



LEAD WITH WE

EPISODE 23: ALLBIRDS

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Simon Mainwaring:

Welcome to Lead With We. I'm your host Simon Mainwaring, founder and CEO of We First. Lead With We is the podcast where top business leaders and founders reveal how they built their companies to be high impact and high growth, by putting we first. Lead With We is produced by Goal 17 Media, Storytellers for the Common Good. This week I'm chatting with Tim Brown, former professional athlete who represented New Zealand at the World Cup for soccer, and also co-founder of Allbirds. The fast-growing sustainability focused footwear and apparel brand, that's really captured the public's imagination. So Tim, welcome to Lead With We.

Tim Brown:

Thank you for having me. It's great to be here.

Simon Mainwaring:

Now, first off, I've got to explain that Tim is a Kiwi from New Zealand and I'm an Australian. So some of you listening to this podcast might not understand a word we're saying, and we apologize in advance, but we're going to understand each other better than ever. Tim, for those of you who don't know what Allbirds is or where they came from, give us a little bit of the backstory, how the company was started, a little bit about its story in New Zealand and when you came to the U.S.

Tim Brown:

Sure. Yeah. So we're a team of nearly 500 people with our headquarters based in the San Francisco. Nearly four and a half, nearly five years old, somewhere in that range. So not that old, but born from an idea that I like to say was a bad one for a long time before it was a good one. Born back in New Zealand, actually in Wellington, where I'm from and where I grew up. That focused on the design challenge of making a singular shoe without logos, without bold colors, just focused on just a minimalist really simple approach, which was an observation for me, someone who was sponsored in those days by one of the big sportswear companies was a gap in the market.

Tim Brown:

From there I visited my first footwear factory, I knew nothing about shoes and genuinely stumbled into this enormous category it's something like 20 billion pairs of shoes are made a year and realized this was an industry that had this low cost mentality, defaulted to making things really cheap. We had a synthetic materials and started to imagine products using

things like wool and making shoes from nature. And that's evolved into a much larger purpose around sustainability, which I can tell you about, but that was the starting point.

Simon Mainwaring:

Many people have traveled to New Zealand and Australia, but what some people might not know is that you really are steeped in nature every day. There's so much land, there's so much of the natural world to take in. And I do think that we instinctively have a strong connection to nature. Is that why you cared about not only creating a simple shoe, but a sustainable shoe? Why did that become important?

Tim Brown:

It'd be really easy in hindsight to say that I grew up with an affinity for the environment, but I'd always dreamed of one day being that professional, playing in the A-League, going to a World Cup with New Zealand, and I was able to achieve that. But through that sporting career, I did on the start to understand the value of purpose. And I just to be really clear. And I think the distinction between passion and purpose is a really important framing of this for me. So I'm passionate about chocolate biscuits, I'm passionate about the first season of MacGyver, I'm passionate about Manchester United, but purpose is different. This is devoting your time, then your career and your energy to solving a problem that exists in society. That's far greater than you. That is urgent and worthy of that effort.

Simon Mainwaring:

And were you looking for greater meaning? Did you feel that inside you?

Tim Brown:

I found it. I found it when I was playing for my country and I realized that was something that transcended the sport, it was bigger. And the idea of being part of a team that went to the World Cup and was in 2010, was something that hadn't happened to that country in 28 years, I was going to leave a legacy. Launching the business with Allbirds, we started to make shoes and solve this very technical, challenging problem of making a shoe out of wool. But it was only when I met my co-founder Joey, that the purpose became clearer around the environment and around the problems in the fashion industry, and the footwear industry around making things more [inaudible 00:04:48]. And so that was a huge unlock for me.

Simon Mainwaring:

And let's talk about that for a second, because it seems like sustainability in many ways is almost table stakes in almost every industry, but especially fast fashion, footwear and apparel. So how does that work? Do you just go and plug into what is a supply chain for a lot of different brands out there that make different shoes? But the sustainability credentials are built into the supply chain and you just plug into that or is it rather, you have to look at this from scratch and design it from scratch and find the right suppliers? How do you kick off an idea like this?

Tim Brown:

Well, it's very much the later. In the case of... And again, we have to go back four years ago or even longer when I first started working on this, in the footwear industry, it was making out of synthetics because they're durable and they're cheap and they last forever and just do that. And so now you're going to try and make shoes out of wool is a material that the footwear industry hasn't seen, ignored put in the too hard basket or too expensive basket. So you're going to innovate. And that took years and hundreds of prototypes. Literally 2007, 2008,

when I first started working on that. 2015 when we formed Allbirds, 2016 when we launched. So it was years of just trying to work this out.

Simon Mainwaring:

And for those who don't know the story, what on earth does Allbirds mean? Where did that come from?

Tim Brown:

Allbirds is a little bit of a nod to the origins of our story. When people first came to New Zealand, there was literally nothing there, but birds. It was all birds and no mammals, and obviously that's changed. So it's also a tip of the hat to the idea that when birds are okay, the environment's okay. Because Joey had come into this and we partnered, our wives were best friends we'd met and decided to work together. He'd come into this in the same way that I had a product design vision. He'd come in with a vision for climate change is the problem of our generation. He'd come in with a vision that business could be a force for good. He came in with a vision that the fashion industry and the footwear industry being paying lip service to the idea of sustainability and that there was a fundamental need, an urgent need to make the products and services that we love, where there's little to no environmental impact as possible. And that was what he devoted his entire career to.

Simon Mainwaring:

You describe this thesis in a very evocative way. You talk about the desire to tread more lightly. What does that mean?

Tim Brown:

I think a couple of things. To an earlier point, when you hear the word sustainable in particularly in the context of fashion, you assume that's going to be more expensive and it's going to be less good. So let's not do that. So in the case of using deriving our materials from nature, in the case of wool and eucalyptus, let's do that so it makes it a better product experience. And I think we started with this idea that people don't buy sustainable products they buy great ones. And I think we've come to believe four and a half years in a product can't be great, unless it's also sustainable. But I think even four years ago when we went to our factories and we just said, Hey, for all the various components, and there's a lot of them in a shoe, we want to pay more to use just sustainable environmentally friendly components.

Tim Brown:

They were like, why you want to do that? But we understood there was a bigger, more important purpose behind it. And in the case of the business model, we always knew that the business needed to be big, to have the type of impact that we needed in a huge category. And then in some cases it was going to help us. So I'll give you one example that EVI is one of the most commonly used materials in footwear. It's like a rubber foam, it's probably on your sneakers right now. Made from Petro derived materials. We found pretty early on that we could make it from a waste stream of the production of the ethanol from sugarcane effectively. And we could make it in a carbon negative form. And traditionally in the footwear industry, you launch an innovation, you keep it to yourself, you keep it secret.

Tim Brown:

What if we made that open source? And we did that, not just because we're good guys, but because the more people that used it, the cost would come down. And so we did that and it became a Time Magazine innovation of the year. And there's now a 100 companies globally in

the process of using it. It's the same, if not better than the Petro derived alternative. And I think it's a great example where the intersection of business and purpose come together to actually make the sum greater than the individual parts. And it's an example, I think of treading more lightly and some of the ethos that we have as a business.

Simon Mainwaring:

It is such an important point that you're saying here, because to many young business leaders, it could be counterintuitive where you've got this IP, you've got this breakthrough solution and you might want to hold or close to your chest. But by sharing it with people and changing the industry in the process, you can level up the industry. But also you've got all this earned media because of the role that you play in that. You see that with Tesla, when they opened up the battery technology and their IP, so that there's more charging stations around the country.

Tim Brown:

We just started working with Adidas. In the footwear industry, that's not what you do. You don't work with your competitors you keep them out.

Simon Mainwaring:

So how did that come about? I thought that was a fantastic story. It redefined competition. How does even a conversation like that begin?

Tim Brown:

We're not in a race with Adidas. We're not even in a race with other people in the footwear industry. This is the bit that we've come to realize that the human race is urgently, whether they believe it or not. And most of increasingly do understand that we have a global carbon footprint, we've got to reduce, we've got to do that quickly. And we're a tiny footwear company. So to achieve that, we're going to need to write the rules differently. We're going to knock down traditional barriers of competition. We're going to share best practice, be far more transparent, and we're going to need to move much more quickly.

Tim Brown:

And in the case of Adidas, part of it came from our carbon numbering, which I'll talk to you about in more detail. Part of it came from this idea that we need pledges for 2050, don't get me wrong. And that really important, but what can we do right now? And how fast can we move? And so we decided to start working with a story brand because we had some clarity on some of the questions and we felt like they might be able to bring us closer to the answers more quickly. And it's so exciting.

Simon Mainwaring:

When you're starting a new company, or you're trying to compete in a crowded marketplace, especially like footwear and apparel. Your instincts are to try and compete in a traditional sense. But what you're saying is you don't necessarily need to worry about competition in that framework, but rather the thing that you're trying to solve for or compete against. So these issues that are compromising humanity, the planet and so on, and that gives purpose of very different role because people think traditionally, you've got to plug purpose into the traditional full profit world. What you're saying is let purpose be its own thing, serve your purpose most effectively through the tools that you've got, like the company, your employees, your products, and oddly enough, by doing that, by opening up your IP, by taking

the industry to the next level, that grows your business as well, has that been your experience?

Tim Brown:

Purpose and the profit piece of it don't need to be mutually exclusive. They can drive to the same outcome, in fact they're better when they do. And I'll give you one really concrete example, the topic of sustainability, right? Big word. What does that mean? It means a 100 different things to a 100 different people, to one person it's about equality, to another it's about recyclability, it's about fair trade labor, it's about end of life, it's about biodiversity. And the short answer is all of those things matter. And chapter two of this conversation for us is the connection to this idea of a unifying metric around carbon. And carbon being the singular number that has financial implications that connects New Zealand with Australia, the fashion industry with the transport industry, and ultimately all of us as individuals to a global carbon footprint, we must reduce and we work this out.

Tim Brown:

And so we measured our entire company footprint. And then we realized we could boil that down to individual footprint numbers for our products. And so in the same way that calories go on food, this year we started labeling our products with these numbers and all of a sudden there mate, we're making decisions, right? With financial implications, because if we don't, we're going to tax ourselves, we're going to have to pay for offsets. And all of a sudden we're bonusing our executives around this carbon number. Traditionally, when you got to make a product, you're thinking about three things, right? You're thinking about what it looks like, the design of it, you thinking about the utility, and you think about how much it costs. We are introducing a concrete variable around carbon as a fourth factor in the way that we think about making products, because we know that any number greater than zero and on average, it's about nine kilograms of carbon for every pair of shoes that we make.

Tim Brown:

We're going to have to pay for that with carbon offsets to make our business net zero. Offsets not the total answer, but they're effective tax and incentive in the short term. And we know, that we now have to drive that number down because as our business grows, that's going to become an increasing financial tax effectively. So if that was applied to every business tomorrow, entire industries would change. Companies would go away. The people getting out in front of this, understanding this, I think, are the ones that are going to win in the long run.

Tim Brown:

And again, we don't have all the answers where our numbers are greater than zero, but we're pretty heartened to see that Logitech the big tech companies now labeling their products with kilograms of carbon, Unilever started to do the same thing. So I think there's going to be this huge shift towards this number and this way of thinking. And I think our employees are energized because they're designing a t-shirt and they're realizing, Oh, hang on a minute, as well as being judged by what this thing looks like and how it fits and how it feels and how much it costs. We're also going to be judged by a number on the tag that discloses the amount of carbon. And next year, if we want to have our salary fully realized, we're going to have to improve that.

Simon Mainwaring:

What's powerful for those listening is that you can hear how Allbirds is putting the different pieces together that really make a new way of doing business footwear apparel possible. You must attract a certain type of employee when you're approaching things this way, and it must foster a certain type of culture. Tell us a little bit about that either whether, your come from generate something organically or whether you nurture it in some specific way.

Tim Brown:

Yeah. It's a great question. We were founded as a B Corp right out of the gate. Just in terms of employees, I think I was blown away by how many people were coming to us in the early days, wanting to work for B Corp. For them it was a very important badge of a new generation of businesses that were going to think differently.

Simon Mainwaring:

Well, for those who don't know what a B Corp is, you and I, We First and Allbirds are both B Corp. Just give a quick top line on what that means to be a B Corp.

Tim Brown:

Effectively allows you to enshrine in your governance, a cause beyond just making money. And then the second part of it is B Corp certification, which is a publicly disclosed score out of 200 that you have to apply for every two years. Forces you to get really clear on what you're doing for your employees and what you're doing for...

Simon Mainwaring:

Yeah. It runs the gamut, from your environmental footprint to diversity and inclusion, and that score isn't static. You can actually improve your score year by year.

Tim Brown:

As we've tried to do. And it's just a good thing, but the ability for us to be compared with an investment bank, to be compared with an advertising agency, it's all imperfect, but it's fundamentally brings us together. Right. And it means something because of the fact everyone's invited and similarly with carbon and all the other aspects of sustainability that we described, it's not like, we're not thinking about biodiversity. Of course we are. We're trying very, very hard to do the right thing in all areas, but the unifying metric of carbon is so important, right? Because it allows us to get on the same page around really key structural decisions around business and things like that.

Simon Mainwaring:

What is it really important is that, and I hope people are hearing this, is that what Allbirds and B Corps are doing is they're creating these new vectors that define what success looks like. Up till now for the last several decades, it's all been about profit and bottom line and share price and market share and so on. But now we're talking about these unifying elements, which might be your carbon footprint. The same way, for example, people are looking beyond the GDP as a measure of economic growth to happiness or wellbeing, as you see in Iceland and New Zealand. And ultimately without those metrics and without them being unified, we're never going to get a systemic solution at scale that can actually solve for these problems that are threatening humanity and the planet. And that's why it's so important.

Tim Brown:

Sure. Yeah. You can start to see how this plays out, I think. When you're seeing a huge influx of investment funds that are focused on doing the right thing. So performance of a business is actually about reducing our carbon impact at the same time that we grow revenues and ultimately profits over time. So the connection to the financial community, I think is a big evolution of the conversation around sustainability.

Simon Mainwaring:

You stepped into a really competitive category, Tim, and it's hard enough in its own right to do that. But then you've gone into all these different markets from New Zealand. You're in San Diego, Boston, you're all over the U.S. When you're looking to scale your impact, some people might say, Hey, why don't we build a strong foothold in New Zealand first and after five, 10 years venture into Australia and Asia or APAC, how come you went so wide so quickly? What was the thinking there?

Tim Brown:

Yeah, it's a really interesting question, and a good question. We had this thesis that there was a young person who was starting to question the idea of, what does this all mean? Who was caring deeply about the provenance of the things that they wear and they buy. Was caring deeply about the environment and that same person existed in San Francisco and in Auckland and in Sydney and in London and Shanghai and Tokyo. And by connecting them, we could do something quite powerful, I think, to bring people together around this, through the business, to use [inaudible 00:18:46] as we've started to understand this thing, just to be super clear, we're learning every day. Four years ago, I wouldn't have been able to have the same conversation with you. We've been putting the pieces together, knowing that the purpose we knew what problem was, now we worked out how we could be a solvent.

Tim Brown:

And then part of that is bringing that together. And I think what we're finding is there're fascinating discrepancies by the conversation in Europe is way further ahead than it is in America. Let's not get into the politics of the current moment where climate change is a footnote in the election and all the ways that it's not in other parts of Europe. Take China for example, they've just made a big government pledge around 2060. And I think, we can feel without office of 20 people in Shanghai, the movement on the ground and the interest in the topic of sustainability, the environment building on the consumer level. So bringing those people together was part of the thesis.

Simon Mainwaring:

So, as you look to the future now on the strength of what you've done so far, where do you see not just the footwear and apparel industry going, but business going more broadly? Because what you've really done through the partnership with Adidas and others is you've reframed competition in a different way, because you've set up different goals, different metrics for success that allow you to work together. So if you were to look into your crystal ball and say, Hey, here's where things could go in the next five years, what would that look like?

Tim Brown:

That's a big question. I've got a few hunches and nothing more than that. I think what is a calorie? Not that long ago, the idea of calories being on every menu and going into McDonald's and being there, and... It's quite an interesting case study. I often will look to historical case studies to try and understand and unpack emerging ideas and narratives. And I

think, calories is a pretty ubiquitous idea. It will be at that no one actually knows what one really is, but it's a guidepost for making healthier decisions, and it's not an unimportant one.

Tim Brown:

Similarly, with the carbon number, and I think this idea of being able to lay more products so that consumers at the checkout are able to evaluate their personal carbon footprint and evaluate whether they want to get on a plane to Australia, or if they're going to do that three or four times a year. You can't eat McDonald's every day, and you probably don't want to be on a plane every day. If you're trying to ultimately over time develop to a lower carbon footprint lifestyle. So arming people with those choices I think is going to be one real key theme.

Simon Mainwaring:

And the bottom line of this whole discussion is that as you say, we're not pretending it was perfect all the way through, but there is a lot of strides that you've made that are inspirational, that have challenged the industry, and you've grown from strength to strength. But tell us how this premium you've put on purpose has translated to the bottom line, because a lot of people are, we hear things like, Oh, how much of my budget should we put towards purpose? How much should we put towards profit? Or you hear people trying to dovetail purpose in. What is that direct correlation you see between being so purposeful and business growth?

Tim Brown:

I think about it more on a personal level, to be honest with you, in terms of me, just me. And I think about what it's like just to work at a job, it's one thing. It's another thing to find a problem that's so important, it's so worth solving that nothing's going to stop you. That feels to me like the definition of the way you maybe want to live your life is going after something that is worthy of your best efforts. So I feel very fortunate in that sense that's a big aspect of what we're doing, which again, hard don't have all the answers, but I feel like you're driving towards a problem that's worth solving. And so that's the way I would think about it is that I've also found whether it be in sport or in business, that if you're enjoying yourself, you got smile on your face. You feel like you're working on something that's bigger than you then the profits and the other things will find you.

Simon Mainwaring:

And one piece of advice for the founders out there, for the business leaders out there on the strength of falling forward as you've done, one piece of advice you might share that you've taken away personally.

Tim Brown:

I think the role of doing it with someone is... We run the business as co-CEOs and Joey and I met through our wives. They were roommates at university and on the surface, couldn't be more different. American and a New Zealander, engineer and a designer and a soccer player and I think doing it with someone that is different from you, that has a shared vision and shared qualities and values that you can align on, but ultimately comes at a problem from a very different perspective. I think has been quite important for us. And quite frankly, makes the whole thing more fun, make no mistake about it. Starting and launching a business is extraordinarily hard. It's not all roses. I really hope I haven't painted that picture. This was a bad idea for a long time before it was a good one. But doing it with someone allows you to

get feedback good and bad and also keep a smile on your face so that you don't think that what you're working on is too important.

Simon Mainwaring:

Tim, thanks so much for sharing these insights and also for challenging all of us to think about success in different ways. I really appreciate it, and learned a lot from this conversation. So, thanks.

Tim Brown:

Yeah. Thanks for having us. It's been a great chat. I appreciate it.

Simon Mainwaring:

Thanks for joining us on this week's episode of Lead With We where I was chatting with Tim Brown co-founder of Allbirds. Who shared with us how purpose can be the defining compass of a high growth business. And how together as business leaders and founders, we can redefine success to drive profit and better our future. Make sure you subscribe to Lead With We on Apple, Google, or Spotify, and please do recommend it to your friends and colleagues. So they too can build purposeful and profitable businesses. And if you'd like to learn more about how you can build a purposeful brand, check out, wefirstbranding.com, where we have lots of free resources in case studies. See you on the next episode of Lead With We.

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