KNOW HOW

GET ENERGIZED. WORK SMARTER. BRAINSTORM BIGGER. WIN ON SHARK TANK. AND MUCH MORE THAT WILL MAKE YOU A BETTER ENTREPRENEUR

HOW TO

PROVE YOUR DOUBTERS WRONG

WHEN ACTRESS JESSICA ALBA first conceived her idea to launch a line of nontoxic household and baby products in 2008, skeptics tried to push her toward the same tired and true start-up formula. Why not just be the face of a new perfume? A few years later, she has a pretty good answer. The Honest Company is expected to pull in more than $500 million in revenue in 2014, has a reported $1 billion valuation, and is poised to go public. Take that, Hollywood!

FOUNDED THE HONEST COMPANY on this idea: Everything that touches you and your family—everything in your home—needs to be nontoxic, needs to be effective and beautiful to look at, and needs to be affordable. I really wanted it to have an e-commerce model. What are the things that all parents need? Diapers and wipes, for sure. And then a mix of cleaning and personal care products. Wouldn’t it be great if you could pick five things and get them delivered through a monthly subscription? Everyone I approached was skeptical. There wasn’t one person who said, “Yeah, that can happen.” I heard “Just do one thing really well and then you can expand” a lot. But I wanted
Inside the Honest Formula

The Honest Company—which Jessica Alba co-founded in 2011 with CEO Brian Lee, COO Sean Kane, and chief product officer Christopher Gavigan—pitched its products as the solution to many a parent’s woes. They’re nontoxic, they actually work, and they look nice on the counter. Many doubted the company could succeed, but it’s rung up impressive numbers in a few short years. Revenues in 2014 are projected to hit $150 million, and Honest has scored $122 million in funding, including a $70 million round in August that valued the company at nearly $1 billion. How did Alba and the Honest team manage to come so far so quickly?

this to be a whole lifestyle brand. Everyone I talked with in Hollywood could not wrap their heads around the idea. Whenever I tried to sit down with them about it, they would just get this glazed look on their faces. Entertainment is a totally different business. It’s like, how do you squeeze the most out of a person for five seconds, and then move on to the next one. It’s hard for people to take anyone seriously who’s never done this before. They see you as only as something else. But all that just gave me fire to move forward.

I approached this guy who built the top-selling accessories brand at Macy’s. We’re friends, and he was trying to help me figure out how to execute on this idea. But he built his brand off of one item and then expanded. He found traditional retail partners and then opened his own stores. He didn’t understand how to build this thing from scratch. Friends want to help you, but they’re also going to be the most critical. We launched with 17 products. Even my husband, Cash, thought the idea was too big. It took me three years to find my business partners. You have to be brutally honest with yourself and understand your strengths and weaknesses. I’m not a business person—I’m a mom. I wasn’t going to be the one doing the business model and running the operation. If I went in there and said, “Hey, I’m going to put together

THE FEEL-GOOD HALO

Like startups Toms and Warby Parker, the Honest Company built a charitable mission into its business model. With every customer purchase, the company promises to do some good work—such as donating baby supplies to local diaper banks and sending employees to volunteer for L.A.-area beach cleanup days.

THE NOT-SO-SECRET WEAPON

Sure, Alba brought a great idea—and star power—when the Honest team approached investors. But she also brought something else. “It helps when your partner is pitching a clean-living lifestyle brand for families, and she walks into the room almost nine months pregnant,” says Gavigan. “She was practically about to go into labor!”

this business from scratch all by myself,” I’m sure it would have been a lot more difficult to get VCs to take me seriously, but once you have the right partners, it isn’t. Having the right partners also means having people you like. They’re all people I wouldn’t mind getting stuck with at an airport for five hours. We can hang and have a beer and chat it up, or stay silent together and be totally cool with that. That’s really important.

Then the team sat down with a lot of people who weren’t going to invest—friends like Tory Burch and Narciso Rodriguez, both of whom built successful businesses, and people from big tech companies and public companies—to test our pitch. They asked us great questions: What are you going to do when you run out of product? What if it’s not delivered on time? How are you going to get people to your website?

With them, it didn’t matter that we weren’t perfect in the way we pitched Honest. It was kind of like how comedians do it and do standup in small clubs in different cities to test their material before they do the HBO special! All of that back-and-forth helped us refine our pitch. And it got a lot shorter—we got it down to a 10-minute pitch deck and a 15-minute question-and-answer session. So then we knew we could do it in a 30-minute meeting.

Almost every VC we talked to was on their first or second child and told me their wives were doing the same research that I was, trying to find a brand they could trust. We didn’t try to find investors with young families. It just happened. But in retrospect, that would have been a good tactic! By the time we got into the room with VCs, it wasn’t that hard of a sell. We went in with a real plan of attack, a strong process, and smart people. By that point we had talked to so many people, having them try to poke holes in the idea. Because that is exactly what the VCs are going to do. Inevitably, they’re going to ask questions you can’t answer. If you’re writing down the 20th question to which you don’t have an answer, that’s a problem. You can say I’ll get back to you,” but not more than five times.

—AS TOLD TO LINDSAY BLAKELY

BUILD A KILLER TEAM—SIGHT UNSEEN

MANAGING A VIRTUAL workforce is many degrees more difficult than managing a centralized company. But it’s what Taso Du Val, the co-founder and CEO of Toptal, must do each day. Toptal connects well-known clients such as Airbnb, Pfizer, and Idea with its network of top programming talent, which is scattered all over the world. To make sure his company stays on top of its game, Du Val has developed a hiring system so his 70 employees and 500 contractors stay in sync across oceans and continents and multiple time zones. It starts with several qualities Du Val prizes in himself. How does he transplant his DNA into his far-flung workforce?