



LEAD WITH WE

EPISODE 24: DAVE GILBOA

Dave Gilboa:

We've always had a very long-term view for our business. And we want Warby Parker to be one of the most impactful brands in the world a hundred years from now. And we view our investment in our social mission as having incredibly high ROI over a long timeframe.

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.

Simon Mainwaring:

Welcome to this week's episode of Lead With We, where I'm talking with Dave Gilboa. He's the co-founder and co-CEO of Warby Parker, the eyewear company, where you buy a pair of glasses and another is given to someone in need. And what makes them so special is they've not only launched a company based on a social mission, but they've taken it to scale with extraordinary success. And we're so excited to hear these insights from Dave today. Dave, welcome to Lead With We.

Dave Gilboa:

Thanks so much for having me on.

Simon Mainwaring:

So Dave, a lot of us know about Warby Parker and your story really has lit up the entrepreneurial world for years now. So how did you and your partner, Neil, how did you find each other in the first place? And then what was that moment where you actually committed to do something together?

Dave Gilboa:

Yeah, so we met at business school. We met the first week, just socially, at the same time that we met our other two co-founders Jeff and Andy. So we were all getting our MBAs at Wharton. And we all came together that first semester of school because we realized we were all frustrated, consumers, frustrated eyeglass consumers. So, before business school I've been working in consulting and finance and I wanted to take a few months off before going back to school. So I handed in my company issued Blackberry and traveled for six months. Backpacking for six months around the world without a phone. And along the way, I lost my only pair of glasses. And I came back to the US as a full-time student and I had to buy two things. One was a new phone. One was a pair of glasses. And the iPhone 3g had just come out and I went to the Apple store and bought this magical device for \$200.

Dave Gilboa:

And then I realized I was going to have to pay \$700 for a new pair of glasses. And that just didn't make sense to me. And so I started complaining to anyone who would listen, including

most of my new classmates, about why glasses are so expensive and realized that Jeff, Andy, and Neil also shared the same frustrations. And Neil actually knew the reason why glasses were so expensive. He had spent five years working at this amazing nonprofit called Vision Spring, where he was setting up operations in a bunch of countries around the world to help distribute glasses to people living on less than \$4 a day. And as part of work had gone to factories all over the world and realized that there was nothing in the cost of goods that justified these high prices for glasses. And so we all got together and started kind of batting around the idea that eventually led to us launching Warby Parker.

Simon Mainwaring:

And what drove the discussion? Was it the potential to have an impact and have this revolutionary business model where you buy one and another is given? Or was it more, oh, there's a marketplace opportunity through a business school lens and we need to disrupt the marketplace. Which was the driver, or was it both?

Dave Gilboa:

I'd say we probably spent an equal amount of time talking about the kind of business model innovation and the structural features of the optical industry that would enable us to create this disruptive business. As we did talking about how we could build a social mission into this for-profit business. All four of us were really passionate about wanting to do something to help people. And that comes from each of our backgrounds. So both my parents are doctors. I was very close to going to med school. I was applying to med school.

Simon Mainwaring:

You escaped med school.

Dave Gilboa:

I did. As a bioengineering major in college, took all the pre-med classes, took the cat and was about to go to med school and then kind of veered left. But, my parents had instilled in me this idea that your profession, shouldn't be just an opportunity to earn a paycheck, but you should really think about how you can help people on a daily basis. And I came to the realization that being a practicing physician, wasn't the only way to do that, but that learning something about business and applying business and management skills to problems that could help large numbers of people was kind of another way to meet those same goals. And Neil had kind of grown up in the nonprofit world. Jeff and Andy were also super passionate about doing something impactful. And so we spent a lot of time really exploring how could we build this model, where we could achieve both goals of creating a really interesting business that provided a lot of consumer value, but also one that just made the world better.

Simon Mainwaring:

You know, a lot of business today looks at what they've achieved in a vacuum and then said why is this not fulfilling enough? There's more that I want for myself and for others, but you, you started from that point. When you look back now on the journey of Warby Parker, from a really business efficacy point of view, do you think it was really critical to have that sort of goal in place from the outset that you actually wanted something that could inspire you on a daily basis to get out of bed?

Dave Gilboa:

Yeah, our thought was that launching a business is super exciting and we were really passionate and spent many sleepless nights kind of throwing around ideas that would

ultimately lead to Warby Parker, to the launch of Warby Parker. But we also realized that for us to keep that same level of passion, over not only kind of weeks and months around the launch, but years and decades to come, that we wanted to build a social mission into the fabric of the company, and really ensure that as the company got bigger, that the impact would be bigger and would be multiplied. And I don't think we realized at the time how fundamentally important that would be in attracting and retaining talent. Everyone on our team, regardless if they are designing glasses, they're working on our supply chain, they're working in one of our stores, or on our customer experience team. They were able to connect the work that they do back to our social mission and understand how their work translates into helping people both in the US and around the globe.

Simon Mainwaring:

I mean, what you're saying is so important in that you really look at the whole human being and when you actually serve that whole human being, by giving them an opportunity to make a difference, they bring that whole self to work. They show up more productively. That helps you build your reputation, get more out of people, keep people longer. It's so important. And it's interesting, from a business point of view, it's one thing to launch a business. It's another to launch a brand. It's always intrigued me. The name Warby Parker. You made this conscious choice to create this sort of empty vessel that you could infuse your own meaning into rather than what a lot of entrepreneurs do, which is trying to come up with a name that somehow telegraphs what they're all about. Where did that come from? Did you have some past brand experience? So it was it just, you know, you just liked the name Warby Parker.

Dave Gilboa:

Yeah. So none of us on the founding team, there were four of us. None of us had any entrepreneurial experience. We'd never launched a business. We didn't come from a design background. We'd never launched a website, didn't know much about technology. And so we were doing a lot of things for the first time, trying to figure out how to design our first collection, create an e-commerce business. So we had to figure out all these different disciplines at the same time, but we joke that the hardest thing we had to do was come up with a name that all four of us liked.

Simon Mainwaring:

Yes, consensus.

Dave Gilboa:

Right? Yeah. We had four of us without titles and without hierarchy. And so we explored a couple of thousand different names and our friends and family members got so sick of every time we saw someone we knew we would testify new names on them. And we looked at some of the other sites that were selling glasses online at the time. And some of them had names like \$39glasses.com and eyebuydirect.com and things that were very literal. And we wanted something that was a bit more emotive. And so we started talking about different authors or artists that represented some of the brand values and brand ideals that we had. And in particular talked about the beat generation writers and Jack Kerouac and coincidentally, the New York Public Library had an exhibit on Kerouac's private journals. And so went up to the main branch of the New York Library. And two of the characters in his journals that never made it into his published works that kind of immediately stood out, were Warby Pepper and Zagg Parker. And so decided to combine the two and make it our own. And the URL was available for \$9, which was really important when we were bootstrapping the business.

Simon Mainwaring:

Shockingly, no one else wanted Warby Parker. Yeah.

Dave Gilboa:

Yeah, absolutely. And ultimately, we looked at what we were trying to do. We wanted to build a brand that had clear values. And we think that brands have a unique ability to create emotional connection with consumers.

Simon Mainwaring:

You know, the company is now in excess of one half billion dollars in terms of size and so on. In 2015 you were named the most innovative company in the world by fast company. Like how would you characterize the different stages of the journey?

Dave Gilboa:

Yeah. So we're now over a decade into this journey, and I'd say half the time, I feel like we're still working out of one of our apartments, still kind of scrappy. And half the time I feel like we're becoming a big company. You know, I think more than anything, I'm terrified of acting like a big company. And so we really try to ensure that we can remain nimble and make decisions quickly and not build in a bureaucracy.

Simon Mainwaring:

How do you do that? How do you cultivate a culture like that. That agile internal culture?

Dave Gilboa:

One of our core values is take action. And we try to ensure that when we have to make a big decision or there's a longterm project, we take some of the same principles that have become the standard in software development, around agile methodology, and apply that to parts of our business that traditionally haven't been agile, including opening retail stores. So historically, if you wanted to open a store, you would sign a 10 to 15 year lease. You would have this really expensive build out. And we don't have a great crystal ball. We don't know what the world's going to look like in 10 years. And, and so-

Simon Mainwaring:

Especially 2020, so, yeah.

Dave Gilboa:

Right. And so we have even approached our retail leases in a more agile way where we'll sign an initial lease term ranging anywhere from as short as 18 months, if it's a new location that is not proven for retail, up to five years and then have multiple five-year options so that we can learn and adapt. And then as we build our stores do so in a modular way where if we want to make changes, if we want to introduce new products or services that we can do so without having to kind of start from scratch.

Simon Mainwaring:

You know, you've got all these bricks and mortar kind of capital investment challenges, and COVID came along and said, oh, hello, everybody, welcome to my new reality. And every business has been reeling. You know, it was a function of retail, people staying at home, safety issues, and so on. How did it hit the company?

Dave Gilboa:

Yeah, so we started off 2020 on a really high note. It was, we were approaching our 10 year birthday as a brand. We were growing quickly, increasing profitability, all set to open the most doors that we've ever opened in a year. And then of course the world turned upside down and on March 13th, we closed all 120 retail stores at the same time, we were one of the first national retailers to shut down all stores. The first in the optical industry, we moved all of our office employees to work from home. We have an optical lab where we manufactured glasses and shipped them out to customers. We shut that facility down for a day. On bolted production lines, moved workstations. So they were at least six feet apart, instituted new daily health screenings and safety protocols, so that we felt like it was a safe environment that we could continue to operate.

Dave Gilboa:

And we thought it was really critical to maintain those operations because we realized that most other optical retailers don't have a viable e-commerce offering. They don't have telemedicine offerings. And so customers were not going to have any options. We have this home try-on program where we'll send customers five pairs of glasses without prescription lenses for free. We have a virtual try-on where customers can download our iPhone app and virtually try glasses on. And we also have a telemedicine offering where customers can download an app and do a vision test from home. And then an ophthalmologist can write them a prescription remotely. And we saw just a massive surge in demand for all these services as kind of all retail locations, and the industry started shutting down. And so we were all of a sudden scrambling and had all of our corporate team members that had a free hour. Some our retail team members pitching in serving those e-commerce customers. And then we thought about, okay, what would it take for us to reopen our stores and do so in a safe way, and had our tech team rebuild all the technology in our stores to create a completely contactless experience in those stores.

Dave Gilboa:

And now have all of our stores open. We're controlling traffic and limiting traffic into those stores, but we've been able to kind of safely reopen all of those stores. And so we're, in general, feeling good about how quickly we've moved and the safety precautions we've taken both for our team and our customers. But it's certainly been, you know, very tumultuous period character building yes.

Simon Mainwaring:

Character building.

Dave Gilboa:

Yes.

Simon Mainwaring:

Character building. I think New Year's Eve 2021 is going to be the celebration of celebrations. We're all going to be like 2020 don't hit yourself on the way out. You know, I know that you've been really intentional about civic engagement at this time. I mean, 2020 is a very consequential year in terms of the future of the country. You know, one of the risks with that is that certain issues get politicized, whether you want them to or not. I mean, it seems like as an extension of social media, everything's fair game these days. You're always going to annoy somebody and you're always going to have the champions for what you believe in and so on.

So was there any concerns stepping into, using the brand as a platform for getting people out there to vote and being judged one way or another by people out there?

Dave Gilboa:

I don't think so. We don't think it would be appropriate for us to take a stand on partisan issues, but we do believe that every business should be an active part of the communities in which they live. And for us now that we have over 120 stores across the country, we feel part of virtually every community in the US and we are fundamental believers that every eligible citizen has the right to vote, and they should have the opportunity to vote in a safe and fair election. And as we look at kind of some of the barriers to voting today, it's clear that the government isn't doing enough on its own and that businesses should be playing an important role here. So one of the things that we started doing is during an employee's onboarding at Warby Parker, one of the steps is to have them register to vote if they're not already registered.

Simon Mainwaring:

Oh, really? That's interesting. That's great, yeah.

Dave Gilboa:

Just to make it as easy as possible. Then we created an internal Google site that provides all the information about where, when, and how someone can vote depending on where they're located. And then we were providing pay time to vote. So providing every employee, at least two hours of paid time to vote, we're also linking up with a number of other organizations that are like-minded, including companies like Patagonia and Ben and Jerry's, and to encourage all businesses to have paid time to vote.

Simon Mainwaring:

Let me ask you, there's a big challenge that every business leadership team faces today, which is even if they're speaking to an issue which is as fundamental as voting, there's always a choice as to the tone you strike as a brand. Now, you see, for example, you mentioned Patagonia. They were very sort of protagonist and stride it when they were defending the mining rights and public lands, Ben and Jerry's had been very strong in their response to white suprematism, and so on. As you sit there as a leading top of mind brand stepping into kind of the, the social fabric out there, do you have intentional discussions about like, what is our tone of voice? Where do we begin and where do we end? How do you navigate that safely?

Dave Gilboa:

Right. You know, we, again, don't want to take a partisan stand on issues, but we do want to be vocal when there are issues that either violate our values as an organization, or where we can be supportive of certain values and where we think we can have an impact. So one example is we have an office in Nashville. We have hundreds of employees in Nashville, in the state of Tennessee, and when they were considering discriminatory bathroom bills, that's where we thought that this goes against our values around equity and equality for all humans. And it's an opportunity where our voice might have some impact because we have a fairly prominent business in Nashville. We have hundreds of people there. And so that's an area that we took a vocal stand, including writing letters to the governor and signing on to certain lawsuits. And, and so, we try to be kind of selective and not be too vocal on every issue, but only where we think we can actually have impact and where something is in kind of direct conflict or direct affirmation of one of our values.

Simon Mainwaring:

But fundamental to your business model is this balance between your social mission and bottom line profit and growing the company. And it's unavoidable that there's different tension points along the way where growth would be better served by making decision that served your social mission less. There's always tension at some point. Are there any that you could point to and how did you think it through, how did you make sure that you kind of stayed true to your original intent?

Dave Gilboa:

Yeah, there's no question that if we cut some of our programs to benefit nonprofit partners, that we would have a more profitable bottom line in the immediate term, but we we've never really felt like we have had to make tough decisions on that front. We've always had a very long-term view for our business, and we want Warby Parker to be one of the most impactful brands in the world a hundred years from now. And so we view our investment in our social mission as having incredibly high ROI over a long timeframe. So by building a team that is incredibly passionate, we know that we're going to make the right long-term decisions. And by having customers who feel connected to our values, they're going to want to talk about us. They're going to want to have a loyalty to the brand over a very long timeframe. And so we think it would be very shortsighted to cut a lot of these efforts or try to maximize profitability by kind of squeezing some of the positive impact that we're having.

Simon Mainwaring:

You're painting a really important picture. And it aligns with what we think of at We First here, which is the most iconic brands of the future will be those with the greatest social impact, because we're living in a very challenge world, especially moving forward. But I think what's really important for everyone understand is that when you do take that long-term view, you can make decisions based on, that stay true to your social impact. You're not trying to meet those quarterly projections. You're not trying to hit them, answer those analysts calls, but you're staying true to the original intent of the company. And that's incredibly powerful. At some point, there may be the prospect of an IPO, and I'm sure there's capital partners that give you that pressure all the time. But my question is, if you were ever to do an IPO, how do you protect your social mission? How do you make sure that going public doesn't compromise the very kind of intent behind the company and that drive your success for so long?

Dave Gilboa:

Yeah, I think it would be contingent on us just being very clear that this is something that is super important to us. It has driven our great results to date and we are firm believers that we'll continue to do so in the future. And so hopefully that will enable us to self-select investors that are believers in that philosophy. And it has in the past. We bootstrapped our business. We didn't take a penny of outside funding for the first three years as a business. And we got some of those same questions around when you raise venture capital, they're going to want you to show profitability, how are you going to do that while you have this social mission? And we were just very upfront and we've raised over half a billion dollars now from investors who are certainly very profit motivated, but, they believe that the best way for us to create value over the long-term is to continue to invest in our social mission. And if we were to go public, we would be very clear that our intention remains the same and-

Simon Mainwaring:

Yeah, no, the right partner for sure. And how does that sort of integrity show up in those meetings with investors and so on? Like there's so many industries now, or brands out there

that talk about the ESG, their environmental social governance credentials, and so on. Like when you quantify your social mission in the face of investors or partners who are sort of balancing purpose and profit, do you show them the number of sort of pairs of glasses that have been distributed? Do you talk about the improvement of people's quality of life? How do you actually quantify something intangible as sort of doing good in other people's lives?

Dave Gilboa:

Yeah, we do, we're metrics driven. And so, we show certainly the number of glasses that we have distributed the number of children that we've helped in the US. But then we're also big believers in storytelling and tell individual stories of lives that our programs have transformed. And one of the things we do for our employees is that everyone who's been at the company for three years, we'll fly them somewhere in the world to a place like Guatemala or El Salvador to go out in the field with our nonprofit partners to help administer eye exams, to put glasses on someone's face for the first time. And they're able to firsthand see the power of their work and bring back those stories where someone who didn't know that glasses existed, all of a sudden they, they can see again and they immediately start crying or that grandfather who lost the ability to read, and his favorite thing to do was reach his grandchildren, can do that again and be able to kind of bring those stories back is super powerful for our team. And we try to share some of that with our investors and board, and in general, we feel fortunate that we have very supportive investors who are big believers that this is the right way to operate a business and encourage us to think bigger and do more on that front.

Simon Mainwaring:

I couldn't agree more. I deeply believe that the most successful businesses now being driven by a marriage of humanity and technology, of purpose and profit, of story and data as you've spoken to. And when you look back with the benefit of hindsight now, and you're talking to young entrepreneurs out there, who many today, if we look at the data, want to make a difference in the world, what insights might you share with them in terms of taking that good intent to scale?

Dave Gilboa:

You know, three things come to mind. One is the earlier that you built the social mission into your business and your P&L the easier it is to do. To your question around investors, if we didn't have any of these programs in place, and all of a sudden we showed them our 2021 budget, and we wanted to allocate tens of millions of dollars to these new social programs. We'd probably get a lot of pushback because it's unproven. It would be a material change to the trajectory that we've been on and a material change to how our P&L looks. But because it's been part of our model from day one that the incremental investment that we're making on annual basis is easier to explain and easier to build in as a sustainable financial model.

Dave Gilboa:

The second piece is really understanding the problem and ensuring that the programs that you're putting in place solve a real problem. And so for us, we recognize that over a billion people around the globe need access to glasses, don't have them, we've worked with great nonprofit partners who really understand on the ground how to solve these problems in a sustainable way. And ensure that it's not just kind of something that looks good to your customers, or that looks good from a marketing standpoint, but something that is really addressing the source of some of these problems.

Dave Gilboa:

And then, yeah, the third piece would be finding great partners. We are unapologetically a for-profit business and we're going to focus on providing value to our customers, and we're going to be supportive of our nonprofit partners. But if we try to do everything, if we tried to set up these programs all over the world, we wouldn't be able to do that successfully. It would cause us to lose focus from product development, from us delivering great customer experiences. And so whether it's an organization like Vision Spring that can help set up programs in Bangladesh or partners like the mayor's office in New York or Baltimore, where they have all the right connections to schools and can make that those school-based programs as easy as possible, not trying to do everything on your own, I think, is also highly critical to success here.

Simon Mainwaring:

Dave, thank you for those insights and for sharing your journey, and also much respect to the entire team at Warby Parker for the work you're doing around Vision Spring, and also the Pupils Project at a really difficult time. So thanks for your time today. It was a real pleasure.

Dave Gilboa:

Great. Thanks so much for having me on.

Simon Mainwaring:

Thanks for joining us on this week's episode of Lead With We, where I spoke with Dave Gilboa, the co-founder and co-CEO of Warby Parker who shared with us how you can actually conceive and launch a business built around a social mission, and how business more broadly complainant's increasingly meaningful role around critical issues from COVID to voting. Make sure you subscribe to Lead With We on Apple, Google, or Spotify, and please recommend it to your friends and colleagues. So they too can build a purposeful and profitable business. 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 and case studies. See you on the next episode of Lead With We.

###