demand for carbon offsets and there's a revenue stream from so that a for-profit carbon reducing business can exist, you better goddamn believe that those carbon offsets are going to get produced.

And so what it is, you can take any technology which sequesters carbon or prevents carbon from getting there in the first place.

So Peak Design bought a whole bunch of landfill gas offsets.

What is that?

Well, there's a landfill in South Carolina that is filled up, but there's no municipal law which says, okay, landfill, you have to now cap that landfill and trap those gases and flare it because landfills will sit there and they'll leach methane until they're done decomposing for a long time.

And so basically, Peak Design said, well, if that's not going to happen, we'll make that happen.

We will pay for an HDPE tarp and a bunch of dirt to get pushed onto that and you collect the methane and turn that into electricity.

So that's what a carbon offset is.

We have nothing to do with that landfill in South Carolina.

However, there was a greenhouse gas reducing opportunity for us and we snapped it up.

Love it.

And you had to find that yourself?

No.

I mean, there are actually, frankly, so many organizations involved in the retailing of carbon offsets and I think that's great.

It has the foundations of the type of market solution that we desperately need.

We just need a hell of a lot more demand.

Right.

So your plan is get the demand up and then either you make the marketplace or someone will make the marketplace with the demand and the supply.

It's already there.

It's not like we need to recreate something.

We just need more of it.

Right.

Yeah.

It's important to note other types of offsets that exist out there.

You can buy farmland that is fallow and plant a forest there and so long as you've got the survivability of that forest, that is a carbon store, right?

Like an unquestionable trees are made out of carbon.

You're sucking it out of the air and you're putting it there and then you have to protect that forest and that is a carbon offset.

You can pay a farmer to switch from traditional row agriculture to no-till agriculture, cost the farmer a little bit more.

You pay him that difference and then the root structure within those fields ends up drawing down a ton of carbon.

Peak design planted a bunch of seagrass in Puerto Rico after Hurricane Maria came through.

There are all sorts of opportunities and it's a big world out there.

There's plenty.

This earth can absorb the carbon.

It just costs money.

Right.

It seems like it feels good to know also where that money is going.

The fact that you guys did the seagrass right after the hurricane or whatever, that's much better than saying, we bought a bunch of credits.

Right.

So we're good now.

Right.

It feels very different.

It does feel very different and that information I think is always achievable and you should

always know what you're buying and what you're going to support.

But I am excited for the day when peak design and the 80 companies that we've gotten to sign up along with us right now, including your neighbors, all birds right over there,

I am excited for the day when we are not the exception, we are the norm.

And I'm excited for the day when a consumer picks up a bottle, looks for the climate neutral label and doesn't see it and says, well, I'm not going to buy this.

These assholes don't pay for their carbon.

So that's the dream scenario and it's so vastly different than peak design and I don't know.

It's far less predictable for me.

I don't know if it's going to take off, but man, we've gotten some serious traction so far and people seem to be resonating with the idea.

Yeah.

I'm excited.

I'm excited that I'm not the most environmentally conscious person by nature.

It's not like I'm already up that alley or sort of need to even in knowing about this stuff.

But when you tell me that, that just makes sense to me.

It appeals to my senses as a business person.

It appeals to my senses as a human being and I'm pretty bullish on that and I'm not just saying that to blow smoke.

I was going to ask you about peak design.

You guys do the innovation on the product.

What happens is if people just knock you off and just start copying your designs and your innovations because I would imagine that that's a problem, right?

Yeah.

We just launched a tripod on Kickstarter this last year and it is awesome.

It is like the tripod industry has not been shaken up in decades and we just blew it wide open.

What's it called?

How do I?

It's called the Travel Tripod by Peak Design and basically what we did is instead of having cylindrical legs that are incapable of collapsing onto themselves, we made legs that were shaped more like a pie wedge and so they fit around this triangular center column so everything nests really beautifully.

The idea for this came also in 2008 on that walkabout.

I was in India.

I was in Darjeeling, India, sitting there with my tripod and I drew this sketch of these pie wedges that would collapse around at that time in my sketch.

It was a cylindrical center column still.

Nobody made that.

We sat on that idea for a long time and took four years to produce it and in part the reason is because it's really hard to make this 172 moving interfaces with that 360 individual parts.

It's complex.

How are you guys making these?

You're designing them in-house.

You have a partner.

Our manufacturing partner in China is... The prototyping and development of these things is a collaboration between our manufacturer and our 3D printing and our tools in our own shop here.

How often, I guess early on or maybe now, but how often are we going to China to visit that partner because I've been on the other side of Alibaba and it's tough to get a product made.

Sometimes I get a sense of, are they understanding the vision here?

How do I communicate this effectively?

How did you do that?

I spent a lot of time over there.

Not me personally as much as my engineering team on this one.

My role has become more bona fide CEO than design engineer.

They spent a lot of time over there.

There's a lot of calls, almost... Sometimes it's every night calls with China to communicate the day's needs and things like that.

But most importantly, we have a very trusting relationship with our manufacturer.

They were as tiny as us when they started and we have just grown in lockstep with one another.

That's been the case with our Vietnamese supply chain and with our Chinese supply chain.

We're not going in there to some big-ass company that doesn't really care about your business that much.

Now, this has been a true partnership from the ground up.

Like I say, we were very small, so anyone who's listening who was like, well, I don't have that right now.

It's true.

You probably don't have that out the start, but neither did we.

We built a foundation of trust and respect and genuine care for each other's needs.

Let's rewind.

Early on, before you have that partner, talk about how you found them and how long that took and any of the pitfalls you've trapped you best up on.

With our current setup, there was actually a guy who called us up in 2013.

His name is Pat Sung.

He lives in Portland and he's become a dear friend.

Actually, he serves as a liaison between.

He finds the factories and owns that partnership.

He's been wonderful in going out there and helping us source these things.

His company's name is Alliance Trading Group and they're wonderful to work with.

As they've grown, I think that they're... It's just been cool.

It's another partner that's grown up alongside of us.

But even if it weren't for that, we had started with Wushi Great Machining, which we found on mfg.com and Shengda, I remember they were in Ningbo, China, and that was Alibaba.

If you're somebody today who's looking to find a manufacturing partner, what would you tell them, bullet points or any mistakes you made that now in retrospect, you realize you would have done differently or you're learning ahead?

Actually, it's not really mistakes as much, but there is something that's very nerve-wracking about working with people who speak a different language and the communication isn't perfect. But I would just remember that the most likely scenario is that the other person on the other side of that email is a good person who wants to develop a strong business and their intentions are correct.

I think it's entirely worthwhile to extend more trust than your inclination might suggest. That's been my experience.

I think it was aided by the fact that we were pretty successful right out of the chute.

A manufacturer is going to want to pay attention if they believe in your idea and if they believe in you, believe it or not, you can go over there and you can exude the charisma and the confidence that absolutely transcribes languages and they will believe in you and they'll work harder for you as a result.

Did you do that early on?

Oh, hell yeah.

Absolutely.

Did you go to the Canton Fair?

No, I didn't actually go to the Canton Fair and I never have been.

A couple of my employees just went, but no, literally exchanging emails with people and eventually saying like, okay, we're going to come and go see our tooling when you pick us up at the airport.

Sure, Mr. Peter, let's do it.

Nice.

Okay, great.

And so we should wrap up.

So if you're listening to this and you're like, Peter sounds great, peak design sounds great, climate neutral sounds great, where do they go to get more of either your thoughts, get out about the products, shout out some places where people can connect with you beyond the podcast and get a hold of you.

Sure.

The peak design website is great.

I'd recommend peaking into the journal.

That's kind of where I do write a lot of my sort of bigger thought pieces if you're interested in my philosophy switch, you might not.

If you've reached the end of the podcast, you probably are honestly.

Yeah, that's right.

That's right.

You know, hilariously, I have like nine Twitter followers, I think, I've just never ramped that up.

I've got an Instagram account that I get too bashful about.

I actually ridiculously, I think that very few people are having a New Year's resolution that says, you know, I really want to bone up my social media presence, but there is

a part of me that's like, you know what, I do kind of want to do that because I do love taking photography or taking pictures and creating videos, and I don't share them with the world.

And I'm conflicted about whether I actually want to do that or not.

Right.

Sorry, that was a long response.

Just go to peak design.

Go to climate neutral.

Hopefully Google will take you there.

Nice.

Thanks for coming on, man.

I really appreciate that.

And I dig the story.

I was interested in the products and the product design part, but the climate neutral part for me kind of stole the show here.

Right on, man.

I'm happy to hear that, Sean.

Great.

Thanks.

I need a dollar, dollar, dollar.

That's what I need.

Well, I need a dollar, dollar, dollar.

That's what I need.

Said, I need a dollar, dollar, dollar.

That's what I need.

And if I share with you my story, would you share with me?

Yeah.

I need a dollar, dollar, dollar.