

Disrupt Yourself Podcast

Episode 20: Kara Goldin

My guest is Kara Goldin, CEO and founder of Hint Water. A beverage company that she started as an alternative to soda and sugared beverages. After a seven year career at AOL, Kara had taken some time off, and was trying to get healthy – which included getting off of Diet Coke. Plain water was boring, so she decided to liven it up with a hint of fruit. Today, Hint Water is approaching 100 million in revenue.

W: Kara: Congratulations. You are a finalist for Entrepreneur—what do you call it? EY?

K: EY—Entrepreneur of the Year for Northern California.

W: And you just found out last night?

K: Just found out last night. Very excited!

W: Yay—congratulations! So, just to be a formal and officious—not officious, official—um, what is your name?

K: My name is Kara Goldin and I'm the Founder and CEO of [Hint](#).

W: [Hint Water](#).

W: Alright, ten years ago—is it ten years ago now?

K: Actually 12 years, this month. That's crazy...

W: 12 years...

K: ...as that seems.

W: ...ago—2005, you had this idea. A lot of people said to you, “If it could’ve been done, it would’ve been done.”

K: Yep.

W: How did you handle people saying to you, “You can’t do this,” or “It doesn’t make sense?”

K: So I can’t say it wasn’t hurtful along the way to hear the “No’s” or meet with naysayers and have, you know, frankly, negative energy around me sort of saying, “Okay, this is not the right thing to do.” But I really always tried to

understand where they were coming from when they were not agreeing with what I was seeing. There's always multiple, uh, sort of thinking around any idea. There was a soda executive who had told me that, uh, he didn't believe that the world wanted and basically was interested in water and he believed that consumers really still loved sweet and therefore my product wouldn't ever make it because it wasn't...Hint is not a sweetened product; we're an unsweetened flavored water. And so I really valued the time that I was spending with him thinking, "Okay, I'm meeting with this person who's with a major potential competitor, but also a soda executive who has lots of experience and I'm hearing why they think the world doesn't believe this product should happen." And so I viewed it as I'm going down one fork; he is going down the other fork and once I heard sort of how he viewed the world, I thought, "I'd better go fast because he may turn around quickly and come down my fork." Don't necessarily take what they're saying as gospel, but take what they're saying as information to actually help you build out your own strategy and potentially figure out your timing for how fast you have to go until they catch up with where you're going.

W: You said initially it was hurtful. How did you get over that, that hump of moving from it sort of hurting that he was dashing your hopes and dreams at some level, and saying "Wait a second. This is great information?"

K: I really just viewed what he...what this gentleman was saying in particular, as I think back on as really the one that struck me the most, because I should have been afraid. I should have, you know, shut the whole business down, shut the whole idea down, at that point in my mind. But instead, I really looked at it as, "Okay, he's been trained to think a certain way" and I almost felt sorry for him because he'd been living in this large, corporate behemoth company that I thought, "He doesn't know any better."

W: What was the beverage industry like 12 years ago? How many water products were there on the market? I mean, what...what were you seeing?

K: Yeah. So there was plain water. So Coke has their product, Dasani, and Pepsi has Aquafina and there was Nestle. But what I realized when I launched this company was there were a lot of plain waters; there were some sparkling waters out there as well, that didn't have sweeteners in it. But in terms of the still water market—there wasn't anything that had just real fruit flavor in it. So a product, Vitamin Water, had come out; I had looked at that product. I was never a Vitamin Water drinker; I was really a diet soda drinker and so I hadn't paid attention to kind of the flavored water market. But then when I was looking for a flavored water to actually help me get off of Diet Coke, I looked, I looked at—first of all, I was drinking plain water and then the plain water, like, was just boring. And so I started slicing up fruit and throwing it in the water and I thought, "Okay, I want to go to the grocery store and grab this really quick." Or when I'm running out to, you know, take my kids to the park or

whatever, I want it in a bottle. So I was, you know, doing it at home initially; I was just throwing it in my bottle and, you know, going to the park. But I thought, "Wow, it would be so much easier and so great if I could just pick this up at a store." And when I looked at the things that were calling themselves water, Vitamin Water included, at that time it had more sugar in it than a can of Coke. And so I thought, "Wow, like, so many consumers are tricked by these words." And I had been tricked by the word 'diet' thinking that diet was better for me, but there's so many things, back then and still today, frankly, that are calling themselves water that actually have sweeteners in it. And so I frequently say, you know, to my friends when they say, "Oh, yeah, well I drank...." You know, whatever: Propel Water. And I'm like, "Do you think that's water? I mean, I'm just curious. Like, do you really think that's water because it has lots of other stuff in it." And it's a bit criminal that we're actually allowed to call things, you know, water, when they have sweeteners or coloring or whatever in it.

W: Your business model: when you first started, what did you expect your business model to be, in terms of how you were going to generate revenue, and what is it today?

K: So we really when we started this company, I, I mean, I had no idea. I mean, we, I had never, I was never a beverage executive, I had never worked for a beverage company or a food company before. And...

W: What had you done?

K: And so I was at AOL; I ran their e-commerce and shopping partnerships and then actually left there after a seven year career and I took a couple of years off; I have four kids. And so I really thought about this idea while I was looking—for Hint Water—while I was looking for another job in tech because I thought that's what I've done in the past so that's what I'll go do. But what I really thought as I was interviewing for many of these jobs and, you know, I did some consulting along the way too, and I had three young kids at the time...I just wasn't that interested in doing AOL 2.0, from a career perspective. It was a great career but I thought, "I don't know if I want to go and do this again" for, you know, some other tech company in Silicon Valley. Initially—it was trying to find the right thing to join and then I just couldn't find it. And so on a parallel path I thought, "Okay, I'm going to get healthy while I'm looking for this great opportunity." Which, you know, what do a lot of people do when they're in between, you know, jobs and careers in my case. I really looked at, "Ok, I've got acne. I'm 50 pounds heavier than I want to be and I have no energy and this is a time when, you know, I really want to, you know, take this opportunity to go and get as healthy as I can be."

W: And you had three young children who you were also now contemplating their health.

K: Yeah. Yeah, yeah. So basically we, uh, developed the product and then, uh, as I was thinking about the product I had gone to Whole Foods and I said to—in San Francisco where I live—and I said, you know, “Where can I find this product?” Initially, from a consumer perspective I thought, “Ok, healthier sort of item—I’ll go to Whole Foods. I’ll go to Trader Joe’s to try and find this product.” And so I started talking to a gentleman who was stocking the shelves and I said, you know, “Is this product out there?” And he was like, “Here’s Vitamin Water.” And I’m like, “No, we’re very different from Vitamin Water and here’s how.” And so I identified that this product actually wasn’t in the market and then I kind of joked around with him and said, “Hey, if I develop this product will you put it on the shelf?” And he was like, “Sure, lady,” and never believed that I would do it. And so I took that as his word, and I actually went home and started looking at, “Ok, how do I develop this product?” And then a couple of weeks later I really wasn’t feeling well and I didn’t know what was going on with me and I went and did a pregnancy test and I was pregnant with my fourth. So I decided that I was going to develop this product prior to having my fourth child, which is super crazy. But I think it’s an important point that I didn’t know what the timeline was for developing a consumer product and especially a beverage. I mean, often they take more than two years to actually develop. The day that I was actually delivering my son, Justin...I was having a planned C section so I knew the date and I was going into the hospital at 2:00 in the afternoon. We had the product; it arrived the day before. We had actually, initially, you know, made it in our kitchen and then we did a small batch at a bottling plant. And, uh, I said to my husband, “Before we go to the hospital can we please stop at Whole Foods because I really want to get this on the shelf before I deliver the baby.” He was like, “Why don’t we do it in a week. It will be fine. It’ll be in the house; you’re, you’re fine.” I was like, “No, no, it’ll just make me feel a lot better. I walked in with a case of Hint and I said, “Do you remember me?” And he was like, “You’re really pregnant,” and I was like, “I know, right? And I brought you cases to put on the shelf,” and he was, you know...

W: Aghast, yeah.

K: ...totally like, “Ok, what is going on here?” And so he, uh...so I said, “Listen, I’m actually delivering a baby this afternoon, so I may be out of pocket for a couple of days, but just call my cell phone.” And he was like, “So, wait, what do you want me to do?” And I said, “Put it on the shelf. You said that you were going to put it on the shelf if I developed the product.” And he was like “ahhhhhh.” And so we didn’t really actually know, when we left Whole Foods, whether or not he was going to put it on the shelf. And then the next day, we get a phone call and my husband picks up the phone in the hospital and I hear him talking to somebody, and I said, “Who is it?” And he said, “It’s the guy from Whole Foods.” And I said, “What did he say?” And he said, “That the product is gone.” Interestingly, I still didn’t believe. I said, “Let me have the

phone." And I talked...got him on the phone and I said, "Who took our product?" Because, remember, like I hadn't seen it go on the shelves so I was like, who took it? Did one of the big beverage companies take it? Did...

W: Right.

K: ...like, what happened?

W: Trust, but verify.

K: Yeah. So he said, "No, it sold out." And I'm like, "You're kidding. That's crazy, like, who's buying it? I'm in the hospital. Who...who would buy it?" And he said, "We need more product or you guys are going to lose your shelf space." So I checked out of the hospital early; we went home and, uh, and actually my husband—I didn't go back to Whole Foods that day—my husband actually went and delivered some more product to them and, uh, then actually, he...my husband came home and he said, "I'm happy to deliver product for you but I should probably have a business card that says I work for this company." And I'm like, "Sure, what do you want to be?" And he was like, "I don't know. Chief Operating Officer." So he's an intellectual property attorney from Silicon Valley and he was sort of in between things, as well, trying to figure out what he wanted to do next, and so, anyway, he joined us that day and he's still our Chief Operating Officer.

W: So you...so you're business partners?

K: We're business partners.

W: So, business model—you sell bottled water via stores but you also have a large consumer...direct to consumer line?

K: Yeah. So we...so we initially...Whole Foods was a first stop and then we continued to grow in stores, primarily in the San Francisco Bay area, and then actually we got a phone call from Google when they were first starting out and, uh, a friend of ours who worked there and he said, "Listen, we're going to be stocking our kitchens with healthy and better for you products and we'd love to give Hint a try," and so I said, "Sure." There's like, I think at the time, like 60 people in Google and I said, "Sure, I'll sell you some product. That's great." And then it worked and they kept ordering more and more and expanding to where Google is today.

W: So how did you have that connection to Google? Because I think that's important.

K: So just through a friend and...

W: A friend of a friend.

K: ...a friend kind of knew what we were doing. But, I mean, I think it's funny, because I think the friend sort of forgot until like six months later when I was out speaking about, you know, Hint, and I think he forgot that he actually had made that connection. And, uh, you know, he was helping out, but I also tell entrepreneurs, too, I mean, we're not in Google today because of my relationships. I mean, we're in Google today because people like the product. I think that's an important lesson to whether you have a physical product or a service or whatever, you know, your connection...your networking that you do, the connections that you make, can only open doors. But you still have to deliver. Right? And it still has to work. And also, if it doesn't work, that's okay too. Your connections were great at opening the doors and, you know, it shows that you've got to have like a great product or service to be able to, you know, succeed.

W: Even your first experience...

K: Yeah.

W: ...suggests that.

K: Yeah.

W: You had a person who was stocking a shelf and you have a conversation; he said yes. You took him at his word, but you had to deliver the product. I mean that's been your...

K: Yeah. Right

W: ...sort of a watchword for you: Deliver the Product.

K: Yeah, and it's not only physically delivering but it's also delivering on the promise. Right? And, uh, and you know, it's interesting, now, like, that guy who was stocking the shelves at Whole Foods looked great, right? Because he picked a winner. So, if you're an entrepreneur and you know that one of your, you know, networking connections can help you in some way, it's great to sort of use that connection if they're willing to help you to do something, but also know that you may be using one ticket up. Right?

W: Right.

K: If it doesn't work, it's very hard to get that person—not because they're mean or, you know, or anything else—but it's just in their mind they kind of helped you and for whatever reason the product or the service or whatever didn't work.

W: Right.

K: And so...so I always say, like, you know, definitely they can open doors for you, but also, make sure that you're using them, you know, properly. And also, it's amazing how many people, uh, that helped us along the way and I really made a conscious effort to go back and keep them up-to-date, you know, thank them, so that they knew what was going on.

W: Do you disclose what percentage of revenue is your subscription versus wholesale? Do you disclose that?

K: Yeah, I mean, we're a private company, but we were on Amazon, I guess for a couple of years and then the key thing that we started to kind of see, but we didn't really have all of the data, was the fact that consumers were buying products like Hint with Type II diabetes monitors, with healthier and better for you items. So I wanted to really communicate with the customer. And because it was Amazon's data and not my data, my only choice was to actually go and launch our own site. So a little over two years ago, we launched our own direct-to-consumer site, and that business now is 40 percent of our overall business. And, you know, incredibly...

W: That's astonishing.

K: Yeah. No. It's crazy—in two years. And frankly, I don't think...so we're still available in stores; We're in lots of college campuses now as well. Auburn, Arizona State, UPenn, Duke - it ends up people have the exact same issue that I had in drinking water—they just find it boring.

W: What's been your biggest setback? That you can think of.

K: I think getting in my own way...I said to myself many times along the way, "I don't have the experience and so I need to hire people in who have the experience." And so...what I've learned about that theory that frankly doesn't work and I think it's not just in the beverage industry but in many other industries, is that you never really know where somebody comes from. And if they, for example, had 30 years' experience from Frito Lay—I'll make this up. They've been dealing with an entirely different distribution system where they have their own trucks in place, they have a set amount of real estate that they just have to negotiate internally at their company to be able to get that—very different from our product. I mean, we, you know, set up our own network; we are not using, you know, the typical beverage system network. We recently launched a sunscreen, which is, you know...people don't do personal care and, you know, beverage in the same company, right? Like it's just not what people do. So, I think you just have to be very, very careful and aware of what these experienced people can bring to your team and oftentimes it will take longer

because you're undoing, unraveling kind of all of their learnings versus actually thinking, "Okay, I hire this person in. They're going to be the magic bullet, to actually put my strategy together, go introduce me to all these things and just sprinkle their fairy dust on it." And, you know, those are the people that really haven't worked in the company, because they, you know, often times don't know how to be scrappy, you know. They didn't understand that they have to go in the backroom and pull cases out of the backroom in order to get it on the shelf. Um, they don't...they didn't understand that, you know, we don't do sort of official focus groups...we just invite a bunch of friends into the room, and sometimes people on the street that walk by our office and ask them to taste something and we feel like we're doing our own focus groups in our own way but it's not the same way that somebody who has "real" experience would do.

W: So, we think about companies disrupting, which certainly Hint Water has done, but my belief is that companies don't actually disrupt, people do, and so in order to remain innovative it's important to allow the people inside of our company to disrupt themselves. Now, you talked about your husband earlier, how he disrupted himself; he went from being an IP attorney to being a Chief Operating Officer. Can you think of another, one or two, instances of people inside of your company who have been doing one thing, and they've said, "Kara, you know, I really want to try X because I feel like I've peaked in this," and you've said, "Alright, doesn't quite make sense but let's give it a shot," and they've just shone?

K: I was just having a conversation the other day with one of our top employees in the company, and I was saying to him, "Do you like what you're doing?" And he said, "I love what I'm doing." And he works closer and closer with uh, with...very closely I should say, with our Chief Operating Officer, my husband, on lots of different projects—on sustainability, and supply chain issues and lots of stuff that he's working on. And I said, "You know, you should really hire someone to replace you." And he said, "What are you talking about?" And I said, "Well you really enjoy your job right now and you've been doing it for the past couple of years but as this company grows"—we're not growing at five or even ten percent per year, like a large company is. We are growing at 80 and over 100 percent this year, per year. So when you look at a company like that is...that has that kind of growth, you never worry that you're going to actually work your way out of a job unless you actually go and find your own replacement who's going to train underneath you. So you should be saying to the senior executive team, 'Here's my plan. I'm not going to let this go. I've already gotten to the top of the mountain and I'm really happy with what I'm doing, but for my next level of development, I want to train somebody to do this role because I want to start looking at what else is in the company.' And he was, like, "Wow, I just had this whole shift in my brain about how I should be thinking about this, and it's a little uncomfortable and...but I get what you're saying." And I said, "Yeah because, if/when you start to get bored in whatever

you're doing then you start to not perform as well, you start to maybe look around at other opportunities outside the company, you start to pick apart lots of factors of the company. But you're having a great time now and you're doing your job really, really well and so now's the time to try and lobby for help. Also because you're growing and you've gotten all the mechanisms down but that's the time to do it." And so that conversation actually went really, really well, and then I went on just to have this conversation with other people in the company too, saying, "Listen, it might not be adding somebody to take your job's place, but it's really asking yourself every single day, 'what can I be doing better?' And if you don't know the answer to that question then going to senior management and saying to them—it doesn't have to be an annual review—it can be, "Listen, I love my job; I really enjoy what I'm doing. I feel like I'm performing really well, but what else can I be doing?" So I think it's really, you know, having a different mindset for them too, that it's not just about going into the office and clock-punching.

W: If you hadn't been this astonishing success—because the press is saying you're closing in on \$100 million revenue per year—what would you tell your children that you had learned, regardless of the success?

K: I have four kids; I have two girls and two boys—and people always say, "Oh my gosh, your girls must be so proud of you." And while I think my girls are proud of me and I think there's a lot of learning moments along the way, seeing their mom as, you know, CEO; seeing their mom, you know, challenging the beverage companies and the status quo—what I've really learned along the way is my sons...my son woke up a few years ago and said—"Mom, I just realized that women don't run companies." And I was like, "What do you mean?" And he said, "Well, my whole life, you've run a company and I'm just realizing that my mom runs a company, I have two strong sisters who tell me what to do, you know, lots of the time, and also guide me, you know, in a positive way." And so I feel like I've got these two boys who are learning to work well with women, who potentially could manage women better, who could definitely work for a woman. I believe that's like the best gift that I can give these kids is really to know, you know, it's okay to work with women. It's okay to give women opportunities. It's okay for women to run companies. It's okay for women to run companies and have kids. Because they look back on their life as being very much a part of disrupting a beverage industry as well. And, uh, proudly, so...I think that that's the biggest strength.

W: That's a great example. And I think that we look at our children and, and I'll oftentimes have people say to me, well how do I encourage my children to dream? And I say you need to go out and dream yourself.

K: A hundred percent.

W: Because as you're dreaming and disrupting your children are looking at this and saying this is normal...

K: Totally.

W: ...this is...

K: I completely agree.

W: ...normal.

K: Yeah, I completely agree.

W: This is what you do when you're an adult.

K: Yeah.

W: You do what my mom and my dad are doing. So, Kara, thank you so much for spending this time with me...

K: Thank you Whitney, it was great.

W: ...and people are going to love this.

K: Yay! Thank you.

I don't know about you, but I cannot stop thinking about Kara's unlikely sponsor – the man who was stocking the shelves at Whole Foods. We tend to typecast our sponsors and mentors - expecting them to look like Obi Wan Kenobi or like [Adda Birnir's sponsor we heard about in Episode 19](#). And when they don't, we say, "I don't have a mentor," or "I've never had a mentor." As I've written in my newsletter, I've been guilty of this. So, here's what I'm doing and I hope you will too – I'm trying to notice and then acknowledge when someone lends me a hand. When they open a door. And now that I'm noticing, it's happening all the time. I'm also thinking about the statement we sometimes make, "Well, he got X or she got Y because of who he or she knows." It's true. Our network is a hugely important asset, but they only open the door. Once the man who was stocking the shelves agreed to carry Hint, Kara still had to deliver. She had to go to work before she went into labor. If you've never tried Hint Water, you must! It is delicious!