

Simon Mainwaring:

Despite the negative headlines we see each day about business, society, the climate and our future, there's one thing that keeps me optimistic. The power of innovation. More specifically, the track record of human ingenuity that has faced so many insurmountable challenges, and time and again leveraged them as a springboard for thinking and the solutions that were quite literally unimaginable before. Given the scope and scale of challenges we face today, from the climate emergency to loss of biodiversity to ocean acidification, the next decade will require human imagination of an order never seen before. In fact, many commentators remark that this is arguably the most important decade in human history, in terms of our fate and the health of the planet.

So every story of innovation is critical because it's part of the self-fulfilling prophecy that humanity can course-correct the future. Every solo-preneur with an idea that reimagines or re-engineers an industry is a vote of confidence in that future. And every story we share builds and sustains momentum behind the belief that the future is a story we write together every day, and that humanity will rise above these challenges. But where do you find such ideas? How do you get a business like this off the ground? And how do you ensure that it can be a viable and scalable business while also solving a pressing issue?

These questions are not only critical to entrepreneurs hellbent on solving challenges that are meaningful to them, they are foundational to a belief that this is not the beginning of the end for humanity, but rather the birthing pains of a business renaissance the likes of which we have never seen before. A renaissance in which we work with the planet rather than against it, and serve nature rather than steal from it. By recognizing our place within the natural order of things, rather than thinking we control it. So let's celebrate such ideas, let's spotlight such businesses and let's inspire each other so that together we can build a future we can all look forward to.

From We First and Goal 17 Media, welcome to Lead With We. I'm Simon Mainwaring, and each week I talk with purposeful business and thought leaders about the revolutionary mindsets and methods you can use to build your bottom line and a better future for all of us. And today, I'm talking with Matt Bertulli, the CEO of Pela, a company with a vision of a waste free future. And they create products made of environmentally sensible materials that educate, inspire and serve a global community of people that want to make a positive impact on our planet. And we'll be talking about how to reimagine a category as ubiquitous as waste and turn it into a high growth opportunity. And then how to build out categories of products to not only expand the business but also the solution for a sustainable future.

So Matt, welcome to Lead With We.

Matt Bertulli:

Yeah, thanks for having me. It's going to be fun.

Simon Mainwaring:

One thing that really caught my eye was this idea of creating a waste free future. And it's a big idea, it's something we all intuitively know that we need, yet you hear various things like circular economy, where what goes into a product is brought back and recycled and reused. Help us understand, what does a waste free future look like?

Matt Bertulli:

I think circular's part of it for sure. We're fans of everything when it comes to this. For us, the whole business, Pela, Pela Case, Lomi, there's ways to design waste out of life. Recycling, particularly with plastic, just doesn't seem to work. So we kind of went after it and said, "Are there alternative materials

that we can be using? Different kinds of solutions you can scale up?" Circular is one element of it. I like to think of it as, what can you make that has a graceful end of life? So it can either return to the earth, get used for something new. And graceful means it's easy and approachable and scalable. It doesn't take some monumental effort, is kind of what we're going for. We just want to make it easy for people.

Simon Mainwaring:

I think consumer adoption requires that it's easy, and the sort of thinking behind it is so self evident. It's just so frustrating for all of us that we haven't got there yet. I think all of us ended up at this point where we want to be more purposeful through business for various reasons.

And you've had a really interesting journey that I want to start with. So you came from a retail entrepreneurial business background. I think your grandfather was in the furniture business, correct?

Matt Bertulli:

Oh yeah, man. I'm family of retailers. My grandparents were in furniture and baby and toys. We have had stores in our family for 60 plus years, and all kinds. Furniture was probably the big one. That was the longest last thing. Even my mom ran a furniture store up until 15 years ago. So it's part of my life. Selling things and stuff is part of my life.

Simon Mainwaring:

And then so what was the next stage? If you look beyond the furniture business, I think you moved into commerce and media and so on?

Matt Bertulli:

Yeah, so I was really fortunate. When I was 10, 11 years old... So my father's an electrical engineer and I got access... I'm 41 now, just for context. I got access to computers really early, pre-internet early. So I got to play around with stuff that most kids in my class weren't playing around with. I've always been in tech. I taught myself how to code. I did that all from high school. I lasted three months at university and I took a job in Sweden, just 'cause I loved everything software and tech. So when it came time for a, what am I going to do with my life? I took the retail background and that translated really nicely, when you combine retail and... I'm a software engineer. I was into selling things on the internet. So very early in... thing that we call e-commerce, that we all now take for granted.

Simon Mainwaring:

I mean, yeah, that was so ahead of the game. But also you are a certain kind of crazy like me in that you wrote a book that helped you get there on the way, right?

Matt Bertulli:

Yeah, wrote a book, 2016, 2017 I think. It came out around then. So I think I wrote it 2016. In this industry everything feels like a long time ago. And then when I [inaudible 00:06:16] clock it's like, "Oh no, that was only five years ago." It just feels like it was a decade ago. 'Cause everything, especially in digital commerce, it moves so fast. The last 10 years has felt like 100. When you look at the evolution of retail, the last 10 years has felt like 100. So yeah, I was an idiot and decided to do a book.

Simon Mainwaring:

Yeah, if you've ever got any spare time in your life, it's like this sponge that sucks it all up.

Matt Bertulli:

It does.

Simon Mainwaring:

But what I love is that you had this retail origin and then you leaned into e-com, and then you actually laid out a roadmap for how you can be digital first. But then how did you get connected with Jeremy? Because it made such a difference to the business.

Matt Bertulli:

The short answer to that was, met at a Mastermind event in Napa Valley. Another friend of ours, his name's Jayson Gagnard, he runs this thing called MastermindTalks, MMT. That was seven years ago. I met Jeremy and our other partner Brad there. I had another company at the time. And I really liked what Jeremy was doing. He had this material science, he was making this prototype phone case out of it. Hadn't really commercialized it yet, so there was no revenue in this business. But his mission and his vision for everything was pretty compelling, at least for me. I'm an avid mountain biker, I love being outside, a skier, all the things. It's why I live in the mountains. My current company was doing pretty well. Met Jeremy, decided to invest in Jeremy. And then when I sold that company I went even deeper into Pelo with Jeremy. And then we brought in Brad and we raised venture capital and the whole thing. We are where we are today.

Simon Mainwaring:

And I want to point back to that for a second because I think in similar ways, I was an ad guy for 16, 18 years all around the world and I was just selling stuff. Whether it's cars or crisps or sneakers or whatever it was, totally oblivious to the impact of those products on the environment and our future. And now when I look back I feel a real sense of responsibility. What was that moment that triggered you to be more purposeful, in a sense?

Matt Bertulli:

Honestly, so I was starting to think about it. With my last company, similar to you, sold a lot of stuff. Like, billions worth of stuff over 10 years. And never really... When you're in the thick of it you don't really think about the impact of that stuff, much. And started to have conversations with friends, just, "How recyclable is some of this stuff?" Or like, "What is the end of life from what we're selling?" And when you're selling mattresses and car seats and pet things, there is no end of life.

So I think when I met Jeremy and it was my first introduction to compostable plastics, and plastic alternatives like pressed paper for to go food containers, he kind of opened my eyes to, there's this whole material science world that I wasn't even aware of. And I started looking at that thinking like, "Man, think of every category of products that we as consumers buy and consume, and the innovation that new material science is going to allow for." Whether that's making things more durable or making things go away faster, it's just this middle ground where we're at right now. It really blew me away. And when the opportunity arose to sell my last business it just seemed like... I was just so personally aligned with what we've been working on at Pela. I'm like, "If I'm going to do something... I don't want to retire." I was too young. I'd still like to build things. So it was kind of a, "I'm going to put some time into it. I may as well dedicate life force here." Right? It's a [inaudible 00:10:02]

Simon Mainwaring:

It is, it's interesting. There's that moment in our lives when it just shows up, where there's intersection between who you are and what you do becomes increasingly important to you. And for those who don't know about Pela and its background, give us a sense of why the company was started by Jeremy and the family, and what was that sort of first experience that led him to do the research, materiality research in and around developing a new material that was biodegradable and so on?

Matt Bertulli:

Yeah. I mean, Jeremy's whole thing was he was out at Beach and White with his kids. And if you've ever been on beaches in California, Hawaii, anywhere in the world now, the plastic probably becomes quite evident quite quickly. Just take a little kid to the beach, tell them to go pick up shells and stuff and they'll bring you back plastic. 'Cause they don't know the difference.

So it kind of started there and he started looking around thinking like, "There's got to be solutions to this problem." And I think he actually wound up on making a phone case because... It was actually brilliant. He's like, "Look, there's a billion smartphones sold every year. 80% of them get a case. That's plastic." And we buy new phones every year for years. It's just this big source of waste that was kind of not being paid a lot of attention. And I liked it because the industry had a margin profile on the product that you could actually build a business around.

We often get the question, "Why not water bottles? Why not straws?" Well these are commodity items that, there's no margin in the product. It's the same reason that Tesla started with the Roadster, \$250,000 sports car and not the Model 3, \$40,000 everyday car. You have to get to that point. So Jeremy's whole origin was brilliant, and I think where we started as a product made a lot of sense.

Simon Mainwaring:

I love what you're saying there because sometimes people feel like, if they're going to be purposeful they've got to leave their business acumen at the door. But you recognize the need for a margin, a business opportunity, and it reframes every one of these problems as an opportunity in disguise.

Matt Bertulli:

It's really tricky. There's an opinion out there. There's this growing opinion that business and for good shouldn't mix, right? That's what philanthropy is for, and business is business. I tend to disagree. I think that you could build great business and have good impacts, and that those two things actually... Not only can they coexist but they're actually quite supportive of one another. Patagonia being obviously the golden child of this world.

So I think if you design a business from the ground up with purpose and impact in mind, it works quite well. If you try to shoehorn it into an existing company later, I think that's much harder to do for a bunch of reasons. I don't think it's impossible, I just think it's harder.

Simon Mainwaring:

Yeah, it is harder. And I got to say, as an Australian who grew up in the water and who spends a lot of time in the water now being a very poor surfer, the plastics in the ocean just guts me. And I know that the Guardian reported that by 2050 it's estimated that there'll be more plastic by weight than fish in the oceans, to give you a sense of how serious it is. But here's the head scratcher for me. If there is a solution out there, which Pela, has demonstrated, why the hell has it taken so long for anyone to do it? Why are we still just churning out all of this damaging, destructive plastic all the time? Why is that?

Matt Bertulli:

So it's a big question. I'll give you the very simple... There's a couple simple answers to it, 'cause I think of this a lot. The real answer to that actually comes down to infrastructure. So for you and for anybody listening, think of your old home. You probably have a box and a garbage bin. So there's a place for you to put what is deemed recyclable and a place for you to put what is not. And in some cities like San Francisco or Toronto, Vancouver, you might even have a little bin for your food waste, right? Some place. Australia they will, parts of Europe they will.

So when I say that the real reason why we don't transition to plastic alternatives is infrastructure, the simplest way to think about it is there's not a box for that stuff. So there's nowhere to send a compostable straw or a Starbucks cup that's compostable. When that stuff gets to existing recycling facilities and landfills and compost manufacturers is what they're called, they pick them out. They don't know what's compostable, what's not. So we don't have systems to identify these products. We don't have standards for these products and we certainly don't have infrastructure for them.

Simon Mainwaring:

Let me ask you, why? Because I feel so guilty. I mean, we compost, we've actually got a Lomi, I've got a wooden toothbrush, we drive electric cars. I'm trying to show up meaningfully but every time we get our groceries, no matter how hard we try, you got all that plastic and crap over [inaudible 00:14:53] if you get takeout and so on. So is it the subsidies, is it lobbying? What enables this problem?

Matt Bertulli:

That's where it gets more complicated. Yeah, I think what you have to remember too is the waste management industry, it's \$2.5 trillion a year, globally. It's a big one. It's actually one of the biggest. I like waste as a problem area to focus on because it's like death, it's super consistent.

Simon Mainwaring:

Right. It is hard to avoid. Yeah.

Matt Bertulli:

So it is this monster industry that's been around a long time. It's very profitable and it is super resistant to change, right? The way waste works is these private companies bid on contracts with cities. And the cities tax you and the taxes basically flow over to the private company to pick up your garbage. So you've got a system that's worth trillions, that's super entrenched that doesn't want anything to change. There's a lot of incentive there on the other end of this... Like, if you think of it as a balance, right?

So I think that's part of it. I think it's lobbying. I actually just think it's more incentives that are broken. The whole reason for Lomi was, honestly, we looked at it, we said, "Okay, if Tesla could put a gas station in your garage in the form of a charger, why can't we decentralize parts of waste management?" It's like, what if we distributed in the same way that Tesla's going after charging infrastructure? That was the entire idea, was like, let's solve this part of the waste management industry that governments and those businesses don't want to do.

Simon Mainwaring:

Right, right. And for those who don't know, Lomi is a composter that sits on your counter, and we use it at home. And it can take all your waste, or 80% of your otherwise waste, and actually turn it into compost that can be distributed in your garden and returned to the earth. And what's so terrible about

what you're revealing is that we as consumers, as citizens, stakeholders in the future enable this system by buying the stuff that's wrapped in plastic, and then we pay the taxes that are used to then sustain the industry that is stalling any innovation. And it just does my head in, you know?

Matt Bertulli:

Yeah. Like, Coca-Cola and these CPG companies, they don't pay for this, right? We do. So we buy it and we pay for it to be cleaned up and taken away. And it's real misalignment of incentives with multiple stakeholders. It's a very, very complex industry with a complex set of issues, because there are so many types of waste. What you just hit on, when you go to the grocery store, the supermarket, it doesn't matter how hard you try. There is always a certain amount of packaging that you're going to get with whatever you're buying. As a consumer you're not showing up and saying, "You know what I want today? I want packaging." You [inaudible 00:17:44] that. You say like, "I'm going here, I need soap. I need," whatever, "Produce." You're going in to buy a product. The packaging is just, we've accepted it as part of reality. And we don't want that.

So I think the second thing that you hit on right here that's really important, that I don't believe enough people have the right mindset around this, is that what you buy is actually a more important vote than who you actually vote for in elections. Companies and commerce makes the world go around. Politicians do not. Politicians just get up on stage and yap. It is the very big companies of the world that make everything happen. So as a consumer we're three quarters of the US GDP, right? Three quarters. We have a tremendous amount of power with where we put our [inaudible 00:18:36]

Simon Mainwaring:

I think so. And you're seeing with younger generations really self organizing and using social technologies to do so. And I hear you loud and clear. I think it's a lot of these large companies, with the way they incentivize politicians through lobbying on both sides of the aisle to do certain things, they really are instrumental in what our future, or our present and our future looks like. And shifting gears for a second, these solves, if they were that easy, would've been done that much sooner. How hard was it, in terms of trial and error and so on, to come up with a material that could in fact create waste that could break down? And I know that yours is called Flaxstic. Right?

Matt Bertulli:

Yeah. Ours is a corn and flax resin that we make. It's corn based. So here's the interesting thing. A lot of these materials, they've been around for 20, 25 years. For a lot of the times it's actually not new technology, it's just never been invested in in a large enough scale to become commercially viable. So we've never had a plastic alternative up until very recently, where you could go to a Pepsi or a Coca-Cola and say, "I have something that is cost equivalent to the oil based resin that you're buying, and it checks all the boxes." And it's the same price. That's only just starting to happen right now.

We have businesses like Danimer Scientific and Footprint, and these companies are making huge strides in material science, in what I call high velocity waste. So it's like it's the Uber Eats to go containers and... You know those styrofoam trays that your meat comes in? All of those things that are brutal for the planet, we are making tremendous strides right now. Not us, but the industry as a whole. So I don't think we're far away. We still have an infrastructure problem, though. We still have the government sitting there saying, "I get that you can sell these things but we don't have a box for those things to go into."

Simon Mainwaring:

Yeah. And that can change, but I understand how difficult that is. It's a shift in priorities, and whether it's the tenure of a politician or someone in charge at a state or national level, it's really, really tough. But just for those who don't know, tell us what Pela makes and the breadth of your product offerings, and also how they break down because that's what makes them so different.

Matt Bertulli:

The way to think of our company is we have two brands. We have Pela Case and we have Lomi. And Pela Case is a material science company. So we go out in the world, we invent and we source plastic alternatives. So the main one that we use is Flaxstic, but we also have a clear material that we use to make some phone cases with. We make phone cases, watch straps, AirPods cases. Everyday accessories. It's like everyday products without everyday waste, is what we like to say. So that's Pela Case. And those products, they are designed to be backyard compostable. So if you have a backyard composter like Lomi, or something that could take a Pela Case and put it in with food waste and other organics, it is designed to break down. And do it quickly, call it under a year. Which is a hell of a lot better than-

Simon Mainwaring:

And what does it break down too? So people understand, it breaks down to its constituent elements, right?

Matt Bertulli:

Yeah. Just biomass. It breaks down to hummus. It's fill. It's got no organic property to it. You're not going to grow plants in a Pela Case, but it can break back down and live in the soil and it's not harmful. And it's actually-

Simon Mainwaring:

So it's like carbon, water, sort of organic biomass, something like that. Yeah.

Matt Bertulli:

Yeah. Base building blocks. And actually, this thing has been tested not just by us, labs. There's 1.2 million customers in Pela Case, globally. And these are people that, over the years, we've watched them put their cases in their compost, we've watched them degrade. They've [inaudible 00:22:47] videos online. So the product works, we know it works. It works quite well.

So that's one side of the business, and the other side of the business is Lomi, and that's like, "Let's get people a better home for organic waste and simple compostables. Let's bring this idea of [inaudible 00:23:03]." Not everybody can have a backyard compost. They don't have space or time. Or you live in California. I live in the northern part of North America. We have winter. And having a backyard compost in winter, it's damn near impossible.

Simon Mainwaring:

Right. Yeah, no, absolutely.

Matt Bertulli:

Weather doesn't help us.

Simon Mainwaring:

No, I totally get that. And it makes it easy and convenient, and it's just retraining yourself literally in the kitchen where I'm like, "Okay, all these different sort of organic matter and so on, you just put it in there so you can pop it in the Lomi and you're away." But you mentioned a really important point here, is like, you've got 1.2 million customers and so on. Who are these customers? Are they, and for want of a better word, and I'm sort of being silly about it, but greenies and save-the-world people, and people like Simon standing here. Or is it these younger demos coming through, millennials and Gen Z-ers, socially aware... All the demographics who are saying, "Hey, we want to make a difference in the world." Who is showing up and why isn't it happening more broadly? Or do you see it rising?

Matt Bertulli:

Yeah. So I got two answers for you. So the first is, Pela Case is largely, I would describe... It's like 85, 90% female and under the age of 25.

Simon Mainwaring:

Interesting. Do you target that or that just happens organically?

Matt Bertulli:

Well that started really early on, that we just noticed that that was the person that showed up, right? So now obviously we target that customer, and we really know that customer well. Whenever I see a dude with a Pela Case I just assume that his girlfriend or wife bought it for him. 'Cause we have enough customer stories that I know that.

Lomi however is a wildly different answer. And Lomi has, oddly enough, it's not a hardcore green buyer. It's actually a third of our customers are Boomers, a third are Gen X. So two thirds of Lomi's customers are over the age of 50. And they're more interested in kitchen cleanup, kitchen smell, convenience. Our Gen X, our Boomer customers, it's the weight of garbage. It's heavy. Like, I'm 70 years old, if I fill a garbage in my kitchen full of food waste it is a pain in the butt to bring that outside or down the elevator.

Simon Mainwaring:

Interesting. So there's convenience in-

Matt Bertulli:

There's a real convenience element to this. And then we also have this gardening person, and that tends to be an older person. So I don't know, I don't know too many 25 year old gardeners. They all tend-

Simon Mainwaring:

I started to garden. It's an indication of age. I'm on my way out, I'm enjoying the garden.

Matt Bertulli:

You've got some gray hair now, man.

Simon Mainwaring:

Yeah, yeah, yeah.

Matt Bertulli:

[inaudible 00:25:39], right? We started growing food this year and I looked at my wife, I'm like, "We're officially old."

Simon Mainwaring:

I know, right? It's happened. It's happened. "We're like our parents. We're like our parents." Yeah.

Matt Bertulli:

Exactly. So Lomi definitely appeals more to gardeners or hardcore kitchen... Cook a lot. Very healthy peoples, like, plant based diet. Major alignment there. I think price point on Lomi, it is pricier. So you don't get a lot of younger people buying it. Gen Z just doesn't have the disposable income that somebody over 40 does. We get a lot of interest and there's a lot of gifting that happens from the older generation to the younger generation with Lomi. But what really makes me happy with Lomi is it is not just a green purchase.

Simon Mainwaring:

No, and I love how you... We were talking a little while ago, you were looking at the margin and how there was a business inherent in solving for this very real environmental issue. Have you found that the opportunity is just really boundless and there's just so much market opportunity out there? I sometimes wonder, in the same way I was asking about why we haven't solved for plastic earlier, if there's a business inherent in here why have not more companies, the people that make the phones in the first place for God's sake, why have they not started to do that?

Matt Bertulli:

It's a really great question. And I'm not just saying that, it's actually a really great question. And I've been at this now six years, really digging into Pela. And I can tell you that the prevailing thought amongst entrepreneurs, brand builders big and small, is that the customer who buys with their values is a very niche market.

And I broadly agree with that statement. I think that if you show up to the market, to the global market, and your only value proposition is it's a better for the planet product, that you are very limited in the size and scope of what that business can become. So I believe that you could show up to the global market with a product or a service with that positioning, that set of values, but you need to make sure that it is of equivalent price or greater value to what they're currently buying. And if you can do that, both of those things simultaneously, I believe the upside is tremendous.

Simon Mainwaring:

Yeah. I think purpose, sustainability, impact rarely is a silver bullet. You need to have that core value proposition to the consumer that makes it appealing in the first place. I want to flip that around for a second though and say, well hold it. What if somebody comes along and says, "You're doing a better job or a responsible job, but you're still piggybacking on what is consumable goods. That by definition you've got another iPhone coming out every year and so on." So in a sense you're doing a better job that almost enables the problem in the first place.

Matt Bertulli:

I know. It's such a weird thing. This is the forever battle of being a business like ours, that we're a mission with a business. That's kind of how we look at things, like we're a mission [inaudible 00:28:41]. And it's actually really difficult to build this kind of company because we almost handcuff ourselves with our values. We don't sell any product in Pela Case that doesn't actually have a graceful end of life. So most of my friends would be like, "Well why aren't you selling other mobile accessories or other things? That clearly your customer would buy it." I'm like, "Yeah, but we haven't figured out the material side of those things yet. Or the story or how it folds in. It just doesn't feel brand aligned."

The direct answer to your question is something along the lines, of consumers are going to buy these things anyway. Whether we're here or not, people buy things. My goal is, give them a better alternative. And then every time I convince one person to buy the better alternative, my hope is that that spreads a little further. That they tell their friends and they tell their parents, like... That it starts to spread. And our marketing, a lot of the times, is to encourage people not to be overly consumeristic. With Lomi we're constantly telling people, "Look, do not buy this machine if you have a backyard compost or you own chickens, or like... If you were [inaudible 00:30:01] this the old way, don't buy Lomi. Like, that doesn't make sense."

Simon Mainwaring:

Right, right. I'd also build on that and say, 'cause it's not just peculiar to Pela, it's so many other companies out there that are providing better for you, better for the planet products within existing industries. We can only do so much in the lanes that we've chosen. And you're doing a great job there. There are a lot of other market forces that are changing the very products that are being made. For example, modular phones that aren't inherently wasteful, and so on and so on.

So everybody's got to do their job through the different vantage points that they have. You mentioned something interesting though, which was story. You need that inherent product benefit as you said, and purpose or sustainability isn't a silver bullet. So what do you go to market with? There's lots of purposeful social entrepreneurs and business leaders listening to this. And do you lead with, "Hey, it's a great phone case," or do you lead with, "This is a great composter?" Or do you lead with, "Hey let's be more responsible to our future?"

Matt Bertulli:

I mean, the answer is I do all of the above. So I'm a self-admitted marketer, so I spend so much time thinking about stories and copy and positioning. The majority of my days go like that. So how do I better communicate what we do and how we can help a customer?

So Pela Case, we really lean into design. We're always launching new designs 'cause we know that fashion is an important part of that industry. So we launch 12 new designs every month in Pela Case. So that product, we actually lead design first. Say like, "Look, if you're going to buy products like fashion accessories, we're going to give you all the designs, all the creativity, all that stuff that you expect but with a better underlying environmental footprint." So you can still feel good about what you're buying. That's Pela Case.

With Lomi, the thing that we really, really focus on is less, "You should care about composting, you should be into compost." It's less about that hardcore eco thing and it's way more focused on convenience and comfort for the customer. One of the things that I talk a lot about with Lomi is, think about your home. So much of the average home has been innovated on, right? We have a smart everything, except for garbage. You have no-

Simon Mainwaring:

Except us. We're not getting any smarter, clearly, because we're putting ourselves out of business. But yeah.

Matt Bertulli:

Right. So we really go after the inconvenience and the smell and the pests and all that stuff that comes with food waste in the kitchen. That's the lead message.

Simon Mainwaring:

And that touches on something which I think is really important. I mean, you've waded into the waste management space, the sustainability space. And you must have tried different access points over the last six years and so on.

Matt Bertulli:

[inaudible 00:32:50]

Simon Mainwaring:

What are some tips for those folks who also want to either reduce waste in their life, or if they want to have a company that takes on the waste problem from another vantage point, you must have made mistakes or run into headwinds on the way. What would you share?

Matt Bertulli:

Oh man. I'll give you the biggest mistake we made with launching Lomi, was assuming that it was the same customer as Pela Case. We assumed that the customer who was going to buy Lomi, I call them supers, like super users, super consumers. I assumed that it was going to be somebody who was buying it for, "I want to do good." That would be their reason. So our assumption was that the customer would be under 30, really cares about making a difference in the world. Turns out the average age of my customer is 47, cares more about themselves than the world. But here's the key thing, and if I showed you our demographic and psychographic data, we are predominantly, even politically, predominantly independents. And we have just as many right wing as we do left wing in the States. It's perfectly split. This is not some left leaning, extreme greenie that buys this product.

Simon Mainwaring:

I love that too, because honestly I keep saying our future in enabling a planet to live on is not a political issue. It's a human being issue.

Matt Bertulli:

And most human beings, regardless of politics in the US, and I've seen data on this, it doesn't matter what party you vote for. I think 84, 85% of people believe in climate change. They believe it's a problem, they want to see solutions, they just disagree on how. So what we found with Lomi, and my advice to people is, whoever you think your customer is you're probably wrong. And you're not going to know that until you really get in-market and start testing things out. What we found with Lomi was people buy it because they feel like it's an easy thing they can do. It's something that they can do. And I'm not relying on government, I'm not relying on some other big business. It's easy, I just put my food in here and I hit a button. And that makes them feel good.

And if you're an entrepreneur or a business, anything, and you're thinking of building something, a product, a service that's for impact, I got a couple thoughts. One, perfect is the enemy of progress. So when it comes to anything environmental climate solutions, most of the criticism comes down to something not being perfect. And I think that's ridiculous. We need progress, we don't need perfect. Number two is whatever you're going to go into, whatever the product is, whether it's waste or whether it's something else, I think you have to start with the assumption that all people, all of us, we're all selfish. We all care first and foremost about how something impacts us. Once you answer that question then you can show them, "Oh, it's like..." The impact is the, "Oh by the way." It's like the, "Oh yeah, I don't know if you knew this, but like..."

Simon Mainwaring:

It is. It's like the insurance policy that wins the day. Although I will say I'm seeing more and more now the cost efficiencies is finally getting there where you can compete on price. [inaudible 00:36:00] And for the first time we're seeing research out of Asia which says that actually consumers are consciously choosing and paying a premium for sustainable products. And I think as all of these issues, especially with these daily reminders from Mother Nature, whether it's hurricanes in Florida or fires on the West Coast, this extreme weather that is symptomatic of the climate emergency, it's going to be like, "Wow, we've all got to show up differently in the world." So I think it's going to increase.

Matt Bertulli:

Yeah, and I believe there's never been a better time to be alive in human history. I really do. I think every single problem that I read about... My wife and I were talking about this last night. It's like, when you're in this space, you are or I am, it can be very easy to be depressed about the magnitude of some of these issues.

Simon Mainwaring:

Yeah, sometimes you look at the headlines all the time and you're like, "Oh my god, what are we going to do?"

Matt Bertulli:

Yeah, I know. Like, I went to bed the other night, I'm like, "We're screwed." But then at the same time I know so many people working on so many cool things. And I believe in humanity's ability to innovate and create. And I think as dire some of this stuff might sound sometimes, I'm hopeful and I just know too many smart people working on it.

Simon Mainwaring:

No, I agree. And I also think, if you were given a choice between a period in human history where, through our own lack of information or a naivete or selfishness, we assumed that we could consume as much as we want and the world had infinite resources and we could all live obliviously, or we're at a moment in time where our very future is at stake and we can all show up and really live truly significant lives, I'd actually take the latter. Because I think when you do have the perspective or the comparison, I think one's much better than the other.

You mentioned something which is relevant to that is, you haven't released certain products because they're not aligned with your purpose or mission. And I was wondering, how do you make decisions about where to put your focus? I mean, is there criteria that drives your decision making? Because God

knows you've got all the world to choose from in terms of waste issues to deal with. So how do you know what to do and what not to do?

Matt Bertulli:

The answer to that is actually, it's less about what to do it's more about when. So I'm a big believer in just timing and sequence, always have been. It's like the plane analogy. Do you ever sit in the cockpit of a jet? There's a thousand switches there. And pilots just know the order in which to hit all the switches to make that thing sing. So I think for us, the way I look at things is like, I've got five years of product roadmap right now, laid out in front of me. And more coming. And we have tons of ideas. And we kind of have just these operating principles that help us figure out... "That's a great idea, but it's just the wrong time." So for me it's like, what's the lead domino? What's the next thing? What's the next thing? And then how do we build our category?

I love business, I love this idea of category creation. With Pela Case we showed up to one of the most competitive, most commoditized markets in the world, which is mobile accessories. It's like, couldn't get more commoditized. And we created a category within it that nobody had ever seen before. We made the world's first compostable phone case, and I appealed to a whole swath of customers that just felt like they weren't being served. So I look at everything now and I say, "Okay, if I'm creating categories..." Lomi is creating a new category in waste, we call it smart waste. "Waste is dumb, I want to make it smart." And if that's true and I'm building a new category, then I look at it like, "From the category lens, what products do I have to release and in which order to build the whole category?" And that also means that other people, competitors are going to enter my category. That's okay. It's about building the category.

Simon Mainwaring:

Right. Yeah, couple of things I notice. One is compostable wedding rings. I mean, it put a smile on my face. I've been married 29 years, 30th wedding anniversary. The idea of a compostable wedding ring...

Matt Bertulli:

Wasn't that funny?

Simon Mainwaring:

It is funny. It's kind of like, "Ah, ashes to ashes, dust to dust. Til death do us part." I don't know, "Until we're composted." What?

Matt Bertulli:

There's this whole market of people out there, these CrossFit-ers and athletes who... It's a fashion accessory. They want to have a ring on but they trash them at an alarming rate. So the whole silicone ring industry exploded.

Simon Mainwaring:

Oh, okay.

Matt Bertulli:

So we were like, "Okay, well instead of buying a silicone one why don't we..." We partnered up with QALO, which is a silicone ring company, and we gave them our material science and said, "Make a ring

out of our materials." And we're gonna do other things with them too. There's other products coming that are fun products. You know the other way I think of the Pela Case materials, what we do there? We've also tackled products that are not obvious. And I've got some things coming, I can't tell you about them, but like-

Simon Mainwaring:

Come on. You can hear it here first. You can hear it here first, Matt.

Matt Bertulli:

No I can't.

Simon Mainwaring:

You're not going to... All right. All right.

Matt Bertulli:

I have legal battles if I do.

Simon Mainwaring:

You would have to kill you. I get it, I get it.

Matt Bertulli:

Probably. We're working on some stuff right now that... The idea is this. If you could make that product have a graceful end of life, why the hell can't we figure out the wrappers and the bottles? It's like, go to the extremes. We [inaudible 00:41:34] use... You're an ad guy. Use the story to show people what the potential is.

Simon Mainwaring:

Yeah. And then you mentioned something interesting, which is that you love building our product categories and you've got a five year roadmap for product launches and so on. Give us a sense of the parent company, enterprise level in a sense. That you've got Pela Earth and you've got all these different products coming out down the road. What's that architecture look like as you think through, A, scaling up individual categories, but B, expanding those product categories?

Matt Bertulli:

Right now I'll say, the next five years we're really separating out and saying... There's Pela Case as a brand and a set of products, and then there's Lomi as a brand. And the product roadmap in Lomi is really ambitious. When I say smart waste, I really do... I want to connect the world through garbage. I want this product and this category to be something like... We've never had, at a household level, never had information about how people throw things out. So I'm looking at everything waste in the home and saying, "There are ways to turn that waste into valuable stuff." So in the case of Lomi it's like, "I want to take food waste and turn it into a better fertilizer than what you could buy at a store." So it's like, can I build product roadmap where it's not even about [inaudible 00:42:56] anymore?

Simon Mainwaring:

There was a time before Elon Musk came along with Tesla where people just saw a car as a way of getting from point A to B to get on with your life. Now it's been totally reframed as a statement about yourself and your values, an investment in a more sustainable future and so on and so on. And in a similar way I get a sense that you're looking at something which was almost an afterthought, which is we consume, we bring things into our home, we create waste but we just throw it away. We literally throw it away. And you're looking at that segment of the product life cycle and saying, "Wow, there's just nothing but opportunity here."

Matt Bertulli:

Huge amounts of opportunity, yeah. I look at even what comes out of Lomi as, that alone is a product and a business. We just finished up our whole summer up here in the Okanagan. We partnered up with the a farm and the University of Toronto to test the efficacy of the output of Lomi as a fertilizer in farming. And we're going to release the results I think, I don't know when the show comes out, but those results will come out towards the end of October. It's shocking. What came out of the Lomi performed better as a fertilizer than the number one organic fertilizer brand in store in America. And it performed better than traditional compost. It improved [inaudible 00:44:19] yields. So we tested growing broccoli, cauliflower, I think another crop. And it was [inaudible 00:44:26]

Simon Mainwaring:

That's astounding. That's astounding. And you know what it provoked in me is this idea that waste is almost a misnomer, in as much as in the natural world, nothing's waste. There's all these co-dependencies and mutualities within these ecosystems that enable everything to thrive. So I think reframing the whole idea of waste is a powerful opportunity as well.

Matt Bertulli:

This is why I don't look at products, and to just go back to that question of what do we advise people to do? And I look at the category and I say, "Okay, if my category is smart waste, which is taking something that is otherwise dumb and making it smart, then our product roadmap needs to be all about enabling that category." So the output of a Lomi is a product in and of itself. The data that we collect from running a Lomi, that is a product. And what we build on top of that data are products.

Simon Mainwaring:

I love that 'cause it's sort of... Sometimes we make the mistake of thinking of the word product as a noun. There it is. It is in fact a product of something. It is an output as a verb. And one other question I had was, obviously with this large roadmap, expanding categories, big ambitions and so on, you've got to... And there is a margin inherent in this, especially in phone cases and things like that. But how do you fuel this growth? I know you brought on some investors and you've got some high profile investors like Jay-Z and Jay Brown and so on. How have you enabled the growth and has that celebrity aspect made a difference?

Matt Bertulli:

I'll tell you, I would say forget the celebrity thing from a consumer perspective. I think the way we look at who our investors are is its access and influence, right? So if you're going to raise money... This is my first time raising outside capital. My first business was fully bootstrapped, Brad's first companies were fully bootstrapped.

Simon Mainwaring:

That's always fun, right? The bootstrap business.

Matt Bertulli:

It's harder.

Simon Mainwaring:

It's harder, it keeps you awake at night.

Matt Bertulli:

I [inaudible 00:46:20] if it's harder, it's just longer.

Simon Mainwaring:

Longer, longer maybe. Yeah.

Matt Bertulli:

Yeah, longer. And I think where having high profile investors comes in really handy is almost market signals and credibility. And it doesn't need to be a celebrity, you can get a top tier venture firm who can also add that credibility to you. So I like Jay and Jay and Larry over at Marcy because they're just savvy investors. Those guys are major hands in... They have a major hand in broader culture in America. So for us it was really important getting them on board, just as a signal that what we're doing here has worked. And it's not just niche, it's bigger than this little narrow thing that we're working on, right?

So we just finished a fundraiser, we're wrapping it up right now for a series B. It's like, those guys came in again. Our existing investors have been incredible in supporting the company.

Simon Mainwaring:

That's amazing. It's great to hear. And I mean, I know you can't tell us anything but you have this five year product roadmap and some exciting things and so on. What can you tell us about the next few years, what we can expect from Pela?

Matt Bertulli:

I mean, the next version of Lomi is launching early next year and it's... The product itself is really impressive. The version that we've got right now at market, that took us three years to make that thing. And it's taken us about 18 months to make a much bigger evolutionary jump now in the technology. And just I think what we're doing digitally with the next version of Lomi is so cool. I think we're going to really connect waste... We're going to connect people to their waste in a way that nobody's thought of it before.

Simon Mainwaring:

You know what? I have to say, Matt, I think that's what's so powerful, what I'm taking away from this chat, is that you're reframing a concept that inhabits all of our lives, this idea of waste, And putting it to work for our future rather than against it. And I want to say just hats off to everyone at the Pela team, Jeremy, yourself. And just go like hell, because this is such an important issue to solve for. And it takes collaboration between all stakeholders. You need advocacy, you need politicians, you need the

companies behind them, you need entrepreneurs like yourself and you need consumers like me that actually get out there and actually enable those companies to thrive. So much respect and here's to the future success of Pila.

Matt Bertulli:

Yeah, thanks man. I appreciate it.

Simon Mainwaring:

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