

# Disrupt Yourself Podcast

## EPISODE 283: DAVIS SMITH

Welcome back to the Disrupt Yourself podcast, where we provide strategies and advice on how to climb the S Curve of Learning in your professional and personal life, disrupting who you are now to slingshot into who you want to be. I'm your host, Whitney Johnson. This week, I had the pleasure of talking with Davis Smith, the founder, and CEO of Cotopaxi. You've probably seen their colorful backpacks and athletic wear. But as Davis explains, the company is about a lot more than hiking gear. He had a unique childhood and a profound experience in South America that compelled him to start a company with social change in mind. As you'll hear, this was not an overnight success. In fact, it wasn't his first business venture. And the road to where Cotopaxi sits today is about as rocky and steep as the volcano in Ecuador, for which it's named. Have some tissues handy for this one, as I know you'll be as moved as I was. Enjoy.

**Whitney Johnson:** So, Davis, tell us about one or two formative experiences in your life.

**Davis Smith:** I had quite a few. I had a very unique childhood. My family left the United States when I was a young child, four years old, and we moved to the Dominican Republic, which was one of the poorest countries in the, in the Western Hemisphere. And this is in the early eighties. And it was a beautiful childhood full of adventure and service. My dad was an adventurer, so he always had some crazy trip planned. You know, we, we eventually moved a number of places in the Spanish-speaking Caribbean and then down to South America. So, we'd on weekends, we'd be climbing volcanoes or surviving on islands, you know, making our own spears and spearing fish and eating coconuts to survive. This was kind of my childhood growing up.

**Whitney Johnson:** This is the idyllic childhood.

**Davis Smith:** Yes. And I thought this was normal, you know, and at the same time, for every adventure my dad had planned, my mom had service planned, opportunities to go and help others. And it felt like we were rich because we, it seems we had so much compared to everyone around us. But we really when we move back to the United States, I was I went to high school here. I got just kind of lunches, you know, through the state because we had a big family, eight kids. And my dad didn't make that much. So, like I didn't come from any kind of money at all, but we just felt like we had so much growing up and, you know, we spent a lot of time serving others. And I've always felt

from the time I was a child, I was very, very fortunate and knew from the time I was a little kid that I wanted to use my life to find a way to help others. And I didn't exactly know how or how I would do it, but that was what was in my heart. And, you know, those, those early childhood experiences have shaped the lens in which I see the world.

**Whitney Johnson:** When you went to school, did you go to school with kids that were local? Like you didn't go to an international school?

**Davis Smith:** It depends on where we lived. Yeah, there were a couple of places we lived where we went to, like an international or an American school where my classmates were from Korea and Denmark and Canada and then, you know, all over Latin America. The longest place I went to school was a school called Accademia San Ignacio, which was a Jesuit school, a Catholic Spanish-speaking school. So, there I was, you know, my me and my siblings, we were the only ones that looked like we did and that weren't Catholic. And that was also a great experience as a child because we learned to really appreciate and love people that were different from us and appreciate the Catholic religion and the good that it has. And, you know, that was different, different from our religion and our beliefs. But so many similarities. Also, I was different than everyone else. Right? I look back now, and I realize I didn't fit in, and I look at all the other places we lived at the schools I went to. I always had like a best friend in school, not there. In my community, I did. When I'd go home, and I had a best, I had a neighbor we'd always, there's a jungle nearby that we'd go hang out in every day and have our little adventures together. But in school, I look back now, and it's like I didn't have a close friend. And I think that's given me a lot of empathy. I always seem to be looking out for the person that's sitting by themselves or that might feel like an outsider. And I think a lot of that is because of the childhood experiences I had.

**Whitney Johnson:** Not only as a child, because you were an outsider, but then you probably when you came back to the United States, you felt like somewhat of an outsider as well.

**Davis Smith:** Absolutely.

**Whitney Johnson:** Perhaps even more.

**Davis Smith:** Yes. Because all of a sudden there, there was a reason. It was like I looked I was different. I wasn't from there right here. I looked like everyone else, but I didn't feel like everyone else. I remember meeting my neighbors for some neighborhood kids the first time, like maybe the first day or two I was, I had moved back to the US. And we were all chatting and at the end, you know, we're all saying goodbye. And I said ciao. And they're like, wait, they're like, why did you say, ciao? Are you Italian or something? And it was like, I don't know. Like, I guess that's not what you say, like here. But I had grown up, that's what you said. And so, there were just all sorts of things I just had to learn culturally. And there's a term called Third Culture Kids, which are these kids that grow up in a culture that's not their own. So, they kind of, they don't feel at home in their like, in their native birth culture where their parents are from. But they also are different from like where they're living. And so, that I'm a third culture kid and you know, there's hard things about that, but there's also some beautiful things about it.

**Whitney Johnson:** Okay. So, this is one really important formative experience for you of having the experience of being of knowing what it's like to be an outsider. And, and I think most people experience being an outsider, but for you, it was a bit more explicit of, oh, I, I'm an outsider here, I'm an outsider here. And then probably learning to translate because you spoke another language as well.

**Davis Smith:** Yeah. Yeah. And over time, I think I feel less like an outsider than I did as a kid because I've spent more time here. I've spent I've gone back I've moved back down to Latin America and spent time there. And you never quite feel 100% like an insider, but you kind of fake it a little bit better, maybe.

**Whitney Johnson:** Well, I think the older you get, you potentially get more comfortable just in your space and understand that.

**Davis Smith:** And who you are. Yeah, absolutely.

**Whitney Johnson:** Yeah. All right. So, you had another formative experience that and I've heard you tell the story before. It's so powerful. And I think you must tell it for people to understand why it is you're doing what you're doing now. And it's the story about Edgar.

**Davis Smith:** Yeah.

**Whitney Johnson:** Will you please tell that story?

**Davis Smith:** I'd love to. Yeah, this one. I just get goosebumps thinking about it. It's just it's been one of the greatest gifts for me, this relationship, and this experience that I had as a young, as a young man. I was in college, and I was desperate to find a way to give back. And I was trying to discover who I was and like what talents I had. And like, if I was going to make a difference in the world, like, how would I do that? And I was studying international studies, and I heard about this internship in Peru working for a nonprofit. And I thought this would be perfect. This is exactly the kind of path that I want to take. And so, I got, I got down to Peru and I went to Cusco, which is this amazing city.

**Whitney Johnson:** Machu Picchu.

**Davis Smith:** Yes. Machu Picchu is just.

**Whitney Johnson:** The most amazing place on earth.

**Davis Smith:** Yes, it is absolutely mind-blowing. And this lost city of the Incas and Cusco is equally amazing. Just, you know, the longest continuously inhabited city in the Americas. Ruins everywhere. And so, when I got there, I just I was in heaven. I mean, I, I just wanted to soak it all in. And the first meal I got, instead of going into a restaurant and eating inside. I got some food, and I went and sat on a bench in the main in the heart of the city, in the Plaza de Armas, in the center. And as I sat there, all these little kids started running up to me to sell me things, to sell me finger puppets and postcards and candy. And having grown up in Latin America, I, I connected with these kids and started joking around with them a little bit. They all kind of ran off after a while. I mean, I had no money. I, you know, I.

**Whitney Johnson:** You were a student.

**Davis Smith:** Yeah, I was a student. So. But one little boy sat next to me on his shoe shining kit, and he kept insisting that he wanted to shine my shoes. And it took me a while to convince him it's not possible to shine tennis shoes. I'm not going to I'm not going to have you shine my shoes. But he kept sitting there, and I realized maybe he's sitting here watching me eat because he's hungry. So, I offered him the rest of my food, and I just never remember seeing somebody eat like that. He devoured it. And that night as I was eating dinner, I thought, I'm going to go look for that little boy again. His name was Edgar, nine years old. He was always easy to spot because he had a hole in the butt of his pants with no underwear on. So. So, I went out in the plaza, and I found him straight away, and I gave him this food, and he was so shocked that I'd come back to look for him. And he took the food over, and he started sharing it with all of his friends, which was so touching to me. And they were all eating it with their hands. And this became a daily ritual every single day. The highlight of my day was finding this little boy, finding little Edgar. My last night in Cusco, as I was walking back to my place, it was around 11 or 12:00 at night. It was cold. You could see your breath in the air.

**Davis Smith:** And as I was going on the sidewalk, I saw these two little boys cuddled against each other, trying to stay warm. And I recognized that one of them was my little friend, Edgar. And so, I woke him up and I asked him why he was sleeping on the street, and he told me that somebody had stolen his shoeshine kit and he was too afraid to go home. His dad was an alcoholic, and his mom depended on him to help feed his family. And so, I gave him a little bit of cash that I had, which wasn't a lot, and I just could hardly sleep that night. I was just so worried about this little boy, and it just seemed so unjust, this, this life that he had to live. And the next day, I got on a bus to leave Cusco for the last time. And as the bus went around the main plaza, I looked out the window of the bus as it stopped. And I saw Edgar, and he saw me, and he just ran next to this bus waving goodbye to me. And I had just enough time where I slid open the window of the bus and was waving goodbye to him. And he had a big bag of candy under his arm that

he'd bought, and he was now selling the candy in the streets. So, he was an entrepreneur, which I just love now. And it was on that bus that I made a commitment that I wanted to use my life to help people like Edgar.

**Davis Smith:** And so, I've thought of Edgar every, every day for almost 21 years. And about seven years ago, I had never been back to Peru. And I started Cotopaxi, my current business, and which was all about helping people. And I just, I knew I had to go back to Peru and try to find this boy. I didn't know how to find him because I didn't know his last name.

**Whitney Johnson:** Yeah.

**Davis Smith:** I knew nothing about him other than I had two pictures of him, and I knew how old he would be now. But I went into the main plaza, and I started showing people this, these pictures and asking if anyone knew who this man would be. And if, and I mean, it was a, it was a miracle, within, within a very short amount of time, maybe 30 minutes. Somebody said, I know who it is. And I, we went over to a payphone, and we, we dialed his number, and someone answered the phone, and I said, I'm looking for Edgar. And he said, This is Edgar. And I was just overcome with emotion. And I said, There's no way you're going to remember who I am. But you might remember when you were nine years old, you someone stole your shoeshine kit, and he was silent for a second. He said, Are you the one that helped me that would, that would always come find me? And it was just so emotional. But we spent an entire day together, and he took me to his home.

**Davis Smith:** He was so proud to show me. And as we got up there, he was kind of told me his life story that his dad had, had died of alcohol abuse when he was 13 or 14. His mom had died giving birth to his, his younger brother when he was when Edgar was 11. And so, he was, he was an orphan, and he had raised his younger siblings. We get to this home that he was so proud to show me. And it was a house made of mud and had a hole in the ground for a toilet. And there was a part of me that was just so discouraged to see how he was living. And then there was another part of me that was so proud, so proud of him because he was so proud of what he'd accomplished.

**Whitney Johnson:** Yeah.

**Davis Smith:** And so, and there's not an ending yet. But there's a great continuation of the story, which is that you know, we talked about what his dreams and ambitions were and at the time he was still selling things in the streets, much like he had when he was nine. And like his whole life, he started when he was four or five years old, he said, selling things in the streets to survive. And he said he'd always dreamed of being a tour guide. And so, we found a program, a three-year program, where he could learn to be a tour guide, and I help pay for the program as long as he did well in school.

**Davis Smith:** So, he sends me the report cards, pictures of his report card, and he does pretty well most of the time. And, you know, in 2020, he graduated. And I was so excited to go down for his graduation and celebrate this new beginning for him. And then, of course, the pandemic began. And he reached out to me in the first week of May, and he said, Davis, I don't, I don't I'm embarrassed to reach out to you about this. I don't know what else to do, but we are starving. We have no food. He has a little baby at this point, a wife, and a little baby. And he's like, We have no safety net. There are no tourists. I can't sell anything in the streets. I can't give anyone tours and use this new skill that I have. I have nothing and I don't know what to do. And I went to bed that night ill. Just not sure, how do I help him. Like, do I just do I send him money? Like, is that what this is now? Is like, I'm just the safety net, and maybe that's okay. Maybe it's not. I didn't know. And I just, I'm a religious person, and I just prayed. I prayed that I would find the right way to help. And that night at five in the morning, I was laying in bed, kind of half asleep, half awake, tossing and turning all night thinking about him.

**Davis Smith:** And I had this idea, and I knew it would work. I called him first thing in the morning, and I said, Would you be willing to record a virtual walking tour of Cusco? And I have, I have friends that I know would buy a virtual ticket. Everyone's desperate to travel, but no one can travel. Everyone's stuck in their homes. And he said, Yeah, I'll do it. And he did it on his own. I did not help him. I was tempted to like solve the problems for him to like find how we could get a videographer. And he did it all on his own. He had to do it a couple of times. The first time it was just turned out okay. Like he needed to figure out he needed a microphone because the audio wasn't great. And but he created this video and I shared it with my friends on social media. And everyone that I, that I'm

close to knows the story of Edgar, and they all wanted to support him. And pretty soon we had hundreds of other people that I had no idea who they were that were buying virtual tickets. And he sold close to 2,000 virtual tickets, and he was able to support his family. He opened a little, a little store in Cusco, where he sells paintings and where he does tours of Cusco. And he was used that money to go support other people in his community and other family members. And he is just an inspiration to me.

**Whitney Johnson:** I only knew the first part of the story. That's and like you said, it's not even the rest of the story yet. It's the continuation of the story.

**Davis Smith:** It's just the continuation. And every day this story just seems to get more amazing. And, you know, my, my question for people really is, who is your editor? Who is that person or that thing that really inspires you every single day to look beyond yourself? And that's joy and that's success. And sometimes we get success confused.

**Whitney Johnson:** Yeah.

**Davis Smith:** But success is really about helping others.

**Whitney Johnson:** You're now the CEO and founder of Cotopaxi, and we're going to talk a lot more about that in a minute, which is a continuation of the story that you just shared. Three-time entrepreneur. You've been on multiple S Curves, and for anyone, anyone at all who wants to go deeper. There's a wonderful interview on Guy Raz, *How I Built This*, that you can listen to, and we'll put a link in the show notes. But what I'd like to do, Davis, before we talk about Cotopaxi, is talk about pooltables.com, your brief stint in business school, and then baby.com.br. And I'd love for you to just extract one or two things that you learned from each of those S Curves, those lessons without which Cotopaxi wouldn't be possible.

**Davis Smith:** It's interesting because as I, as I graduated from college, I was desperate to find a way to have an impact. And I really didn't know how. And I'd been given some, some direction from a mentor and a friend who is 40 years older than me.

**Whitney Johnson:** Steve Gibson.

**Davis Smith:** Steve Gibson. Yes. And he told me, if you want to make a difference, you should be an entrepreneur. And it resonated with me. I thought, you know what? Maybe he's right. And there was like as I'd kind of I'd done a couple of internships in college, and I was just figuring out what I was good at. And, you know, when I was in college, I always felt like, you know, I'm smart, but like, I'm not the smartest person. Like every one of these classes. It's like I'm pretty intimidated, actually, and like, am I capable of doing anything really extraordinary or making a difference in the world? I really wasn't so sure, honestly. So, this felt like a, like a good path for me. And so, I felt like there were some entrepreneurial aspects of my personality and that maybe this would be a way that I could make a difference. Now, my first business had no social impact at all, and it's not because I didn't want it. I did. All of our passwords for that business were all tied to social impact, even though we had no social impact. I just, it was on my mind. I just didn't know how to link.

**Whitney Johnson:** You were priming your brain.

**Davis Smith:** Yes, for me, I just had to learn how to start something, how to become an entrepreneur, how to build a team, how to build a brand. There were so many learnings, and I didn't study business in undergrad, so I really didn't know anything. And so, it was painful. The first, you know, we did \$1,000,000 in sales our first year, which was like a miracle. I was like, How does that even happen? You know, we don't know anything. My cousin and I knew nothing about business, but we tapped into something that was working. And, you know, I made some mistakes along the way, you know, hiring mistakes and just kind of the normal things that you're trying to figure out as a young entrepreneur. But I learned some really valuable lessons. You know, we, we learned how to manage through a crisis. You know, we had a business that that weathered the, the housing crisis in 2008. And we had to respond to that. And it was very, very scary.

**Whitney Johnson:** So, two things I heard was one is that you, you wanted to become an entrepreneur. And the fact is you needed to go to school on how to do that. And pooltables.com was as good of a business as any. And so, you just learned how to become an entrepreneur. The other thing that I heard, which I think was incredibly valuable, and I think you're probably going to get to this, is that with Cotopaxi, you needed to weather a financial crisis you'd already practiced back in 2008, 2009. So, two incredibly valuable lessons.

**Davis Smith:** That shaped my life, and that shaped my ability to run a business in the future. Yeah, absolutely.

**Whitney Johnson:** What about B-school? How was that helpful?

**Davis Smith:** So, B-school was interesting because it wasn't an obvious career path for most entrepreneurs. Most entrepreneurs drop out of school to start the business, not the other way around. And my cousin and I, we kind of dropped out of our business. We decided, you know what, we're going to have our team kind of continue running it. We're going to go to business school, and maybe we'll sell it. And we ended up selling it while we were in business school. We really just wanted the growth that we knew would happen in business school, the connections, the stretching our minds to think differently, thinking bigger. And that all happened. It was transformational. It was the best investment I've ever made in myself. I'm so grateful that I, and it was scary. I you know, we were you.

**Whitney Johnson:** You were afraid to go to business school?

**Davis Smith:** Yeah, because I, you know, we had a business that was, that was working.

**Whitney Johnson:** There was risk.

**Davis Smith:** There was risk, yeah. And it's like, this is very expensive. I mean, it was.

**Whitney Johnson:** Hundreds of thousands of dollars.

**Davis Smith:** Hundreds of thousands of dollars.

**Whitney Johnson:** When you add up the, especially the opportunity cost. It was it was massive.

**Davis Smith:** Exactly, a massive amount of money, which at the time it's like, yes, we'd had this successful small business. But I mean, we hadn't made the kind of money where it was like, Oh, we could just do whatever we want. It was like, okay, is this how I want to use the little nugget of money I have? And that's what we chose to do. It shaped how I saw the world, it shaped how I saw business. I made close friends that, that were also entrepreneurs. The founders of Warby Parker were classmates, the founders of Allbirds, the shoe company. The founders of Harry's, the shaving company, were classmates. I met the Venmo founders. I was like one of the first ten users of Venmo. Like, I was surrounded by these brilliant minds that were, like, wanting to change the world in huge ways. And I was just coming from Salt Lake City, Utah. I didn't know a single venture capitalist. You know, I borrowed money from my parents and my in-laws. They'd mortgaged their homes to help me build my little pool table business. That was my experience. And so, this was it totally changed the way that I saw entrepreneurship.

**Whitney Johnson:** So, you went to another foreign country.

**Davis Smith:** So, yeah.

**Whitney Johnson:** Meaning, meaning school was a foreign country.

**Davis Smith:** Oh, right. In a lot of ways. Absolutely.

**Whitney Johnson:** From a network perspective. From a, how people were processing the world. From a, here's what I think is possible perspective. That to me that was a foreign country for you.

**Davis Smith:** It was, it was a completely different experience, a different language, you know, different culture. And I also saw these amazing founders that were figuring out ways to tie impact into their business models. And that was new to me.

**Whitney Johnson:** So, you started putting the pieces together.

**Davis Smith:** Yes.

**Whitney Johnson:** Okay.

**Davis Smith:** And that wouldn't have happened if I hadn't gone to business school.

**Whitney Johnson:** So. All right. Third S Curve, baby.com.br. What's something that you, what was it, and what did you learn that's helped with Cotopaxi?

**Davis Smith:** Yes. So, an e-commerce business selling baby products in Brazil, 200 million people, Internet, very nascent in 2010, big opportunity. And we raised venture capital. We'd come off, come out of these, you know, Harvard and Wharton business schools, having sold a successful little business, venture capitalists were interested. We had a great story to tell with a big opportunity to go tackle.

**Whitney Johnson:** And a rolodex at this point.

**Davis Smith:** Yes, a growing rolodex. And we were very excited, very excited to go build this together and. You know, we moved down to Brazil. This is a new country for me, a new language very similar to Spanish. So, I felt pretty comfortable relatively quickly there. And we were just thrilled with the opportunity. We went from four employees to 300 employees in 18 months from our launch. So, it was just tremendous growth. Lots of incredible venture capitalists that backed us. Some of the best names that you can think of in Silicon Valley and a lot of ways, a dream come true. You know, my, my daughters were in Brazil speaking Portuguese and playing in a, in a jungle that surrounded the place we lived. I mean, it was like.

**Whitney Johnson:** Your childhood over again.

**Davis Smith:** It was my childhood. Yes. And it was like I'm so, I was so grateful that they were having that. And professionally, I was feeling in some ways very fulfilled in building something that was growing. And we were Brazil Startup of the Year in 2012. And at the same time, it was the hardest experience of my life. Really painful.

**Whitney Johnson:** What was painful?

**Davis Smith:** Just, you know, relationships matter a lot to me, and my cousin and I, we'd, you know, been best friends in a lot of ways, like our whole lives. And we built homes on the same street. We'd gone to business school at the same time. We vacationed together. We built two businesses together, but our relationship was fractured, and that was painful. And I had a big decision to make, you know, do I stay? And. And try to weather this, this broken relationship that was not going in the right direction? Or do I start over again? And for me, I made the decision. I, I couldn't live like that. I, I needed, I needed a fresh start. And it meant leaving. It meant leaving everything I had invested in this business behind. And it meant leaving a relationship that mattered to me and it was a very scary moment.

**Whitney Johnson:** What was the thought process that if you, if you sort of separated for a while, you'd be able to find a way to repair the relationship?

**Davis Smith:** Yeah.

**Whitney Johnson:** Is that part of the calculus?

**Davis Smith:** I knew working together, it would never, it would only get worse.

**Whitney Johnson:** It was going to get.

**Davis Smith:** It was getting worse and worse. And, and it's not to put blame on anyone. We're very different personalities. And I'm more of a pleaser. I'm more of someone that likes peace, and he's more of someone that likes to challenge the status quo and question everything. And that's a really great traits to have, but it just meant we were very different.

**Whitney Johnson:** Are you on the, do you know the Enneagram at all?

**Davis Smith:** Yeah, I've done this before.

**Whitney Johnson:** So, he sounds like an eight on the Enneagram. And you sound like maybe you're a nine. I don't know.

**Davis Smith:** Yeah.

**Whitney Johnson:** Interesting.

**Davis Smith:** Yeah. So, yeah, it was a painful experience, and you know, in some ways it was so, it was such a beautiful experience for my family and a really great professional growing experience to learn how to build something that was scaling so quickly.

**Whitney Johnson:** Yeah. So, did you and your cousin repair?

**Davis Smith:** No.

**Whitney Johnson:** You haven't repaired yet. You had this person that was like a brother to you and the relationship fractured and you thought, okay, I eventually want to repair this relationship and I know I can't do it being here.

**Davis Smith:** Yeah.

**Whitney Johnson:** And so, you decided to come back to the United States. I guess the question is, is as you're focusing on, on that process of reparation, what are some, what's some counsel that you would give? Because there are people before you and there will be people after you that are going to have a similar situation come up where you're with a, with a founder partnering with someone, what advice and counsel would you give?

**Davis Smith:** So, I don't know that I figured this one out yet and so.

**Whitney Johnson:** In process.

**Davis Smith:** And so, I don't know that I'm going to have, yeah, the best feedback or learnings to share, but I can share what I have learned. And I'd say, first of all, on the co-founder front, I have a co-founder in my current business that we've worked together for eight years, and it's been a beautiful experience. We in eight and a half years, we've never had an argument.

**Whitney Johnson:** That's amazing.

**Davis Smith:** It's amazing. Yes. I never would have imagined. Yeah. And it's not that we always see everything the same. We don't we're very he's from Germany, you know, we met in business school very.

**Whitney Johnson:** Another advantage of business school.

**Davis Smith:** Yes, absolutely. You know, we're different very different people. At the same time, we have such a shared respect and love for each other. And I think a few things that set us up for success were the relationship with



my cousin. You know, I, I basically had ideas and I where I'd, I'd bring, I'd bring in my cousin, or we'd explore ideas together and we said, okay, we want to be entrepreneurs. And it happened to be that both of the ideas that we pursued were ideas that I'd, I'd come up with during this process, and we'd say, okay, let's go tackle this idea together. We're going to split the equity 50/50 and we're going to go build these businesses together. And in hindsight, I think there's a better way, which is if you have a business idea, go figure out the best people on the planet to help you build that business. It's probably not your best friend. It's probably not your cousin. And when you go build that team, you can structure equity in a way that's a little bit different where instead of 50/50, where it's like, okay, now who's the leader? Who's in charge here? Who's the, you know, that was.

**Whitney Johnson:** Where does the buck stop?

**Davis Smith:** Exactly. And so, with Cotopaxi, it was different. You know, I, I had the idea I spent six months kind of working on it, building a team, you know, brought my co-founder on, you know, a number of months into the process. We hadn't started selling anything. It was very early, but there was a, there was a business. There was like investors that had said, hey, we're going to put money into this. And, you know, I was the CEO, and we said the structure, organizational structure, was, was conducive to a better relationship. We also, you know, we every two weeks, we do a one-on-one together, and we, we talk about things. I ask for feedback. I say, what can I do better to support you? How can I be a better CEO? And he asked me the same thing, How can I be a better CEO and how can I better support you and your role as CEO? And, you know, those kind of conversations weren't happening before, and that's something I should have done differently. And I also think I'm better at, you know, I remember my cousin told me that I wasn't good at holding people accountable. And it's true. I'm not this is just not a strength of mine for one reason or other. And I try and I think I'm getting better, but it's just not a strength. And but I found ways to, like, surround myself by people that maybe have strengths that I don't have that allow me to do my job better.

**Whitney Johnson:** Yeah. Yeah. Interesting. So, if you, if you go back to so Brazil and baby.com.br The event, the business eventually sold. Is that right?

**Davis Smith:** Yeah. So, I left the business, and like five years later, my cousin stayed in Brazil for almost five years, and he eventually sold the business.

**Whitney Johnson:** Okay. But your big takeaway, it sounds like from that experience, if you, you know, that's contributed to Cotopaxi. Is learning how to be partners and learning how to be co-founders and learning how to structure an agreement and a partnership in a working relationship in such a way that it can be robust. In perpetuity.

**Davis Smith:** Yeah, and it could be, and resilient.

**Whitney Johnson:** Resilient.

**Davis Smith:** Yeah. And that resilience of a business really comes down to resilience of the people running out.

**Whitney Johnson:** Let's stay on your co-founder just a minute longer and then we'll go to the, the, the genesis of the business. When you think about him, what are some things that he does remarkably well that allow you to do what you do?

**Davis Smith:** So, Stephan, my current co-founder, is one of the most amazing people I've ever met. I think one of his greatest traits is humility. He has three master's degrees, two from Ivy League schools. He's, was in the German special forces, worked for McKinsey, was a CEO of a venture-backed business when we finished school. And he joined us as my COO. And it'd be very easy for someone as capable and as smart as him to feel like I want that CEO role. Or I want more the spotlight that a CEO gets, because naturally a COO just, is a little more behind the scenes.

**Whitney Johnson:** Right.

**Davis Smith:** I've never once felt a hint of jealousy or of contempt for that. He is.

**Whitney Johnson:** He doesn't want to be you.

**Davis Smith:** No. He's, and he's my biggest supporter, and I feel like I'm his. And I want to see his success. I want to celebrate his wins. And he is so good at the, at the details, things that I'm maybe not as good at. Like I have like a big vision of, okay, this is, this is how we're going to approach this. And this is what, this is what's going to connect with the market. And this is how we're going to have the impact that we can have. And then sometimes I need help and like actually making that stuff happen.

**Whitney Johnson:** Yeah.

**Davis Smith:** He is the person that does. And so, the two of us together have just built not just a great working relationship, but a great friendship.

**Whitney Johnson:** So, let's, dear listeners, we're kind of going off the thread, but I think you can follow it. All right, so, you come back from Brazil, and you're unsure of what to do, and you have this experience where Cotopaxi just comes to you. And it sounds it almost sounded like a very religious moment. Just talk us through what happened.

**Davis Smith:** It was, I'll call it a spiritual moment.

**Whitney Johnson:** Yeah.

**Davis Smith:** It was.

**Whitney Johnson:** Yeah.

**Davis Smith:** You know, I'd spent, at this point, I think I'm 34 or 35 around that age. I'd spent the majority of my life thinking about impact and how I could find a way to help. I had written this in journals. I had, I had set goals, like I had actually had that this is in 2013. My New Year's resolution was that I wanted to change somebody's life, and I had it on this post-it note on my mirror in the bathroom. And it's not actually a good goal. It's not very specific or measurable or anything, but it.

**Whitney Johnson:** Doesn't matter.

**Davis Smith:** But it was that it was in my heart. And I wanted to find a way. And, you know, four or five months into the year, I'm laying in bed, and I'm just so discouraged, feeling disappointed in myself and that I hadn't found a way to make a difference. And feeling really sad and maybe even depressed about my current situation with my, my cousin. And it was just not where I wanted to be. And as I laid in bed thinking about what I needed to do and again asking God for guidance, I laid in bed, and I was thinking about this desire I had to make a difference. And I started having a few ideas that came to my mind around what I might be able to do to make an impact somewhere or to help somebody. And I rolled over in my bed, and it was late.

**Davis Smith:** It was late at night. And I just thought, okay, I really want to go to sleep. I'd actually just flown in from China that day and it's a long trip. You have to fly from China to the US and then down to Brazil. So, I'm feeling jet lagged and really tired. But I, I thought, okay, I'm going to roll over and type these ideas into my phone, and then I'll be able to go to sleep. All of a sudden, I like I couldn't go back to sleep. Like my mind was just racing and I just had a flood of more ideas and thoughts. And I eventually just got out of bed, and I went and sat on the couch with my computer, and I just started writing these things down. And I spent the entire night on the couch the entire next day and the entire following night. And I had never experienced anything like this before, but the entire idea for Cotopaxi came to me. The business model, the categories we should be in. Our slogan, gear for good, the llama in our logo, the early ideas for our questival, which is like this 24-hour adventure race. It all came to me, and I documented every piece of it and it was unlike anything I'd ever experienced. And I went from feeling discouraged and afraid and unsure to knowing exactly what I needed to do.

**Whitney Johnson:** So, it sounds like it was a very holy experience.

**Davis Smith:** It was, yeah. I don't know how else to describe it and I don't know if I'll ever have anything like that ever again. But for me, it was a beautiful experience because I felt like the Divine was involved. And while I didn't know how it was going to make a difference and I couldn't connect the dots of like why I was having all these experiences that didn't seem to lead me where I was wanting to go. It all came together, and it was like, Oh, now I understand. I needed all these experiences to be able to prepare me to go do what I felt I was meant to do.

**Whitney Johnson:** Yeah, you were called to do. What does Cotopaxi do?

**Davis Smith:** First of all, the name is the name of a volcano in Ecuador, where I grew up. And the school I went to was called Academia Cotopaxi, so named after this volcano. It's a place that has special meaning to me. I used to spend time there with my dad and my brother camping with my family. I love this place, this part of the world. But the brand, it's a consumer brand. It's in the outdoor space. So, we make backpacks and jackets and travel bags, even tents and sleeping bags. It's really not an outdoor brand. It's about a movement. It's about finding a way to make a difference in the world. And we just happened to do that by selling really fun, colorful, sustainably made outdoor gear. But our purpose is to fight poverty, not the other way around. And so, it's something I'm just so passionate about. I love the outdoors, I love adventure, I love travel. So, the category is very, very fun. But I wake up every morning thinking about our impact and thinking about how do we make a bigger difference; how do we inspire more people and more businesses to go out and do good with us? That's how we change the world. Our little brand alone can't do it. But if we can inspire 1,000 other businesses to do it alongside us, that's how we're going to make a difference.

**Whitney Johnson:** All right. So, let's talk about some of that good that you're doing. So, you say that your mission is to do good in business terms, it's prioritize impact from supply chain to employment to charitable giving. Can you just give us a couple of quick snippets of examples of what that looks like on the employment, the supply chain, etc.?

**Davis Smith:** Yeah, yeah. So, the, the impact is really deeply woven into everything we do. This is not just like an afterthought. It's not on the periphery of the brand.

**Whitney Johnson:** It's not this cute thing you do.

**Davis Smith:** Yeah. And so, it's a little more complicated. It's not like a lot of times we all know, like the buy one, give one model where, you know, Toms Shoes is the most famous one. Or you buy a pair of shoes, and someone gets a pair of shoes. First of all, like, I love any business that's doing good, so if any business is doing good in any way they can, that's awesome. That's wonderful. I really wanted to find a way to tackle the root causes of poverty. I couldn't solve poverty by giving someone a backpack for every backpack we sold. And so, we identified three pillars. Which we believe are inextricably linked to poverty alleviation, which is health care, education, and livelihood training. And that's where we focus our efforts and our dollars. And we do that through grants. So, we have focus grants that we give primarily in Latin America, which is the region I'm very passionate about and want to help. And we do grant giving. It's a percentage of our revenue. We've committed 1%, but we've actually given historically 2% to 3% depending on the year. 1% is kind of the minimum, but we do as much as we can. In the early years we typically give 2%, which is more than all of our profit. We were losing money in those early years, and we were still giving more than we probably should have. But I was just so passionate about this impact.

**Davis Smith:** But we do more than just give grants. We also have supply chain, what people call supply chain philanthropy, which is working through the supply chain to impact lives. So, it might be working with a fair-trade factory where people are, you know, they have they've been audited and they're getting paid better wages. And we pay 2% on top of the invoice price, which goes into a pool of money that the employees get to determine how they use it. Some of these factories, they have computers that they brought in for their kids to learn computer skills or English classes for their children. So, there's all sorts of great initiatives that they choose how they want to have the impact happen. We even have programs to support our, you know, the people in the factory in terms of like grocery support and education and other things. But the supply chain is a big part of and then we have programs here locally and in our home community of Salt Lake City, where we employ refugees. And so, everyone that gets a product from us gets a handwritten thank you card written by a refugee. It's their first job. We teach them how to create a

resume, how to do a job interview, and then they can start this new life. And so, we've had a couple of hundred refugees participate in that program over the years.

**Whitney Johnson:** Okay, one more that I want you to share is that you make your products out of remnant materials.

**Davis Smith:** Yeah.

**Whitney Johnson:** Talk about that.

**Davis Smith:** Yeah. This was a great innovation by one of our team members. He was so passionate about sustainability and about also empowering our sewers to, to have choice, and to be able to use their creativity in making product. And so, one of our very first products was, products was made of a remnant was made of remnant material. But we kind of took it another step further, which was we gave the sewers and the factory the power to choose what the bags looked like. And so, every one of these bags is one of a kind. That's the only rule is to make no bag of like and they are unique and they're funky and they're very colorful. But a huge part of our revenue comes from bags that are made of remnants. We're not creating virgin polyester to go make these products. We're taking products that have already been made and that would go to waste. And we found a way to use them and to make these really beautiful products.

**Whitney Johnson:** So, that's what you mean by impact. It's every part of your business.

**Davis Smith:** Every part of the business. The deeper you dive into the business, the more you're going to uncover the good that's happening.

**Whitney Johnson:** So COVID comes, 50% of your business goes away overnight. You've practiced back in 2008, 2009 wondering what did you do? And in particular, what's one or what's a way that you innovated that you are now going to continue on with that innovation?

**Davis Smith:** Yeah, I mean, what a disruption. I mean, I know we're all so sick of hearing about the pandemic and talking about it, but in some ways, it was a gift. It was a gift to learn and to grow. And, you know, we shut down our office and our retail stores on Friday the 13th in March. On Monday the 16th, we had an all-hands meeting that was virtual our first virtual meeting as a team. I was the world's biggest believer in being in the office. I actually discouraged working at home. I believed we needed to be in the office to build great culture. If you join our team, you had to move to Salt Lake City, and we had great rituals and traditions that reinforced our values. And I realized on Monday everything was changing. And I told the team on this call, I said, I want you to know that I'm also a little bit afraid. I don't know what this is going to look like. But let me tell you what we've seen so far. I told them about the impact that we'd seen on the business and those in that first week or so. And I made them some promises. I told them I would promise them that I would not be afraid to make hard decisions.

**Davis Smith:** I told them I would be transparent, and I would communicate with them. And I asked everyone to make a communal sacrifice. And we all took a pay cut, the executive team, a bigger pay cut. And with the effort and we had a strategy that we laid out over the weekend, my executive team and I spent the entire weekend working through the strategy of every possible way in the business to go cut costs. And I said, this is our plan and I feel good about it. And while there's a lot of uncertainty, we have a plan to move forward that's going to allow us to weather whatever comes our way. And, you know, the team rallied, and I had people come to me that said, you know, I'll give up 50% of my salary. I just I want to, I want to do whatever I can to make sure this business survives. And we didn't take them up on it. But the fact that people were willing to come to do that was just unbelievable to me. And the other commitment I made was that we would not shortchange our impact, every dollar that we committed to impact, was going to go to impact no matter what.

**Davis Smith:** And I said, if anything, we're going to double down because the world needs us more now than it ever has before. And so, we, we rallied together. We came up with new products. We came up with the face mask, our do-good face mask. And we sold maybe a million of those over the last couple of years. Every mask that we sold, we actually did our first buy one, give one. We gave a mask to a community in need in the developing world for every

mass that we sold. And so, we were able to, to really have our biggest impact year ever. And we made some big changes. One of the biggest changes, we shifted to a remote first workforce within weeks of the pandemic beginning. I just said, I just felt this is the way the world is moving, and we can either follow or we can lead. Why don't we lead? Why don't we just why don't we figure out how to do this before anyone else? Why don't we become the best place to work where you can work remotely? And so, we've owned it and it's been a game changer for us.

**Whitney Johnson:** So, that was one of your big innovations from a work perspective?

**Davis Smith:** Yeah. And so, the team is more diverse than it's ever been. Our team is three times the size that it was before the pandemic. And so, we've grown a lot and the team is all over the country. Our team really kind of reflected, given that we were hiring in Utah, mostly it reflected the.

**Whitney Johnson:** Demographics of Utah.

**Davis Smith:** The demographics of Utah, which is not super diverse. You know, we're really proud of the women that we had. Our, our board was always predominantly female. Our, all of our major investors have been women.

**Whitney Johnson:** Interesting.

**Davis Smith:** Which is interesting as an impact business? I can't really explain it other than to say I think women better understand purpose in business than men.

**Whitney Johnson:** Mm hmm.

**Davis Smith:** And so, we've had women leading from the very beginning in our company in major ways. But in terms of ethnic diversity, we were lacking. And it was a huge miss for me, and it was something I really wanted to figure out. And this felt like the right answer. And so we've seen a huge improvement. And of course, you get better results.

**Whitney Johnson:** Right.

**Davis Smith:** You know, if you care about outcomes, then you care about diversity.

**Whitney Johnson:** Yeah. Well, yeah. And it's interesting how the going remote allowed you, gave you a bigger pond and so you could focus on diversity.

**Davis Smith:** Absolutely.

**Whitney Johnson:** And get back to something that you've known instinctively since you were again, apart from the research, but something you've instinctively known since you were a young child.

**Davis Smith:** Absolutely.

**Whitney Johnson:** As you're continuing to scale and jumping to new S Curves. What legos have been a challenge for you to give away?

**Davis Smith:** You know, as, as you scale you just give away more and more. You kind of think, oh, as you get bigger, you take on more things and it's actually not true. Like you specialize more and more. And so, I've given I've given up a lot of legos. And I will say most of the time it's been pretty easy because at least in this business, because I've hired people that are much better than me, and that's something I've learned over the years, is how to do that. And I'm not afraid of that at all. In fact, I found the better people I hire, the better. They're ten times better than me. It just makes me look better and it helps me be better. And so, handing someone over something like impact, I was I'm so passionate about impact. The first year I ran the impact part of the business, I'm not an expert. I was doing it all wrong because I had no experience. And so, I hired a chief impact officer, and she came in and she said, Congratulations on trying so hard, now let's do it right. And so, she just was amazing. And so that was a big lego that

I gave up that I was really passionate about, but I couldn't wait to see how she could do it better than me. And I've just done that over and over in the business, and I'm doing it right now. I'm.

**Whitney Johnson:** What are you giving away right now?

**Davis Smith:** I'm hiring a company president.

**Whitney Johnson:** Yep.

**Davis Smith:** We've made an offer that's been accepted. We haven't announced anything yet, but we have a company president that's going to be starting shortly. And this person is ten times the leader I am. Oh, my gosh. It's going to be amazing. I can't wait to learn from this person to grow, but it's also scary.

**Whitney Johnson:** Yeah.

**Davis Smith:** And there's a part of me that's a little sad because.

**Whitney Johnson:** So, there's some grief.

**Davis Smith:** There's some grief. Yeah. It's like, what does this mean? And then what role? You know, how do I split this role and what are the things that I'm going to focus on versus this this president? And, you know, at the same time, it's great. Like this is how we grow. And I can't wait to surround myself by even another great person that's got more experience than me that that's going to help me be better.

**Whitney Johnson:** You're buying back pooltables.com.

**Davis Smith:** I bought it back.

**Whitney Johnson:** What happened?

**Davis Smith:** Oh, my gosh. I never would have imagined this would happen. Like, I. I never thought. I mean, this was never, like, an idea that I had with One Day I'll buy this back. No, it was like it was done. I still owned a small part of the business, and so I was getting updates every few years about how the business was doing, and it was slowly growing, but like there was nothing innovative happening. It basically looks like the same business it did.

**Whitney Johnson:** Yeah.

**Davis Smith:** You know, over a decade before when I.

**Whitney Johnson:** Cash cow.

**Davis Smith:** Yeah, it was a cash cow, it was creating profit 18 straight years and the owner owned a bunch of other little businesses. And this is when it was just like, Hey, it's working, I'm not going to mess with it. And he reached out and said, Hey, I'm going to sell the business. I've got a buyer and I'm going to retire. I'm selling all my businesses and I thought, Good for him. That's great. And the buyer was a small public company and it seemed like a great fit. But the more I looked at it, the more I thought, there's such a big opportunity with this brand and those dreams I had of having an impact. I never realized them with that business because I didn't know how, but I know how now. And all of a sudden, I couldn't get out of my head. And it was like, I don't think I can let this business get sold to somebody else. I know exactly what to do with it. And so, I bought the business back. I the first day I bought it, I converted it to a benefit corporation. We're going to be using the business and its profits to support poverty alleviation in Latin America. It's the same thing I'm doing already, but it's like I'm going to double down. This is what I love. And if, you know, if we can have impact with a pool table business, yeah, you can have an impact with any business.

**Whitney Johnson:** It's your laboratory.

**Davis Smith:** Yes. So, I'm very excited. I hired a CEO and he's phenomenal. He's done a great job. And we're seeing growth, you know, in this. It's been maybe seven or eight months and we've seen 30% or 40% growth every month over the previous year. And we have some big ambitions for what we want to build and the impact we want to have. And it's fun.

**Whitney Johnson:** It's so great. I love the I love the full circle. Okay. So, I'm going to pull a wild card on you. I you know, you're obviously fluent completely in Spanish. So, what I would love for you to do is take 30 seconds and speak to Edgar in Spanish and just give him your words of appreciation and congratulation and encouragement.

**Davis Smith:** Oh, this is cool. Okay. (Continues to speak in Spanish)

**Whitney Johnson:** Beautiful.

**Davis Smith:** Thank you. Thank you.

**Whitney Johnson:** All right, so last two questions as we were talking. I was asking you lots of questions. Did you have any aha's or connections, thoughts that came into your mind of like, Oh yeah, I want to explore this more. I'm curious about this or I need to think more about this. Any connections for you?

**Davis Smith:** Yeah. I love how you were helping me connect some of the dots. And some of these, I love this S Curve concept, and I've definitely had these S Curves where I've. You know, I think in the pool table business, like, oh, my gosh, like starting from nothing, not knowing how to do anything. And then we had this growth and then it was kind of like we were plateauing, and we needed to make that. We needed a change. We needed to go grow. And I even see that in Cotopaxi, even though I'm not leaving. It's like I feel like I'm maybe plateauing in some way where it's like, I need to bring someone else in, that can help us.

**Whitney Johnson:** And then you're jumping to a new curve.

**Davis Smith:** New curve. Exactly. Yeah. So, that was definitely a fun way and a fun part of the conversation to kind of connect some dots for me.

**Whitney Johnson:** Any final thoughts that you'd like to share?

**Davis Smith:** Anyone that's listening to this, you have been one of the luckiest people on the planet. You were born in a place that gave you opportunity. You were born at a time that where the world is changing, like every day in like amazing ways. And there are so many people in the world that have been left behind. And capitalism, while it's been this amazing tool, has also is destroying the planet. And so, I hope that anyone listening will find a way to make a difference. And, and even in a small way, think of a way that you can use whatever talents you have, whatever organization you're a part of, to go make a difference in the world. Find something that you're really passionate about and go spend time with people. Find a way that you can make an impact in some way. But I'm feeling so optimistic that we're going to find a better way to do capitalism. And we have to change it. We have to change it for the better. And I think it's this generation that's going to make it happen.

**Whitney Johnson:** Davis, Thank you.

**Davis Smith:** Thank you. Thank you, Whitney.

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Pretty wonderful, right? I have two huge takeaways. Number one, who is your Edgar? We ask about formative stories on this podcast so you and I can get to know our guests. Sometimes, though, those stories contain the biggest truths of all. I was so moved by the relationship between Davis and Edgar, the little boy he helped in Peru. Davis gave Edgar some food when he was hungry, but it's the follow up that was life changing for both of them. Edgar's life was a kind of poverty most of us can hardly conceive. Davis gave him some tools, some ideas. And

Edgar, who had always had an entrepreneurial spirit but was dealt a horrible hand. He did the rest. As Davis puts it, true success is about helping others. As you heard, that's now core to his entire business.

Number two, the resilience of a business is only as strong as the resilience of the people running it. I admire what Davis said about his own weaknesses, especially as it relates to starting a business. Instead of partnering with people you already know, in Davis's case, a family member, and then trying to figure out a business plan. Find the idea first and seek out the best people for the job. He admits he's not great at holding people accountable so he partnered with someone who can. When everyone can play to their strengths, that makes them more resilient in the face of a challenge. And the business itself can only face a challenge if each individual is up to the task. It's no coincidence I came to very similar conclusions in my latest book, *Smart Growth*. You grow your people so you can achieve great things together.

If you want to listen to more on leadership and action, listen to Justin Osofsky, the COO at Instagram, [Episode 218](#). You can also listen to Jacqueline Novogratz, the CEO of Acumen, [Episode 233](#). Thank you again to Davis Smith for being our guest. Thank you to you for listening. Thank you to our producer Matt Silverman, audio editor Whitney Jobe, production assistant Stephanie Brummel and production coordinator Nicole Pellegrino.

I'm Whitney Johnson.

And this is Disrupt Yourself.