

Ecommerce Unfiltered - Episode #1

Esther Kestenbaum 0:05

I'm here with Shawn Frank. He is the CEO of the ridge and an ester testing bound president at Ruby has and just love to you know, we have these conversations just so people can get to know various leaders in our space better. And you know, certainly want to know about your company certainly want to know about its history, but love to hear a little bit about you and your path. How you got into the DTC world and working with product and what you're the ark has been like for you, too.

Sean Frank 0:39

Yeah, of course. First, thanks for having me. I love talking to people. And with the world being pretty crazy. It's been hard to talk to people in person, so I love doing these. Yeah, yeah. So to start, I come from like, a traditional retail background. So like I was in Brooks Brothers and Ralph Lauren, and theory before, the internet became like, really popular. I was there like, right after 2008 when, like Brooks Brothers was trying to find new clientele because everyone hated bankers. I did that for a while. And eventually I left theory, and I was like, I'm gonna go to startups, I'm gonna go to econ and went to a company called shop gene that was horribly run. When I was running director operations, I was like, 22, and I was like, This is gonna be awesome. I'm pretty sure they were bankrupt when I joined there was, they were not in a good place. So I learned a lot about how not to run a business there. I left pretty quickly after I started just doing like, independent like e comm slash operation consulting, and ended up. Also being pretty like bored and lonely doing that I wanted some, like physical interaction with some people. So I joined an agency. I was there like director of investment. So it was a really small, like medium sized agency in LA that they wanted to have like a 15 to \$20 million fund investing in econ brands, and I helped them run that. I met when I was there, I learned that most agencies really poorly run. So I'm like, Oh, I can just do this. So I ran an agency. With a couple people, the whole idea being that it was going to be boutique, it was going to be like, the max number of 10 clients, no more than four employees, because I think agencies fail when you try to scale. You know, it's, it's really hard to deliver good, unique, meaningful work for people. And I think most agencies can't do that. Um, so one of the clubs, a company called Orange wallet, they were doing like one or \$2 million a year at the time. It was, it was a great product. And it was a really awesome team to work with. It was Father, Son, best friend. And they're like, Look, we don't want to hire anybody. We want you guys to do all this stuff for us. Really? Oh, yeah. It's like, you know, a million dollar econ brand, like not not gonna be hard to knock this out of the park. The next year, they did 2 million than they did for moving at 8 million. And just like every year, they just kept doubling. And I'm like, Hey, you guys need someone to manage customer service. They're like, Okay, you guys do it. Like, Hey, you guys need somebody to manage logistics. We're like, Okay, you guys do it. Eventually, we broke our rule. And there were 20 people working with the company all working on red wall and stuff. So the agency fees were really, really high. You know, they're giving us over six figures a month. And I was like, Okay, let's just, let's just merge. So we merged, became the full time COO, our agency business didn't die, it's still internal under rich growth, just says something a little bit different now. And that was,

you know, the past couple years, I've really just started to continue to scale this business. We did 30 million last year, we just crossed, you know, 30 million this year. So we're things are looking like 50 or 60 million or so a lot of wallets. So that's, that's my background.

Esther Kestenbaum 4:01

That's amazing. That's, that's quite, that's an unusual arc. And so, you know, first of all, just back to what you said, originally, all the way at the beginning is that I feel the same way. I feel like I miss talking to people one on one and in person and over coffee. And we used to do these these events, you know, in physical spaces, we're really humans to get together. And hopefully after all, this is over, we can we can do that again. But this is the next best thing. But that's, that's quite an art. And so you brought all of this Yes, all of this product experience to the table pasm marketing agency, and then that morphed into more and more until you just simply merged. And the company itself had been around how long before you came into the picture.

Sean Frank 4:53

But for like two or three years, it was you know, one Kickstarter to a second Kickstarter and there was like a year into like their Shopify ddc's experience. Right?

Esther Kestenbaum 5:01

So okay, so it's a Kickstarter company. That's really cool. So, so you come into this, and it's, it's very different. So first of all, for those people who don't know, what, what is the ridge? And what's, what's the core product, and that the ethos behind the product line?

Sean Frank 5:21

Yeah, yeah. So um, if this is going to be a video, this is this is what a ridge wall looks like. It's a men's minimalist metal wallet. The whole idea behind it was when Ganga was in Daniel, the co founder, he's, he's the product designer, when he was in college, his dad would make fun of him because he would lose his wallet. And then he would end up just carrying around like a rubber band with a couple cards in it. And they thought they're there. They're like, was looking for a better way. So humidistat design one. So it's basically like, as minimal as you can get. It's like two metal plates. elastic, and you put a couple cards and a couple bills in there. And the whole idea is you keep it like in your front pocket. So like it's, it's, you know, you're not sitting on it, it's not big and bulky. And that's like the the flagship product. So like we've been doing that that kid takes up like 90% of our sales. But then like the brand's kind of just become like a, we're just trying to make the best quality thing possible. So we have backpacks, we have phone cases, everything has like a lifetime guarantee. And the whole idea is just like, there's a lot of different places to buy stuff. And most stuff you buy sucks, right? So, you know, we're doing like what huckberry is doing are best made, or these other companies, but just our version of it in a smaller scale trying to get the best version we possibly can. So

Esther Kestenbaum 6:39

hey, hey. So we hear this sometimes, we actually heard it from one of our other companies, that it's important to have like a hero product, and you kind of put your stake into the ground with that hero product, then you build around it. And so it seems like there's an overall there's a hero

product, and then the ethos of that hero product seems to sort of guess, color. The other things that you do with this idea of this minimalist, you know, do you know have this richer life with fewer things? Sort of sort of idea. And that, is that something that you espouse before you came into the, into into the ridge? Or is that something that you kind of kind of took on with the with the rich experience?

Sean Frank 7:29

I think it's something I'm still trying to live towards. I have I own a bunch of junk.

I mean, I

yeah, I'm very guilty of just like having things everywhere and that type of stuff. So it's something I'm still trying to improve on. I think we all can improve on that. Walked in my house for the past couple of months, I realized that like, I don't need as many jackets as I have, you know what I mean? Um, but yeah, you know, it's a, it's a really interesting, you know, way we look at products, right? Like, I think having a hero product is super important just because it gets customers in the door. Right? And, you know, we always joke that like, we just have like, the best possible thing for e commerce ever, right? Like it's a higher price point to like 75 to 115. Like somewhere in there. And it's the smallest footprint you possibly could be so like fulfillments really easy storage is really easy. Sounds like the perfect b2c item.

Esther Kestenbaum 8:28

Yes. Yeah. No, it really is. And you know, we love that too. Obviously, as a fulfillment company. We love that. So what By the way, I'm going to ask you a question that we get all the time. Where did the name of the rich come from? What is that? Is that so cool?

Sean Frank 8:45

Yeah, that's so funny. I'm sure you guys get that all the time. We were calling you guys. Ruby hos for like for like three months until Rafi explained the name to us. So I'm sure you guys get that all the time. No, we have we have a very uninteresting name story. So they originally wanted to call it the bridge wallet. And and the idea was that like, Paul was a baby boomer and Daniel's millennial in 2013. It was going to bridge the gap between them. In retrospect, what a corny name, right. But um, there's another wallet company in the bridge in Italy. They make like these really, like really interested like, leather wallets. And they said, You can't be called the bridge. So Paul, Paul the Father, I was just like, hey, let's uh, let's just drop the B will become the ridge and the best decision we ever made. Right?

Esther Kestenbaum 9:38

That was one of my questions like, what was the best decision you ever made? It turns turns out it's that we get that all the time. But too, by the way, so I'll just trade you the story. So we get called we do get called Ruby has all the time, which sounds so much more sophisticated than Ruby has. Right? And, you know, it's kind of like hugging dogs. What are these like, made up? Sort of Scandinavian ish names. But really it was we were originally our founder Rafi Zach canal was creating was had in mind to create a marketplace out of his original ecommerce business.

And it was this idea that there was this, you know, this kind of, you know, neutral character called Ruby who has I, you know, sunglasses and has scarves and has handbags, and Ruby has everything. And then it turned into this, this Ruby as and it's, it's very interesting, because in our space, a lot of companies that are called no ship this and ship that ship the other thing, and we are so completely different. And we always have to tell our story as well. And but your you guys have a great story too. And some of those some of the best things are serendipitous that way, so it's an interesting time to be in e commerce right at some. We're definitely feeling it. How are you guys experiencing this this moment? You know, spook through COVID What has that been? Like?

Sean Frank 11:06

Yeah, yeah, I mean, um, so we we have a lot of suppliers all over the world are legit, manager Leo. He's from China. So his family's back there. He travels back through all the time. So he told us, like, in December in January, and he's like, hey, all of China's locked down. He's like, something really crazy is happening. Like, we need to be aware of this. So like, it was in the back of our heads the whole time. Like, it's like, we couldn't get things out of China, like raw materials or whatever. And, you know, it seemed to really spread to the west, like around March, right? I remember going to a concert on like, March 15. And being like, I'm like, Oh, I think they're gonna cancel it. I'm like, I think there's something crazy happening. Yeah. So really, like, you know, business was was totally normal in January. Totally normal in February. Totally normal for most of March. And then the end of March I really scary, right? I think the whole world was just like, had no idea it was gonna happen. Everyone was just like, stockpiling food. You know, we took some drastic cuts in April. It just so happened that we joined Ruby in April. So like, we were switching warehouses when the rest of the world was like locking down. So super, super intense. We, you know, we made the decision early not to lay anybody off, right. So we're like, okay, sales took a hit in April, we just cut our salaries to 50%. We cut all vendor payments down to zero. It's like any any service, we typically use rescue from go out for a couple months, and really just like trying to tighten our belts as much as possible in April. And then it turns out that, well, a lot of industries were hurting in q2 and q3, and they're still hurting today. ECAM wasn't like we we had a massive May. And it's like, oh, wait, I think I think we're gonna be okay. Then we had our biggest month ever was June 2020. So people just just, you know, started shopping like crazy. And that's really when we saw the pressure on like, logistics out of the business, right? It's like, wow, where people are sitting at home, they're scared to go to work. They're shopping, they're buying random stuff like wallets. You know, the physical side of the business, which is like the fulfillment, the importing the receiving, that still needed to happen that has happened in person in large groups, right. And that's where I think I think I've talked to karate about this. It's like, we've heard so many horror stories of, you know, not only like local businesses, right, where we're in Los Angeles, where rents are really high. And the restaurants and the clothing stores next door to us are boarded up, and they're going to be building up for like a year. But from other econ companies, there's there's very few econ companies that are like in our revenue range. And we're out we kind of like saying the same forums, and we're friends and we talk. And they're like, yeah, my fulfillment company went out of business. And it's like, all these things happening where there's so much pressure that people were just buckling, you can't get people inside your store, inside your warehouses, and you can't protect them from

the virus and keep them feel uncomfortable. So yeah, I mean, uh, you know, it's, here's, here's the high, summarize it, it started off really scary, then we noticed a huge boom. And then the boom led to a lot of competitors and a lot of friends and a lot of associate brands buckling under, under all that pressure. And so we're lucky that we survived it. We're lucky that Ruby was set up enough to to thrive during this whole thing, right. I think you guys are probably seeing that, like, you know, before we signed with you guys, we did RFPs with like, you know, 12 different fulfillment providers. I think eight of them around bankrupt. Yeah, I mean, it's like yeah, Wow, yeah, it's a hard time for a lot of businesses. And we're on the other side of the table, which, which feels weird, right? But yeah.

Esther Kestenbaum 15:13

So that is, that is such an interesting perspective, we, we have seen that from a different angle. But we've seen the same thing, but from a different angle. What we've seen is, first of all, we experienced the beginning very much like you guys did, it was like, we heard these ideas, you know, these, these rumors. And we were hearing about, you know, workers not coming back after their break to the factories in China, being prevented from from returning. And we were all concerned about the supply chain, right, we were worried about our clients supply chain. And kind of everyday, we kind of watch it to see if there was any slowdown in things actually arriving or being shipped out toward us. And then we realized extremely quickly, once it became clear, it we were very, very fast, to secure our locations, and to make sure that our people are safe. And I think that that's a very large part. There, there is some there was some karma involved in here, right? We were like, Oh my God, we have to make sure people are okay. Because we have a because we have to and be because out there, you know, secondarily, it's good for us and our clients. But first, we have to make sure that human beings are okay. And if you go on our website, in fact, there's a COVID-19 page, and it outlines everything that we did, that page was up super, super fast. The things that we did, we did really fast. Some of them are visible, like when you come into our buildings, you can see people wearing the PBE and people having their their temperatures taken. Others are not, you know, having the conversations making sure that people are paid appropriately, so that they can feel secure during this period and get everything that they need. Making sure that people have have paid sick leave. So that they're, you know, people have to put food on the table are not sorely tempted to come into work, even if they're feeling a little woozy. And those are that was complicated and had to happen really fast. And what we see is among our clients, that those who did similar things, and you know, as soon as they really realized the gravity took actions have done have done well. And we see, you know, we were Look, it's not over, right, it's far from over. But we have some fulfillment centers that are in New York, and New Jersey, where, you know, they got hit differently than those that that are in Kentucky or even in Nevada. And, and those populations, those geographies got it differently, and the sensitivities were different. So then, two, we saw this incredible blossoming. Right, we, we saw this, you know, we always talk about the fact that there has been this decade's worth of e commerce adoption that has happened and been compressed into about six months and I don't know how you feel about it, we don't think that it's, you know, after God willing, after this is over, you know, may come speedily when it's over. We don't think that habits are going to change, you know, dramatically and sort of the clock isn't going back to where it was before

these habits. I mean, how do you feel about that? Do you feel like these these behaviors will are likely to continue?

Sean Frank 18:52

Um, yeah, so my whole life I've been shopping on the internet right? So it's weird for me to imagine people who don't right but it's like it's like a large percentage of of the population right? Like my girlfriend only buys jeans in person right now she's had to pivot to buying jeans online just dealing with returns that type of stuff during COVID so I don't think she's gonna go back to the old behaviors but um, yeah, I mean, did the digital first footprint of companies is for sure here to stay right like frictionless commerce, being able to like order anything you want and have it show up in a couple days and do it on your own terms that's for sure going to stay Um, so yeah, this is this is the future going forward is more eecom shopping? Yeah, I think it's if you look at globally like global trends, like more countries who develop later already do it right. You can talk about like South Korea, karma China right there already. So econ focused. But I do want to circle back to your first point about how you guys kept people safe, right. So I think I flew out to Nevada to see that myself, right. Um, which is like, you know, flying around this, it's it's difficult, but um, yeah, no, I mean, very impressed with that, right. I mean, I talked to Rafi and he's like paying a bunch of money to have people like same day tested for COVID. Just to, like, make sure they feel at ease. And there's a difference between like fulfilling companies. I'm not gonna name names, but our previous fulfillment company didn't have any employees, they were all temps, right. And it's because of like labor laws in California, it's very expensive to have full time warehouse workers. Um, but because they're temps, they couldn't hire anybody when they needed to, for all this. So they don't have the people they can't do the job they had, they're closed, right? We're like companies that are like you don't, like you said, doing the right thing, like taking care of people paying them giving them pay time off, they can actually, like, maintain and be open during this whole thing. And we'll actually be here at the end of it, right? Anyway,

Esther Kestenbaum 20:59

yeah. And look, they're human beings, they're real human beings that we see every day ongoing, and they're not numbers to us, they're their people. And that, that makes a very big difference. And we know that we, we have to make them comfortable, and they have to make your families comfortable, this is a whole community thing. Right. And, and we know that there are different sensitivities, their entire communities that have been affected more, and certain geographies that have been affected more need to be extra vigilant, but also extra sensitive to those who have and and, and I thank you for that, I'm so glad that you saw it in person. Because it is it takes a lot to set up. And it takes a lot to to maintain over time. But it's it's so worth it. And we are seeing look, we're seeing our customers, it's really nice to see our customers grow, one of the things that we're seeing is we're seeing them grow, we're seeing legacy brands kind of pivot to direct to consumer as well. Because those who are able to adapt will be able to to survive better than than others. And it is this, you know, this case shape recovery that people are talking about, you know, where their, their recovery is great for some, and not there at all for others, right? There's an upward slope of the K and the downward one. And like you, I sometimes have this sense of almost like, survivor guilt, you know, I'm like, in a room full of people and people go, Well, how are things for you guys workwise. And I know that there are

some people in the room who are like me, whose businesses are flourishing, and others who are really suffering terribly. And I think that, you know, one of the ways that I that I try to think about it is one of the things I love about what we do is that we're not only able to keep our own employees going, but we're also able to enable all of these companies to keep their employees going. And we're helping people, you know, the end consumer, to keep their life kind of in order, right to continue to be able to keep your lives manageable to get there, the business of everyday life going, which is, which is what matters to me. So, but it sounds very much like you guys have a similar approach. So what it what what's coming next for when you think about the vision of the company, right? You kind of landed, and then expand when did with your hero product and then expanded to other related kind of lines of products? What do you see as the future? What's the vision?

Sean Frank 23:47

Yeah, if you ask me in January, I would be more confused than I am now. Right? I think I think like every year we have this, like, I think it's good to just like, reflect on like, okay, where are we going? Where do we come from? And what do we actually want to accomplish? And you know, in January, we just, we came up with like, a \$30 million a year, which is huge, right? Like, that's like, that's like a lot of wallets as big econ business. And it's like, how much can we grow this? Do we have the ideas? Do we have the energy to keep pushing this? Because there's typically like a rinse and repeat formula for businesses like ours, right, which is like, private equity steps in they they buy most of your business, they run it, they try to make, you know, optimizations to it, they try to grow it by taking out massive loans, then they eventually tried to, like IPO or get or get bought by somebody. Um, and, you know, we had to figure out like, is this what we want for the business is win win for the brand is everyone for us personally, because the small team, we're still like, 20 something people, right? And we decided that like, it's not, that's not the path you want to go with this. Right. So, um, you know, we're in this for the long run. I think this year will be you know, 55 or 60 million next year. I think we'll do 100 Most of that growth is going to come from the first part is just expanding, right? I think, you know, we're one of the largest, if not the largest dedicated wallet company in the US. And, you know, we launched a Canadian warehouse, some kind of a Canadian focus store with ca D prices with localized fulfillment. And we've seen that people really, really like that. So Canadian customers prefer to checkout in their own currency and shipped from a Canadian address to the to them Who would have guessed that, of course, right. We're gonna do the same thing with Europe. And the same thing with the UK. Then attempted Same thing with Australia and painted with Japan. And then it's like, right there, we've just doubled the number of people who can easily buy rich wallets. Yeah. And then from there from the prospector, which is probably the most interesting one again, into more things that we like, right, so we spent the past couple of years launching, you know, backpacks and phone cases and, and really try to like, put our stamp on those things, those things aren't gonna go away. But it's time for us to also do, I think we're gonna do a pen, I think we're going to do a key organizer, and just basically things that our customers have been asking for us to put our spin on, right. I think people like the aesthetic of what we do with the wallet and be like the functionality that we're going to bring that over to more things people use every day. And it's really just combining like premium materials with minimalist design for everyday items. So that's kind of like our quick little roadmap, what we're thinking, wow.

Esther Kestenbaum 26:35

So that's, it's it's very interesting, because it remains very true to the original core mission and the hero product. But it's, it is as broad as can be, right? Because Because it's everyday items, something it should be a teaser things everybody needs and uses. Yeah.

Sean Frank 26:53

Yeah, I mean, my go to analogy with the wallet is like, it's the one thing you can buy that like will actually improve your day to day life, right? Like people love sweaters, I own sweaters, but no sweater is ever made my wife better, right? We're like, really switched with a wallet, you will notice a difference. I know it's a small, stupid thing to say. But like, it'll just you have to touch it so many times a day, and we'll just improve the experience.

Esther Kestenbaum 27:18

Yeah, and actually, in our family, we've always said that if it's a thing that you use all the time, that thing is worth investing in. It doesn't matter if it's large or small, important, not important in your mind. But if it's something that is constant, then improving that constancy makes a difference across you notice it? Yeah, number of times with a number of things, then it's there's a multiplier effect. So yeah, that's, that's very cool. I'm very, very excited to see what comes next. And, you know, I just wanted to thank you again, for being a great, great partners to us. And we're excited about the future together. And thank you for the kind words as well,

Sean Frank 27:59

Shawn. Yeah, I mean, uh, I don't say them to people who don't deserve them. So I've been I've been very clear with, with everyone I've talked to, it's like, I don't think other warehouses could have handled what we went through. I mean, we're talking like, volume. On April 1, I was very low. We were very scared, you know, 500 orders a day to, you know, we're doing peak July Father's Day season or peak June Father's Day season, we were doing 4500 during this massive swing and spike when people weren't allowed to leave their houses. It was, it was it was very intense. So yeah, very excited for the future with all this. I think making this switch in 2022, you guys was one of the core successes and the reason why we're able to do the volume we do. So

Esther Kestenbaum 28:45

thank you for saying so that is it's funny, because that's what we always say that e commerce is not linear does not grow in a linear fashion. It doesn't. There are these, you know, just incredible peaks that happen and these these hockey stick curves, and that is for most for most businesses, but definitely for most physically driven businesses, right. The real world is really, you know, software is one thing, you know, you add a you add a server, you add another server, you can scale things in a different way, much more controlled. But the real world, the real world can be brutal. So being able to harness that and become nimble within that is is something that is quite unique. And it's what you know, I i've been Ruby has now for a little bit over two years. And it's what what brought me here. It's what made me excited about coming here. That that ability because I knew I knew those fits and starts that happen in e commerce. But I also I like

the rest of us never imagined what would happen over the past six months. And that's when we were really tested and Unfortunately, we do see, we do see others struggling terribly. And we're, you know, it's it's hard to see. But I think that happens in almost every industry that when things are tested, you figure out, you figure out, you know, who's been kind of firmly there to act?

Sean Frank 30:22

Yeah, and I mean, do you broke the physical world, which I think is very important to highlight, a lot of us are lucky that we have jobs you can do remotely, or we have jobs that just need an internet connection. But that is a privileged few, most of the world operates on people physically doing things in person, right? Like, and we can talk about, like, you know, Apple and Facebook going to remote only or whatever, but that's not gonna change the fact that if you want things shipped to you, someone has to put it in a box, seal the box and headed to a driver. Right, that's, that's really the backbone of the economy is people doing those things? Anyway, I think I think people in, you know, executive positions, or people in the tech field, like, I think sometimes forget that, that like, you know, it's easy for us to complain that like, my Amazon thing is two days late, it's like, You have no idea how hard it is to deliver stuff. Anyway, that's just something I realized, no, you're totally

right.

Esther Kestenbaum 31:24

And what we see is, we see that there are companies in our landscape who come were founded by people from the technology world, who and and then try to kind of back the real world fulfillment operation into technologies that they built. And it's so different, right technology is, you know, it's digital only, it's in your control, it's on your whiteboard, it's around your conference, room table, and the real world will just, you know, smack you upside your head, right, the real world is pandemics and weather issues, and I'm in California smoking fire, right, and all kinds of things, that it's unpredictable. And it and it doesn't care about your plans, and the ability to sort of muddle through that whether you're manufacturing a high quality product like you are, whether you're fulfilling, like we do, that ability is a real crucible, that you can sort of, if you're able to, to harden yourself in that crucible, then you can really withstand quite a lot on on the you know, on the finance on the software on the other sides, those those come back into your, your real world experience, and, you know, but I know that you guys deal with real product, right, you actually make something that actually, you know, gets gets gets shipped, and it has to be produced. So, so you know better than any of us do. But I think that we will, you know, we'll all get through this and we'll come out better for it somehow. Hopefully, and and hopefully as we grow we start to be able to onboard and to take on folks who are unfortunately found themselves on the wrong side of that key recovery when it when it happened and and create jobs for them as well. So, but thank you so much again for taking the time and Shawn frank with the rich,

Sean Frank 33:33

thank you so much.

Esther Kestenbaum 33:34

Here. I look forward to meeting you.