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## Podcast Episode #20 – Executing lean and agile retail growth for your startup or SME, with Benjamin Ertl of Retailbound, USA

### RAW TRANSCRIPT OF INTERVIEW

**Balint:** I have as a guest Benjamin Ertl from close to Chicago, Illinois, from the US. Welcome, Benjamin. It's great to talk to you.

**Benjamin:** Yeah, great to talk to you as well.

**Balint:** Benjamin, we first got in contact via Twitter and we've had some exchanges since then. It's great to have you on the show as one of the blocks, one of the elements of a hardware innovation is getting the product into retail so selling them, getting the products onto shelves in brick and mortar stores, or in online stores, e-commerce. So, for technical people who are into building stuff this topic, retail, it might be somewhat new, including myself, so how retail works. So it'd be great if you could explain first how retail in general works for hardware products, kind of giving us an intro, and on top of this, we should also consider that many of the listeners are international, so English is not their native language. So maybe you could try to explain it in an easy way.

**Benjamin:** Yeah, absolutely. So retail by itself is a very broad topic. I think... I'll try to explain it briefly and concisely but I could spend days and days talking about retail. A lot of people, especially hardware startups, they think about retail in terms of big box, brick and mortars like Best Buy, like Walmart, the big names. But it's not just brick and mortar. Like you said it, it's online. There's other verticals, B2B verticals as well, really retail is all matters of sales channels that sell directly to consumers and more specifically to the end consumers and the end users.

So retailers can be Kellogg's, you could be the brick and mortar like many people believe online drop shipping as well. Yeah and that's part of retail today. All of these online, offline, all these elements that go into creating a retail strategy that works especially for startups.

**Balint:** And how does your company fit into this picture, into this value chain?

**Benjamin:** Sure. So a lot of people, and by people like us I mean CEOs, CMOs of hardware startups, they're primarily focused on what's referred to as a sell-in. So their goal is to place their products online on the shelves with retailers.



Our company helps with that process, helps to prepare, helps to place the product but more specifically our main value add is more to do with sell-through and channel management, sell-through being the end consumer sales. So, half the battle as a hardware startup is finding the most appropriate retail channels for your business. But the other half of the battle is making sure that sales volumes within channels are adequate to stay competitive, that you're managing communications, sales forecasting, but essentially making sure that you're not a hassle to deal with for the retailers as a vendor.

**Balint:** So this is what you do, your main concentration, your main focus?

**Benjamin:** Yes. Our main focus is essentially to act as our clients' retail team. There's tens of thousands of sales reps out there just like there's tens of thousands of consultants. We help our clients to become retail ready. We help them to place their products but most importantly we help them to achieve repeat purchase orders and make sure that the entire retail process end-to-end is managed thus keeping them in a retail store. I like to say to people it takes a long time, especially for the big box channels, to get your products placed four - six months, eight months or more, and so once you put all of that work in, it makes it to your best interest to stay there and be competitive as long as possible.

**Balint:** Can we say that your company would act kind of like an outsourced manpower to add value, to act like a team member for the startup or Small-, Medium-sized company?

**Benjamin:** Yeah, absolutely. A lot of our clients come from Hong Kong, from Russia, UK, Israel, to have them hire employees or fly over to the US isn't always feasible or financially possible. So you're right. Retailbound, at least as our main service, Retailbound acts as a C hardware startups retail branch here in the US, which involves quite a bit, as we've kind of discussed briefly.

**Balint:** Yeah. I've seen it on your website and we discussed it also that you work with such accelerators as Brinc, who was on the show, Bay McLaughlin in this podcast, Hardware Club, Amazon Launchpad as an example of partners and also crowdfunding platforms Indiegogo and startups like Hanson Robotics, CUJO. So quite a big variety of clients that you have, just to support what you said.

**Benjamin:** Yeah, absolutely. I mean there's a lot of great startup organizations out there, even with retailers. You'll see startup programs from Target, like Target open house, Best Buy's Ignite program, since the dawn of crowdfunding and changes in the VC world as well, and it's getting easier and easier for people to put their idea on paper, get funding, create the product, and Retailbound is really the end of that chain. So these accelerators, and incubators, and startup programs, they help out with the



strategy, they introduce startups to buyers in some cases. They're great programs and Retailbound, at least for what we do primarily, we're more of an execution-based solution so you might get an introduction to Best Buy or Walmart but do you have somebody on the team to finalize negotiations, to manage the whole process and make sure that once you open a door that the door stays open?

**Balint:** You were not a co-founder of the company but I always ask this question because I'm curious and I'm sure the listeners are also curious about circumstances for your joining, because some people might even want to have a career like you and because they are attracted to retail. And I was wondering why you joined Retailbound and what you did prior to that?

**Benjamin:** Sure. Let's start with what I did prior. A lot of my work was freelance sales, blogging, online marketing. I was trying it all basically from freelance web design at SEO sales, like I said blogging on LinkedIn, and initially the process with Retailbound started as an internship in college when I was studying abroad in Germany, in Munich Germany, and it was just to kind of get some experience, learn more about the retail world. And I really just kind of developed from there. Our president Yohan Jacob, great guy, really in retail basically took me under his wing to teach me about retail and he, like many of our consultants, is a former large chain retail buyer but also with manufacturing experience, which is a very unique perspective to have.

So I saw Retailbound, I saw some early success but I also saw the market gap, like we talked about before, with crowdfunding, all these startups but they might not have the time or experience to go into retail. I saw the opportunity and at that point I was at least pretty decent at sales more or less. And it just kind of snowballed from there. And here we are.

**Balint:** You said Munich, this is also where I studied, where I did my PhD. So were you already in contact or involved in Retailbound, or you said that you were doing an internship there connected with another company?

**Benjamin:** Yes. So I was interning for Retailbound starting in Germany so perhaps it was my mom nagging me a little bit to get an internship. But I applied online, an online resume, all that good stuff, and then Johan responded and we had a Skype call, Skype interviews and it worked out so I had to balance my studies, my additional work on top of that. And I guess if that's not enough, the World Cup was that same year when Germany won. So as you can imagine there were plenty of distractions.

**Balint:** Very interesting. Can you tell us about the business model of Retailbound? You said you have these value added activities. And can you tell us more about then what kind of competitors you have on the market?



**Benjamin:** Sure, yes, absolutely. So Retailbound, we actually have three different services. The first two are geared more towards strategy and preparation. And the last one, which we've been referring to the most, is kind of the all-encompassing service. So I think for this purpose, for this podcast, I might just talk about our overarching service, the main one, which is called managed retail marketing.

Essentially, the value add is that it encompasses multiple roles in retail. We're talking about strategy development, sales and sales support, channel marketing and channel management. The business model itself starts at about \$800 a week plus sales rep commissions and so it's really more for companies that are ready to start investing in sales and market activities, and ready to start scaling retail activities. Yeah, a lot of companies consider relying on distributors or are relying on sales rep agencies, and that can be enough if there's enough in-house experience. Every company just like every product is different. So we're specifically designed for startups, for manufacturers that really need a whole comprehensive picture. They need somebody to walk them through retail from developing pricing and sales channel strategies to pitching buyers, closing deals. And then, they don't have the experience or the time to manage those channels, manage logistics, especially if they are international companies. And so there's an \$800 a week business model, it's good for companies doing about 2 million in revenue or less which involves most startups these days. So yeah, it's basically a way to scale up the company without hiring multiple employees or making mistakes.

**Balint:** So is this how you basically make money but you're also connected to startups who are starting out and during the product development they need some info from retail how it works so that they have a feedback from that aspect of the development so that they can better plan, right?

**Benjamin:** Right, exactly. Before a company intelligently invests in someone like Retailbound or any other retail growth option I always try to educate as much as possible and they should do as much research as possible, and that's another way that these accelerators and incubators like Brinc, Hardware Club where they come into play before you can really put something on paper and say, "Hey, you know, Retailbound is going to be our outsourced retail team," you need to have some sort of basic understanding of maybe retail terminology, like margins, and have some familiarity with the costs and then the process's going forward. So yeah, we have our other two services that are more geared towards that. I guess I'll mention one.

One is just called retail coaching where for startups that are several months at least away from a retail launch they can basically have a virtual sit-down with one of our consultants to go over things like how should I talk to buyers, how should I price, price-



ing spreadsheets, sales and marketing collateral, whatever the case may be in order to be comfortable enough to find a retail growth solution later on.

**Balint:** And how do you see the future of retail from the point of view of startups?

**Benjamin:** Sure. So I would say in general the future of retail is always revolving around the balance of physical versus online channels and strategies, how best to utilize both and the best combination possible for a return on investment. I think everybody thinks of Amazon versus the brick and mortars these days. So the future of retail in a general sense is going to be geared towards startups adapting to those changing environments. Future of retail, as we kind of talked about before, there's been, in my eyes at least, pretty explosive growth in terms of new startups and new products coming out. Maybe as an example from the VC side, there's people like MicroVentures who's partnered with Indiegogo to help startups become funded, people like Launch Boom that works with Indiegogo as well to help them raise funds on that program. And I think the future of retail is going to have to involve more transparency between these startups and the retailers. Quite some time ago I was talking to Best Buy Ignite. We had this conversation of how do we as a retailer find the best startups that are the least amount of risk and the most amount of revenue potential or possibility.

And so, Retailbound is kind of in that niche as well helping retailers to make their job easier and find startups that are legitimately ready for retail and who have background infrastructure, basically internal infrastructure to handle retail activities and make sure that process goes smoothly.

**Balint:** Yeah. There are so many retail channels around. What would you say or what kind of advice would you say to people who are a little bit maybe confused or perplexed that I heard about it that the situation can happen that when you try to use too many channels, the problem can happen that one reseller undercuts the other one and therefore it could be interesting or it could be something to think about how you could limit even the distribution so that there is no this kind of competition. So you have some kind of exclusivity for the distribution. You use only one distribution channel, let's say.

**Benjamin:** Yeah. So there's maybe a couple parts to what you said there. With distributors and it kind of comes back to channel management, so you can have distributors that are in the agreement where you make them not sell to anybody and everybody. Maybe it's something to very specific channels that are related to your product category. I always tell our startups it really doesn't matter whether you're in five channels or five thousand channels, it's all about the end consumer sales. If you're just selling on Amazon and you're moving 200000 units, or if you're in Walmart and you



are only moving one unit a week, it doesn't really matter as long as the inventory is being moved.

But I guess on a general level for our CE startups we advocate more of what I would call a slow burn strategy which means finding the low hanging fruit, the most appropriate channels for your product which usually involves online first maybe one, maybe two distributors and then some specialty brick and mortar retailers. Now this way you're able to test the supply chain, control the pricing better, control the brand better and build a sales history to acquire or better pitch larger channels later on in the future. You don't want to start off too heavily too quick and then risk the life of your business in case the Best Buy channel or Walmart doesn't work out.

**Balint:** All right. So Benjamin, I would suggest we should move on now to the last round of questions. So I'm going to be asking four questions and it'd be great to get relatively short answers.

**Benjamin:** All right, I'll try my best.

**Balint:** The first one is if you could go back in time, like in the movie *Back to the future*, to the time when you were younger, you're still very, very young but maybe when you were in your early 20s or you on 18,19, what notes would you give yourself?

**Benjamin:** Sure. So I'm 23 right now. So I would say if I was 20, maybe 18, honestly it might sound kind of egotistic, but I would just say that stick to the path that you're on. I've always been a pretty self-motivated person but I have questioned the path that I've gone in the past. Maybe if business was slow or other opportunities came up, maybe I should look at other options but I would just tell myself, "Stay confident, stay on the path, stay the course."

**Balint:** Being consistent.

**Benjamin:** Right.

**Balint:** The second question. If you had to name a book, which one had the biggest impact on your career?

**Benjamin:** Sure. I would say *Tools of Titans*. It's basically a collection of, I shouldn't say famous people, but successful people on their own rights. I work remotely. I work from home. I'll go into the office every once in a while. But this book is kind of giving me many different perspectives from many different people to take into account and I think that's most important. And you can read one book and you'll get one person's perspective or maybe a couple of people's perspectives. But this *Tools of Titans* it





allows you to kind of pick your problem of the day or your challenge of the week and find somebody's advice.

**Balint:** It's by Tim Ferriss, right?

**Benjamin:** Yep.

**Balint:** Yeah. His latest book I've seen it around, it's hard not to see it because he is nowadays in a lot of channels, distribution channels. And I was thinking about reading get. It's quite heavy, long. But I would have a second look. I read his other book though, of course, *The 4-Hour Work Week*. It's quite amazing.

**Benjamin:** Yes. That one's definitely popular.

**Balint:** Yeah. Yeah. Very useful. The third question. I'm amazed by habits. Do you have some habits?

**Benjamin:** I think, well, we all have habits. I would say habits, as far as work goes, to make me productive. Honestly, I might drink a little bit too much coffee. That's habit number one. I probably have at least six cups a day before 1 pm. Whether that's a good habit or a bad habit, I'm not quite sure.

But otherwise, I mean, I have my morning rituals, my morning routines. I try to segment e-mailing versus LinkedIn versus phone calls and try and plan my day or plan my week. I do a project list every Sunday night to kind of organize my own thoughts and prioritize.

**Balint:** Yeah, yeah. I also do it somewhat similarly that I have a weekly plan what I plan ahead and it's very, very useful.

**Benjamin:** Yeah. And I think one more, sorry to cut you off there. One more quick thing, it definitely can't be overlooked is health and fitness. I work out probably four or five times a week, without that I think I'll go crazy.

**Balint:** All right. I agree. I agree. And many of us we lose this kind of balance. So I also have it in my calendar every second day doing some kind of a sports, going running, typically. Yeah.

**Benjamin:** Yeah, absolutely.

**Balint:** The last question. In your work because you mentioned a couple of countries you work with - Russia, Israel, for example, apart from the US. What kind of cultural differences have you seen, including your trip to Germany, which you overcame, which was kind of like striking?



**Benjamin:** Right. Yeah. So because we do business basically everywhere, like you said Russia, Hong Kong, Germany, there's definitely some subtleties. I think being a native English speaker I'm definitely lucky in that regard where people from other countries, I guess, it might sound a bit aggressive but are basically forced to learn English, otherwise business is very difficult. So I think cultural difference-wise, besides the way that we have business cards, I think it's really people's attitudes and how they approach business whether they're a stoic personality, whether they're outgoing, I don't know if that has so much to do with cultural differences more so or maybe it's more of a general stereotype. What I really just try and do regardless of who I'm approaching is really just kind of like when in Rome do as the Romans do. If I get the sense that somebody is financially oriented or maybe they really just want to get to know you as a partner on a personal level I try to morph myself into that kind of fashion and pay attention to what they're really looking to achieve in their business.

**Balint:** So you kind of listen to your intuition, if I may say, your gut feeling.

**Benjamin:** Yeah. Yeah I try to you know listen to what they're saying. Listen to how they're behaving and tailor what I do accordingly.

**Balint:** Yeah. Excellent. So I really enjoyed talking to you, Benjamin, and I hope the listeners could learn something on an introductory level on retail. And yeah, if you want to reach Benjamin, for the listeners now, Benjamin what would be the best way, the best channel for them to reach you?

**Benjamin:** Definitely, email is the easiest, second easiest would be LinkedIn.

**Balint:** Yeah. And what would be the e-mail?

**Benjamin:** The e-mail. It's B, as in boy, and then my last name, which is E-R-T-L, so it's kind of like bertl@retailbound.com.

**Balint:** Excellent. I'll put it on the show notes so the listeners can download it also from my website, the hardwareentrepreneur.com OK. Thank you. Thanks a lot, Benjamin

**Benjamin:** Yeah. I appreciate the time and hopefully some more CE startups that are interested in retail can get in touch.

**Balint:** Yeah. I also encourage the listeners because this is a very important element that many of us forget about to think about at an early stage. So thanks again.

**Benjamin:** Yep, no problem.