

THE MONTH END

EPISODE 26



JEFF WIGUNA

SHOW NOTES



SPEAKER BIO

Jeff Wiguna is the CEO and founder of [Kuju Coffee](#), an on-the-go, pour over coffee filter with small-batch roasted coffee inside. Jeff and his brother founded Kuju Coffee in 2015 to bring high-quality coffee to those who love the outdoors as much as they do. They are both Eagle Scouts and were inspired by their love for adventure when creating the brand.

TAKEAWAYS

On how many phases of business Kuju Coffee has gone through:

I would say the last two and a half years was COVID. So 2020 was a phase, '21 is a phase, now 2022 is a phase. I think prior to that, I'd probably say two or three phases. I think there was a Kickstarter to launch and first retailers, then there was figuring out to make sure we don't run out of inventory: just make stuff. I think the third phase was probably "okay, we can make a lot of stuff, let's start just continuing to sell like hell and market"; that's probably phase three. Phase four has been from 2020-on, but simultaneously been grappling with scale. We went national in Sprouts in February 2020. We went national in Whole Foods at the end of 2021. So there's been a lot of organizational learning, leadership learning on my end in the last two, three years to set us up for the next five, six years, really. So I'd say maybe four or five stages.

TAKEAWAYS (Cont'd)

On starting the company with a Kickstarter:

We did the Kickstarter at a time when Kickstarters were very popular, and a lot of Kickstarters were not fulfilling on time. I was personally very sensitive about making sure we could get it done on time. I think that's kind of an integrity value that just pervades into the way we do business now. Most of the work was in the planning; what were the items? How much is that going to cost? How much do we need? We didn't raise a ton, we only raised \$16,000. We used it to fund the trip to a trade show to check it out, buy some preliminary equipment, but the real reason we did it was just to test our chops, quite honestly, just to see if we could even get it done. We didn't have any product, we had a prototype. It was mostly a marketing, and planning, and supply chain exercise. We fulfilled it on time, we had a little bit of extra money to use for other things. It felt like a big challenge at the time. I was so tired after it that I said, "Hey, I don't know if I want to keep doing this after a Kickstarter." But we kept on going. In retrospect, the Kickstarter looks like a nice little project now compared to the problems we deal with today.

On Kuju Coffee's product mix:

We've been extremely focused. One of the things I was told when we first launched our first Expo West, which was March 2017, was just to be known for one thing. For that, I've always kept this in the back of my head just to be known as camp coffee or outdoor coffee. I think that's translated into a product mix that is almost basically the same as day one, today. We've started with our core set of three roasts, we launched our single origin line, which is the three additional roasts the year after. We have not really played around with it since. We've had different packs, like gift packs, and we went national in World Market and Paper Source, but we've divested from that since. At the grocery level, we're just focusing on three core SKUs, which have been the core things from the very beginning. So not a lot of changes there.

TAKEAWAYS (Cont'd)

On launching in Whole Foods:

Whole Foods themselves were awesome, but I think there were definitely challenges with UNFI, on the amount of orders. In particular, in this case, we had not gotten paid for multiple months, actually from UNFI. Even though we had done a national Whole Foods launch. Upon pursuit of this investigation, we found out that our POs were actually deleted from their system. I kind of paused because you see a lot of stuff when you're building a company from scratch, especially pioneering a category, but I never thought during one of the most critical launches, the POs would get deleted. So if we didn't pursue it, we likely would have never gotten paid. So this was months and months over time of just working on this, investigating with our shipping partners, where things are, escalating where we needed to. It was a good rite of passage, I think to understand, you learn different kinds of things when something like that happens.

On how to minimize risk going forward:

It's the basic "watch your A/R time lines very meticulously". The day that somebody is maybe one day late, don't be afraid to just say, "hey, we wanted to see if this is coming in." I think UNFI is not necessarily the best at responding. If you're not getting a response, understand if it's like a \$400 order, it's okay. But if it's a \$400,000 order, it's probably not okay, so I think we presume that payments would come in, because they have in the past when we were working with other DCs so we just assumed it would just take some time. That was probably not the best assumption. I think if we were more proactive about communication, we might have been able to get ahead of it.

TAKEAWAYS (Cont'd)

On managing cash:

One thing I think that's really unique about us is we are, even though we sell coffee, and it's a consumable, we're actually at heart, an outdoor company, and we have a lot of outdoor industry distribution. The really good thing about that channel is it doesn't have a lot of the complexities that the grocery side has, across the board: margin, distributors, overhead. So we have a diversified set of business where that was helping us quite a bit, move forward. The second component of that is just watching cash on a weekly basis. Just asking the question, "well, what do we need to make it through the next couple of weeks?" I mean, this is maybe not super helpful, but figuring it out. So what I mean by figuring it out, we did have a line of credit with a bank vendor or finance vendor, whatever you call it. And we did some small additional raises on a convertible note that we had out with friends and family, which helped as well. On top of that, I think you just want to be really resourceful with where you're putting the money.

Sometimes you have to stop spending money where it's not returning at the time. If you stop spending money, you need to know the levers of your business well enough that you understand the impact clearly. Understanding your business alone is very powerful. I think that's probably an understated thing. Understand what makes it tick, you know?

On moving past the UNFI situation:

I think our ability to get through it was and continues to be a testament to the strength of the relationships that we've built within our company's ecosystem. Maybe the one thing I would say to anyone listening is product has to be good, operations has to be good, but all your power and equity, and ultimately, long term growth and profits from a company usually happens long term. So you need to ask this question of "are you building relationships that are investing into long term equity?" and "are narratives not transactional?" I have found, we were only able to handle that, because the equity that we have with the relationships in the company, on both sides; with our buyers and our supply chain, are uniquely very strong, I don't think we could have handled it, if that was not the case.

TAKEAWAYS (Cont'd)

On KPIs:

I think on a on a finance basis, I'm constantly paying attention these days to cost trends, logistics, and fulfillment being a key one, and also understanding our pricing strategy. I think the biggest impact you can make on your bottom line tends to be within your COGS or cost of sales. If you want you know, if you can save one to 2% on your COGS, that translates pretty heavily I think if you're doing volume. We think about that trajectory. The other thing I look at is actually the question of how do we look at our finances, not even so much what KPIs we look at, because you want to make sure the way you think about your financial KPIs is reflective of the unique value proposition and structure of your organization, I actually think that's relatively challenging. If you're looking at it in a very standard way, you're going to inevitably derive the types of KPIs that might be standard, which usually results in more standard behavior, more standard operating in value propositions into the marketplace. So I think being able to understand the uniqueness of your organization and product and have that pull through every component of the company, I think is really valuable. I think that's a little bit more of an advanced thing. So I understand our P&L and everything at an intuitive level at this point. But that's kind of how I think about it right now.

CPG BUSINESS DO'S AND DON'TS

CPG Business Do:

I'd say stand for one thing. There's a lot of stuff out there, but you can only stand for one thing. I would even say that is for the lifetime of the company, one thing, and if you can own that thing, then you'll accompany equity with your brand. Even if the revenue is low, brand equity and owning that one thing will eventually turn into sales. It's just the way it works.

CPG Business Don't:

Don't get distracted by all the press releases on LinkedIn. The CPG industry has a very low barrier to entry, but it has a very high barrier to entry to profit driving enterprise and network capability. A lot of the companies in the space tend to be venture capital backed and those incentives that accompany that as V/C backed has in the way they grow, market, leverage PR is not always necessarily indicative of the best ways to build a long standing profitable business. So when I say "ignore the the press releases on LinkedIn", it's really about if you understand your business supremely well, and understand the customers who are buying from your business and serving them. I just genuinely don't think any press release matters at that point. You can have a competitor and land on the front page of The Times, but I think you ask anyone who's had press. It's like a party. it was great that night, and then the next day, the sales didn't really uptick, but people thought I was cooler. That's what press is like to me. So don't get distracted by what you see, get focused on serving your customers and maintaining your margin. It's not sexy, but that's how you will make money, and that's how you serve more people over time.

NOTABLE SHOW QUOTES

Jeff on having a consistent product mix:

"We've been extremely focused. One of the things I was told when we first launched was just to be known for one thing."

Jeff on communication:

"I think if we were more proactive about communication, we might have been able to get ahead of it."

Brad on the importance of invoicing on time:

"I urge all just businesses, small business owners, make sure you invoice on time and make sure you review your A/R at least weekly."

Brad on relationships:

"Relationships are the key to life."

Jeff on KPIs:

"I think being able to understand the uniqueness of your organization and product and have that pull through every component of the company, I think is really valuable."



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